STATE OF MINNESOTA

NINETY-SECOND SESSION — 2021

THIRTY-SIXTH DAY

SAINT PAUL, MINNESOTA, MONDAY, APRIL 12, 2021

The House of Representatives convened at 3:30 p.m. and was called to order by Melissa Hortman, Speaker of the House.

Prayer was offered by the Reverend Eileen Woyen, Trinity Lutheran Church, Albert Lea, 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	Hansen, R.	Kresha	Nash	Robbins
Agbaje	Dettmer	Hanson, J.	Lee	Nelson, M.	Sandell
Akland	Drazkowski	Hassan	Liebling	Nelson, N.	Sandstede
Anderson	Ecklund	Hausman	Lillie	Neu Brindley	Schomacker
Backer	Edelson	Heinrich	Lippert	Noor	Schultz
Bahner	Elkins	Heintzeman	Lislegard	Novotny	Scott
Bahr	Erickson	Her	Long	O'Driscoll	Stephenson
Baker	Feist	Hertaus	Lucero	Olson, B.	Sundin
Becker-Finn	Fischer	Hollins	Lueck	Olson, L.	Swedzinski
Bennett	Franke	Hornstein	Mariani	O'Neill	Theis
Berg	Franson	Howard	Marquart	Pelowski	Thompson
Bernardy	Frazier	Huot	Masin	Petersburg	Torkelson
Bierman	Frederick	Igo	McDonald	Pfarr	Urdahl
Bliss	Freiberg	Johnson	Mekeland	Pierson	Vang
Boldon	Garofalo	Jordan	Miller	Pinto	Wazlawik
Burkel	Gomez	Jurgens	Moller	Poston	West
Carlson	Green	Keeler	Moran	Pryor	Winkler
Christensen	Greenman	Kiel	Morrison	Quam	Wolgamott
Daniels	Grossell	Klevorn	Mortensen	Raleigh	Xiong, J.
Daudt	Gruenhagen	Koegel	Mueller	Rasmusson	Xiong, T.
Davids	Haley	Kotyza-Witthuhn	Munson	Reyer	Youakim
Davnie	Hamilton	Koznick	Murphy	Richardson	Spk. Hortman

A quorum was present.

Albright and Boe were excused.

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

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

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

REPORTS OF CHIEF CLERK

S. F. No. 1020 and H. F. No. 1768, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Klevorn moved that S. F. No. 1020 be substituted for H. F. No. 1768 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Marquart from the Committee on Taxes to which was referred:

H. F. No. 991, A bill for an act relating to taxation; proposing Minnesota's COVID-19 recovery budget raising revenue for strategic investments in our economy, supporting working families, and combating youth smoking and nicotine addiction; modifying individual income taxes, estate taxes, corporate franchise taxes, tobacco taxes, sales and use taxes, property taxes, local government aids, special taxes, and other miscellaneous taxes and tax provisions; amending Minnesota Statutes 2020, sections 116J.8737, subdivisions 5, 12; 270B.12, subdivisions 8, 9; 273.124, subdivisions 13, 13c, 13d, 14; 273.1245, subdivision 1; 273.13, subdivision 23; 273.1315, subdivision 2; 289A.08, subdivision 7; 289A.10, subdivision 1; 290.01, by adding a subdivision; 290.0122, subdivision 8; 290.0131, by adding subdivisions; 290.0132, subdivision 27; 290.0133, subdivision 6, by adding subdivisions; 290.0134, subdivision 18; 290.06, subdivisions 1, 2c, 2d; 290.0671, subdivisions 1, 1a; 290.0674, subdivision 2a; 290.091, subdivision 2; 290.21, subdivision 9, by adding a subdivision; 290A.03, subdivision 3; 290A.25; 291.016, subdivision 3; 297A.68, subdivision 42; 297A.70, subdivision 13; 297A.75, subdivision 2; 297E.021, subdivision 4; 297F.01, subdivisions 19, 22b, 23, by adding subdivisions; 297F.031; 297F.05, subdivision 1, by adding a subdivision; 297F.09, subdivisions 3, 4a, 7, 10; 297H.04, subdivision 2; 297H.05; 297I.05, subdivision 7; 298.001, by adding a subdivision; 298.24, subdivision 1; 298.405, subdivision 1; 325F.781, subdivisions 1, 5, 6; 477A.014; proposing coding for new law in Minnesota Statutes, chapters 290; 297F; repealing Minnesota Statutes 2020, sections 290.01, subdivisions 7b, 19i; 290.0131, subdivision 18.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
FEDERAL CONFORMITY

Section 1. Minnesota Statutes 2020, section 289A.02, subdivision 7, is amended to read:

Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, ~~2018~~ 2020.

EFFECTIVE DATE. This section is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time as the changes were effective for federal purposes.

Sec. 2. Minnesota Statutes 2020, section 290.01, subdivision 19, is amended to read:

Subd. 19. **Net income.** (a) For a trust or estate taxable under section 290.03, and a corporation taxable under section 290.02, the term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating the federal effective dates of changes to the Internal Revenue Code and any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in sections 290.0131 to 290.0136.

(b) For an individual, the term "net income" means federal adjusted gross income with the modifications provided in sections 290.0131, 290.0132, and 290.0135 to 290.0137.

(c) In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply;

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code; and

(3) the deduction for dividends paid must also be applied in the amount of any undistributed capital gains which the regulated investment company elects to have treated as provided in section 852(b)(3)(D) of the Internal Revenue Code.

(d) The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

(e) The net income of a designated settlement fund as defined in section 468B(d) of the Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal Revenue Code.

(f) The Internal Revenue Code of 1986, as amended through December 31, ~~2018~~ 2020, shall be in effect for taxable years beginning after December 31, 1996.

(g) Except as otherwise provided, references to the Internal Revenue Code in this subdivision and sections 290.0131 to 290.0136 mean the code in effect for purposes of determining net income for the applicable year.

EFFECTIVE DATE. This section is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time as the changes were effective for federal purposes.

Sec. 3. Minnesota Statutes 2020, section 290.01, subdivision 31, is amended to read:

Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, ~~2018~~ 2020. Internal Revenue Code also includes any uncodified provision in federal law that relates to provisions of the Internal Revenue Code that are incorporated into Minnesota law.

EFFECTIVE DATE. This section is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time as the changes were effective for federal purposes.

Sec. 4. Minnesota Statutes 2020, section 290.0122, subdivision 4, is amended to read:

Subd. 4. **Charitable contributions.** (a) A taxpayer is allowed a deduction for charitable contributions. The deduction equals the amount of the charitable contribution deduction allowable to the taxpayer under section 170 of the Internal Revenue Code, including the denial of the deduction under section 408(d)(8), except that the ~~provisions of section 170(b)(1)(G) apply regardless of the taxable year~~ deduction under this subdivision is limited to 60 percent of the taxpayer's contribution base as defined in section 170(b)(1)(H) of the Internal Revenue Code.

(b) For taxable years beginning after December 31, 2017, the determination of carryover amounts must be made by applying the rules under section 170 of the Internal Revenue Code based on the charitable contribution deductions claimed and allowable under this section.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2019.

Sec. 5. Minnesota Statutes 2020, section 290.0131, is amended by adding a subdivision to read:

Subd. 19. **Business interest.** The amount of business interest deducted under section 163(j) of the Internal Revenue Code of 1986, as amended through December 31, 2020, that exceeds the amount of business interest allowed to be deducted under section 163(j) of the Internal Revenue Code of 1986, as amended through December 31, 2018, is an addition.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, and before January 1, 2021.

Sec. 6. Minnesota Statutes 2020, section 290.0131, is amended by adding a subdivision to read:

Subd. 20. **Excess business losses.** The amount by which an excess business loss under section 461(l)(3) of the Internal Revenue Code of 1986, as amended through December 31, 2018, exceeds the amount of a disallowed loss carryover under section 461(l)(3) of the Internal Revenue Code of 1986, as amended through December 31, 2020, is an addition.

EFFECTIVE DATE. This section is effective retroactively at the same time and for the same taxable years as the temporary changes in section 2304 of Public Law 116-136 were effective for federal purposes.

Sec. 7. Minnesota Statutes 2020, section 290.0131, is amended by adding a subdivision to read:

Subd. 21. **Net operating loss.** The amount by which a net operating loss deducted under section 172 of the Internal Revenue Code of 1986, as amended through December 31, 2020, exceeds the amount of a net operating loss allowed to be deducted under the Internal Revenue Code of 1986, as amended through December 31, 2018, including the amount of the addition required under subdivision 20 to the extent the amount is not included under section 172 of the Internal Revenue Code of 1986, as amended through December 31, 2018, is an addition.

EFFECTIVE DATE. This section is effective retroactively at the same time and for the same taxable years as the temporary changes in section 2303 of Public Law 116-136 were effective for federal purposes.

Sec. 8. Minnesota Statutes 2020, section 290.0132, is amended by adding a subdivision to read:

Subd. 30. **Delayed business interest.** (a) The amount of delayed business interest is a subtraction.

(b) For purposes of this subdivision, the following terms have the meanings given:

(1) "delayed business interest" means the lesser of:

(i) the base amount; or

(ii) the amount of business interest deductible under section 163(j) of the Internal Revenue Code, excluding the special rule under section 163(j)(10) of the Internal Revenue Code, less the amount of business interest deducted under section 163(j) of the Internal Revenue Code for the taxable year; and

(2) "base amount" means the sum of each addition required under section 290.0131, subdivision 19, for all prior taxable years, less the sum of all subtractions claimed under this subdivision for all prior taxable years.

EFFECTIVE DATE. This section is effective retroactively at the same time and for the same taxable years as the temporary changes in section 2306 of Public Law 116-136 were effective for federal purposes and thereafter.

Sec. 9. Minnesota Statutes 2020, section 290.0132, is amended by adding a subdivision to read:

Subd. 31. **Delayed net operating loss.** (a) The amount of a delayed net operating loss is a subtraction.

(b) For purposes of this subdivision, the following terms have the meanings given:

(1) "delayed net operating loss" means the lesser of:

(i) the base amount; or

(ii) the net operating loss deduction limit under section 172(a) of the Internal Revenue Code of 1986, as amended through December 31, 2018, including the amount of the addition required under section 290.0131, subdivision 20, to the extent the amount is not included under section 172 of the Internal Revenue Code, less the amount of any net operating loss deducted under section 172 of the Internal Revenue Code for the taxable year; and

(2) "base amount" means the sum of each addition required under section 290.0131, subdivision 21, for all prior taxable years, less the sum of all subtractions claimed under this subdivision for all prior taxable years.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2018.

Sec. 10. Minnesota Statutes 2020, section 290.0133, is amended by adding a subdivision to read:

Subd. 15. **Business interest.** The amount of business interest deducted under section 163(j) of the Internal Revenue Code of 1986, as amended through December 31, 2020, or section 290.34, that exceeds the amount of business interest allowed to be deducted under section 163(j) of the Internal Revenue Code of 1986, as amended through December 31, 2018, or section 290.34, is an addition.

EFFECTIVE DATE. This section is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time as the changes were effective for federal purposes.

Sec. 11. Minnesota Statutes 2020, section 290.0134, is amended by adding a subdivision to read:

Subd. 20. **Delayed business interest.** (a) The amount of delayed business interest is a subtraction.

(b) For purposes of this subdivision, the following terms have the meanings given:

(1) "delayed business interest" means the portion of the base amount equal to the difference, if any, between:

(i) the amount of business interest deductible under section 290.34 or section 163(j) of the Internal Revenue Code, excluding the special rule under section 163(j)(10) of the Internal Revenue Code; and

(ii) the amount of business interest deducted under section 163(j) of the Internal Revenue Code for the taxable year; and

(2) "base amount" means the sum of each addition required under section 290.0131, subdivision 16, for all prior taxable years, less the sum of all subtractions claimed under this subdivision for all prior taxable years.

EFFECTIVE DATE. This section is effective retroactively at the same time and for the same taxable years as the temporary changes in section 2306 of Public Law 116-136 were effective for federal purposes and thereafter.

Sec. 12. Minnesota Statutes 2020, section 290.993, is amended to read:

290.993 SPECIAL LIMITED ADJUSTMENT.

(a) For an individual income taxpayer subject to tax under section 290.06, subdivision 2c, or a partnership that elects to file a composite return under section 289A.08, subdivision 7, for taxable years beginning after December 31, 2017, and before January 1, 2019, the following special rules apply:

(1) an individual income taxpayer may: (i) take the standard deduction; or (ii) make an election under section 63(e) of the Internal Revenue Code to itemize, for Minnesota individual income tax purposes, regardless of the choice made on their federal return; and

(2) there is an adjustment to tax equal to the difference between the tax calculated under this chapter using the Internal Revenue Code as amended through December 16, 2016, and the tax calculated under this chapter using the Internal Revenue Code amended through December 31, 2018, before the application of credits. The end result must be zero additional tax due or refund.

(b) The adjustment in paragraph (a), clause (2), does not apply to any changes due to sections 11012, 13101, 13201, 13202, 13203, 13204, 13205, 13207, 13301, 13302, 13303, 13313, 13502, 13503, 13801, 14101, 14102, 14211 through 14215, and 14501 of Public Law 115-97; and section 40411 of Public Law 115-123.

(c) For an individual, estate, trust, or partnership subject to an adjustment under this section, any change in tax as a result of this act, including amendments to the Internal Revenue Code that are incorporated in this act, must be calculated after the adjustment.

EFFECTIVE DATE. This section is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time as the changes were effective for federal purposes.

Sec. 13. Minnesota Statutes 2020, section 290A.03, subdivision 15, is amended to read:

Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, ~~2018~~ 2020.

EFFECTIVE DATE. This section is effective for property tax refunds based on property taxes payable after December 31, 2021, and rent paid after December 31, 2020.

Sec. 14. Minnesota Statutes 2020, section 291.005, subdivision 1, is amended to read:

Subdivision 1. **Scope.** Unless the context otherwise clearly requires, the following terms used in this chapter shall have the following meanings:

(1) "Commissioner" means the commissioner of revenue or any person to whom the commissioner has delegated functions under this chapter.

(2) "Federal gross estate" means the gross estate of a decedent as required to be valued and otherwise determined for federal estate tax purposes under the Internal Revenue Code, increased by the value of any property in which the decedent had a qualifying income interest for life and for which an election was made under section 291.03, subdivision 1d, for Minnesota estate tax purposes, but was not made for federal estate tax purposes.

(3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended through December 31, ~~2018~~ 2020.

(4) "Minnesota gross estate" means the federal gross estate of a decedent after (a) excluding therefrom any property included in the estate which has its situs outside Minnesota, and (b) including any property omitted from the federal gross estate which is includable in the estate, has its situs in Minnesota, and was not disclosed to federal taxing authorities.

(5) "Nonresident decedent" means an individual whose domicile at the time of death was not in Minnesota.

(6) "Personal representative" means the executor, administrator or other person appointed by the court to administer and dispose of the property of the decedent. If there is no executor, administrator or other person appointed, qualified, and acting within this state, then any person in actual or constructive possession of any property having a situs in this state which is included in the federal gross estate of the decedent shall be deemed to be a personal representative to the extent of the property and the Minnesota estate tax due with respect to the property.

(7) "Resident decedent" means an individual whose domicile at the time of death was in Minnesota. The provisions of section 290.01, subdivision 7, paragraphs (c) and (d), apply to determinations of domicile under this chapter.

(8) "Situs of property" means, with respect to:

(i) real property, the state or country in which it is located;

(ii) tangible personal property, the state or country in which it was normally kept or located at the time of the decedent's death or for a gift of tangible personal property within three years of death, the state or country in which it was normally kept or located when the gift was executed;

(iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue Code, owned by a nonresident decedent and that is normally kept or located in this state because it is on loan to an organization, qualifying as exempt from taxation under section 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

(iv) intangible personal property, the state or country in which the decedent was domiciled at death or for a gift of intangible personal property within three years of death, the state or country in which the decedent was domiciled when the gift was executed.

For a nonresident decedent with an ownership interest in a pass-through entity with assets that include real or tangible personal property, situs of the real or tangible personal property, including qualified works of art, is determined as if the pass-through entity does not exist and the real or tangible personal property is personally owned by the decedent. If the pass-through entity is owned by a person or persons in addition to the decedent, ownership of the property is attributed to the decedent in proportion to the decedent's capital ownership share of the pass-through entity.

(9) "Pass-through entity" includes the following:

(i) an entity electing S corporation status under section 1362 of the Internal Revenue Code;

(ii) an entity taxed as a partnership under subchapter K of the Internal Revenue Code;

(iii) a single-member limited liability company or similar entity, regardless of whether it is taxed as an association or is disregarded for federal income tax purposes under Code of Federal Regulations, title 26, section 301.7701-3; or

(iv) a trust to the extent the property is includable in the decedent's federal gross estate; but excludes

(v) an entity whose ownership interest securities are traded on an exchange regulated by the Securities and Exchange Commission as a national securities exchange under section 6 of the Securities Exchange Act, United States Code, title 15, section 78f.

EFFECTIVE DATE. This section is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time as the changes were effective for federal purposes.

Sec. 15. **TEMPORARY NONCONFORMITY ADDITIONS AND SUBTRACTIONS.**

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

(b) For an individual, estate, or trust:

(1) "subtraction" has the meaning given in Minnesota Statutes, section 290.0132, subdivision 1, and the rules in that subdivision apply for this section; and

(2) "addition" has the meaning given in Minnesota Statutes, section 290.0131, subdivision 1, and the rules in that subdivision apply for this section.

(c) For a corporation other than an S corporation:

(1) "subtraction" has the meaning given in Minnesota Statutes, section 290.0134, subdivision 1, and the rules in that subdivision apply for this section; and

(2) "addition" has the meaning given in Minnesota Statutes, section 290.0133, subdivision 1, and the rules in that subdivision apply for this section.

(d) The definitions in Minnesota Statutes, section 290.01, apply for this section.

Subd. 2. **Temporary subtraction; federal credits for sick and family leave; individuals, estates, and trusts.** (a) For an individual, estate, or trust, the amount by which gross income is increased under the following credits is a subtraction:

(1) the payroll credit for required paid sick leave under section 7001 of Public Law 116-127; and

(2) the payroll credit for required paid family leave under section 7003 of Public Law 116-127.

(b) This subdivision is effective retroactively for taxable years in which a taxpayer claimed the credits described in paragraph (a).

Subd. 3. **Temporary subtraction; federal credits for sick and family leave; corporations.** (a) For a corporation other than an S corporation, the amount by which gross income is increased under the following credits is a subtraction:

(1) the payroll credit for required paid sick leave under section 7001 of Public Law 116-127; and

(2) the payroll credit for required paid family leave under section 7003 of Public Law 116-127.

(b) This subdivision is effective retroactively for taxable years in which a taxpayer claimed the credits described in paragraph (a).

Subd. 4. **Temporary subtraction; wages used to claim employee retention credit; individuals, estates, and trusts.** (a) For an individual, estate, or trust, the amount disallowed under section 2301(e) of Public Law 116-136 is a subtraction.

(b) This subdivision is effective retroactively for taxable years in which a taxpayer had a deduction disallowed under section 2301(e) of Public Law 116-136.

Subd. 5. **Temporary subtraction; wages used to claim employee retention credit; corporations.** (a) For a corporation other than an S corporation, the amount disallowed under section 2301(e) of Public Law 116-136 is a subtraction.

(b) This subdivision is effective retroactively for taxable years in which a taxpayer had a deduction disallowed under section 2301(e) of Public Law 116-136.

Subd. 6. **Temporary addition; business meals; individuals, estates, and trusts.** (a) For an individual, estate, or trust, the amount deducted for food or beverages under section 274(n)(2) of the Internal Revenue Code that exceeds the 50 percent limit in section 274(n)(1) of the Internal Revenue Code is an addition.

(b) This subdivision is effective retroactively for expenses paid or incurred after December 31, 2020, and before January 1, 2023.

Subd. 7. **Temporary addition; business meals; C corporations.** (a) For a corporation other than an S corporation, the amount deducted for food or beverages under section 274(n)(2) of the Internal Revenue Code that exceeds the 50 percent limit in section 274(n)(1) of the Internal Revenue Code is an addition.

(b) This subdivision is effective retroactively for expenses paid or incurred after December 31, 2020, and before January 1, 2023.

Subd. 8. **Temporary addition; PPP expenses for individuals, estates, and trusts.** (a) For the purposes of this subdivision:

(1) "qualifying business" means a business with paycheck protection program expenses in the taxable year that is a partnership, limited liability company, S corporation, or sole proprietorship;

(2) "paycheck protection program expenses" means amounts allowed as a deduction under section 276 of the COVID-related Tax Relief Act of 2020 in Public Law 116-260; and

(3) "paycheck protection program loan" means a discharged loan that is excluded from gross income under section 1106(i) of Public Law 116-136.

(b) For a qualifying business, for each paycheck protection program loan, the amount of paycheck protection program expenses in excess of $350,000 is an addition.

(c) This section is effective retroactively at the same time and for the same taxable years as the changes in section 276 of the COVID-related Tax Relief Act of 2020 in Public Law 116-260.

Subd. 9. **Temporary addition; PPP expenses for C corporations.** (a) For the purposes of this subdivision:

(1) "qualifying business" means a business with paycheck protection program expenses that is a corporation other than an S corporation;

(2) "paycheck protection program expenses" means amounts allowed as a deduction under section 276 of the COVID-related Tax Relief Act of 2020 in Public Law 116-260; and

(3) "paycheck protection program loan" means a discharged loan that is excluded from gross income under section 1106(i) of Public Law 116-136.

(b) For a qualifying business, for each paycheck protection program loan, the amount of paycheck protection program expenses in excess of $350,000 is an addition.

(c) This section is effective retroactively at the same time and for the same taxable years as the changes in section 276 of the COVID-related Tax Relief Act of 2020 in Public Law 116-260.

Subd. 10. **Nonresident apportionment; alternative minimum tax.** (a) For the purpose of calculating the percentage under Minnesota Statutes, section 290.06, subdivision 2c, paragraph (e), the commissioner of revenue must increase:

(1) the numerator in Minnesota Statutes, section 290.06, subdivision 2c, paragraph (e), clause (1), by the subtractions in subdivisions 2 and 4; and

(2) the denominator in Minnesota Statutes, section 290.06, subdivision 2c, paragraph (e), clause (2), by the additions in subdivisions 6 and 8.

(b) For the purpose of determining "income" under Minnesota Statutes, section 289A.08, the commissioner of revenue must consider the additions under subdivisions 6 and 8 and the subtractions under subdivisions 2 and 4.

(c) A taxpayer's alternative minimum taxable income under Minnesota Statutes, section 290.091, is increased by the amount of the taxpayer's additions under subdivisions 6 and 8, and reduced by the amount of the taxpayer's subtractions under subdivisions 2 and 4.

(d) This section is effective for taxable years in which a taxpayer had an addition or subtraction under this section.

EFFECTIVE DATE. This section is effective for the taxable years specified in each subdivision.

Sec. 16. **WORKING FAMILY CREDIT; SPECIAL EARNED INCOME RULES FOR TAX YEAR 2020.**

For the purposes of calculating the credit under Minnesota Statutes, section 290.067, the commissioner of revenue must allow a taxpayer to elect to determine earned income using the rules in section 211 of the Taxpayer Certainty and Disaster Tax Relief Act of 2020 in Public Law 116-260.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2019, and before January 1, 2021.

Sec. 17. **TEMPORARY INDIVIDUAL INCOME TAX SUBTRACTION; UNEMPLOYMENT INSURANCE BENEFITS.**

(a) For the purposes of this section:

(1) "subtraction" has the meaning given in Minnesota Statutes, section 290.0132; and

(2) "unemployment compensation" has the meaning given in section 85(b) of the Internal Revenue Code.

(b) For taxable years beginning after December 31, 2019, and before January 1, 2021, an individual taxpayer with adjusted gross income that is less than $150,000 is allowed a subtraction equal to the amount of unemployment compensation received in the taxable year. The subtraction is limited to $10,200, except for a joint return the subtraction is limited to $10,200 in unemployment compensation received by each spouse.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2019, and before January 1, 2021.

ARTICLE 2
INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES

Section 1. Minnesota Statutes 2020, section 41B.0391, subdivision 2, is amended to read:

Subd. 2. **Tax credit for owners of agricultural assets.** (a) An owner of agricultural assets may take a credit against the tax due under chapter 290 for the sale or rental of agricultural assets to a beginning farmer in the amount allocated by the authority under subdivision 4. An owner of agricultural assets is eligible for allocation of a credit equal to:

(1) five percent of the lesser of the sale price or the fair market value of the agricultural asset, up to a maximum of $32,000;

(2) ten percent of the gross rental income in each of the first, second, and third years of a rental agreement, up to a maximum of $7,000 per year; or

(3) 15 percent of the cash equivalent of the gross rental income in each of the first, second, and third years of a share rent agreement, up to a maximum of $10,000 per year.

(b) A qualifying rental agreement includes cash rent of agricultural assets or a share rent agreement. The agricultural asset must be rented at prevailing community rates as determined by the authority.

(c) The credit may be claimed only after approval and certification by the authority, and is limited to the amount stated on the certificate issued under subdivision 4. An owner of agricultural assets must apply to the authority for certification and allocation of a credit, in a form and manner prescribed by the authority.

(d) An owner of agricultural assets or beginning farmer may terminate a rental agreement, including a share rent agreement, for reasonable cause upon approval of the authority. If a rental agreement is terminated without the fault of the owner of agricultural assets, the tax credits shall not be retroactively disallowed. In determining reasonable cause, the authority must look at which party was at fault in the termination of the agreement. If the authority determines the owner of agricultural assets did not have reasonable cause, the owner of agricultural assets must repay all credits received as a result of the rental agreement to the commissioner of revenue. The repayment is additional income tax for the taxable year in which the authority makes its decision or when a final adjudication under subdivision 5, paragraph (a), is made, whichever is later.

(e) The credit is limited to the liability for tax as computed under chapter 290 for the taxable year. If the amount of the credit determined under this section for any taxable year exceeds this limitation, the excess is a beginning farmer incentive credit carryover according to section 290.06, subdivision 37.

(f) Notwithstanding subdivision 1, paragraph (c), for purposes of the credit for the sale of an agricultural asset under paragraph (a), clause (1), the family member definitional exclusions in subdivision 1, paragraph (c), clauses (4) and (5), do not apply.

(g) For a qualifying sale to a family member, to qualify for the credit under paragraph (a), clause (1), the sale price of the agricultural asset must equal or exceed the assessed value of the asset as of the date of the sale. If there is no assessed value, the sale price must equal or exceed 80 percent of the fair market value of the asset as of the date of the sale.

(h) For the purposes of this section, "qualifying sale to a family member" means a sale to a beginning farmer in which the beginning farmer or the beginning farmer's spouse is a family member of:

(1) the owner of the agricultural asset; or

(2) a partner, member, shareholder, or trustee of the owner of the agricultural asset.

(i) For a sale to a socially disadvantaged farmer or rancher, the credit rate under paragraph (a), clause (1), is ten percent rather than five percent. For the purposes of this section, "socially disadvantaged farmer or rancher" has the meaning given in United States Code, title 7, section 2279(a)(5).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 2. Minnesota Statutes 2020, 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 $5,000,000 for taxable years beginning after December 31, 2017, and before January 1, 2019, and must not allocate more than $6,000,000 for taxable years beginning after December 31, 2018. 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 in any taxable year does not cancel and is added to the allocation for the next taxable year.

(d) For taxable years beginning after December 31, 2020, the amount available to be allocated for the taxable year under paragraph (c) is reduced by five percent. Beginning in fiscal year 2022, an amount equal to the reduction under this paragraph is annually appropriated from the general fund to the Rural Finance Authority to develop an online application system and administer the credits under this section. The amount of the appropriation for a fiscal year must be determined based on the reduction for taxable years beginning after December 31 of the previous fiscal year and before January 1 of the fiscal year of the appropriation. The Rural Finance Authority must disregard amounts carried forward from previous taxable years when calculating the reduction under this paragraph.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 3. Minnesota Statutes 2020, section 116J.8737, subdivision 5, is amended to read:

Subd. 5. **Credit allowed.** (a) A qualified investor or qualified fund is eligible for a credit equal to 25 percent of the qualified investment in a qualified small business. Investments made by a pass-through entity qualify for a credit only if the entity is a qualified fund. The commissioner must not allocate more than $10,000,000 in credits to qualified investors or qualified funds for the taxable years listed in paragraph (i). For each taxable year, 50 percent must be allocated to credits for qualified investments in qualified greater Minnesota businesses and minority-owned, women-owned, or veteran-owned qualified small businesses in Minnesota. Any portion of a taxable year's credits that is reserved for qualified investments in greater Minnesota businesses and minority-owned, women-owned, or veteran-owned qualified small businesses in Minnesota that is not allocated by September 30 of the taxable year is available for allocation to other credit applications beginning on October 1. Any portion of a taxable year's credits that is not allocated by the commissioner does not cancel and may be carried forward to subsequent taxable years until all credits have been allocated.

(b) The commissioner may not allocate more than a total maximum amount in credits for a taxable year to a qualified investor for the investor's cumulative qualified investments as an individual qualified investor and as an investor in a qualified fund; for married couples filing joint returns the maximum is $250,000, and for all other filers the maximum is $125,000. The commissioner may not allocate more than a total of $1,000,000 in credits over all taxable years for qualified investments in any one qualified small business.

(c) The commissioner may not allocate a credit to a qualified investor either as an individual qualified investor or as an investor in a qualified fund if, at the time the investment is proposed:

(1) the investor is an officer or principal of the qualified small business; or

(2) the investor, either individually or in combination with one or more members of the investor's family, owns, controls, or holds the power to vote 20 percent or more of the outstanding securities of the qualified small business.

A member of the family of an individual disqualified by this paragraph is not eligible for a credit under this section. For a married couple filing a joint return, the limitations in this paragraph apply collectively to the investor and spouse. For purposes of determining the ownership interest of an investor under this paragraph, the rules under section 267(c) and 267(e) of the Internal Revenue Code apply.

(d) Applications for tax credits for 2010 must be made available on the department's website by September 1, 2010, and the department must begin accepting applications by September 1, 2010. Applications for subsequent years must be made available by November 1 of the preceding year.

(e) Qualified investors and qualified funds must apply to the commissioner for tax credits. Tax credits must be allocated to qualified investors or qualified funds in the order that the tax credit request applications are filed with the department. The commissioner must approve or reject tax credit request applications within 15 days of receiving the application. The investment specified in the application must be made within 60 days of the allocation of the credits. If the investment is not made within 60 days, the credit allocation is canceled and available for reallocation. A qualified investor or qualified fund that fails to invest as specified in the application, within 60 days of allocation of the credits, must notify the commissioner of the failure to invest within five business days of the expiration of the 60-day investment period.

(f) All tax credit request applications filed with the department on the same day must be treated as having been filed contemporaneously. If two or more qualified investors or qualified funds file tax credit request applications on the same day, and the aggregate amount of credit allocation claims exceeds the aggregate limit of credits under this section or the lesser amount of credits that remain unallocated on that day, then the credits must be allocated among the qualified investors or qualified funds who filed on that day on a pro rata basis with respect to the amounts claimed. The pro rata allocation for any one qualified investor or qualified fund is the product obtained by multiplying a fraction, the numerator of which is the amount of the credit allocation claim filed on behalf of a qualified investor and the denominator of which is the total of all credit allocation claims filed on behalf of all applicants on that day, by the amount of credits that remain unallocated on that day for the taxable year.

(g) A qualified investor or qualified fund, or a qualified small business acting on their behalf, must notify the commissioner when an investment for which credits were allocated has been made, and the taxable year in which the investment was made. A qualified fund must also provide the commissioner with a statement indicating the amount invested by each investor in the qualified fund based on each investor's share of the assets of the qualified fund at the time of the qualified investment. After receiving notification that the investment was made, the commissioner must issue credit certificates for the taxable year in which the investment was made to the qualified investor or, for an investment made by a qualified fund, to each qualified investor who is an investor in the fund. The certificate must state that the credit is subject to revocation if the qualified investor or qualified fund does not hold the investment in the qualified small business for at least three years, consisting of the calendar year in which the investment was made and the two following years. The three-year holding period does not apply if:

(1) the investment by the qualified investor or qualified fund becomes worthless before the end of the three-year period;

(2) 80 percent or more of the assets of the qualified small business is sold before the end of the three-year period;

(3) the qualified small business is sold before the end of the three-year period;

(4) the qualified small business's common stock begins trading on a public exchange before the end of the three-year period; or

(5) the qualified investor dies before the end of the three-year period.

(h) The commissioner must notify the commissioner of revenue of credit certificates issued under this section.

(i) The credit allowed under this subdivision is effective for each of the ~~following taxable years:~~ taxable years beginning after December 31, 2020, and before January 1, 2023.

~~(1) taxable years beginning after December 31, 2018, and before January 1, 2020; and~~

~~(2) taxable years beginning after December 31, 2020, and before January 1, 2022.~~

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

Sec. 4. Minnesota Statutes 2020, section 116J.8737, subdivision 12, is amended to read:

Subd. 12. **Sunset.** This section expires for taxable years beginning after December 31, ~~2021~~ 2022, except that reporting requirements under subdivision 6 and revocation of credits under subdivision 7 remain in effect through ~~2023~~ 2024 for qualified investors and qualified funds, and through ~~2025~~ 2026 for qualified small businesses, reporting requirements under subdivision 9 remain in effect through ~~2021~~ 2022, and the appropriation in subdivision 11 remains in effect through ~~2025~~ 2026.

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

Sec. 5. **[116U.27] FILM PRODUCTION CREDIT.**

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 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) "Credit certificate" means a certificate issued by the commissioner upon submission of the cost verification report in subdivision 4, paragraph (e).

(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 the taxable year for eligible production costs; and

(3) to the extent practicable, that employs Minnesota residents.

(i) "Promotion of Minnesota" or "promotion" means visible display of a static or animated logo, approved by the commissioner and lasting approximately five seconds, that promotes Minnesota within its presentation and all promotional trailers worldwide in the end credits before the below-the-line crew crawl for the life of the project.

Subd. 2. **Credit allowed.** A taxpayer is eligible for a credit up to 25 percent of eligible production costs paid in a taxable year. A taxpayer may only claim a credit if the taxpayer was issued a credit certificate under subdivision 4.

Subd. 3. **Credit assignable.** A taxpayer who is eligible for a credit under this subdivision may assign the credit, in whole or in part, to another taxpayer, who is then allowed the credit under section 290.06, subdivision 39, or 297I.20, subdivision 4. An assignment is not valid unless the assignee notifies the commissioner within 30 days of the date that the assignment is made. The commissioner shall prescribe the forms necessary for notifying the commissioner of the assignment of a credit certificate and for claiming a credit by assignment. A credit must be assigned for at least 75 percent of the credit amount subject to assignment. A credit may be assigned at any time, provided that, for an assignment of a credit carryover under section 290.06, subdivision 39, paragraph (b), only the unused amount of the carryover is assigned.

Subd. 4. **Applications; allocations.** (a) To qualify for a credit under this section, a taxpayer must submit to the commissioner an initial application for a credit in the form prescribed by the commissioner, in consultation with the commissioner of revenue.

(b) Upon approving an application for a credit that meets the requirements of this section, the commissioner 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 Minnesota Film and Television prior to issuing an allocation certificate.

(c) The commissioner must not issue allocation certificates for more than $10,000,000 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 must not award any credits for taxable years beginning after December 31, 2024, and any unallocated amounts cancel on that date.

(d) The commissioner must allocate credits on a first-come, first-served basis.

(e) Upon completion of a project, the taxpayer shall submit to the commissioner 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 review of the cost verification report, the commissioner 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 certificate as part of the taxpayer's return.

Subd. 5. **Report required.** By March 15, 2024, the commissioner, in consultation with the commissioner of revenue, 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 credits earned in each taxable year;

(2) the number of applications received and approved for the credit;

(3) the types of projects eligible for the credit;

(4) the total economic impact of the credit in Minnesota, including the number of jobs resulting from the credit; and

(5) any other information the commissioner, in consultation with the commissioner of revenue, deems necessary for purposes of claiming and administering the credit.

Subd. 6. **Expiration.** This section expires January 1, 2025, for taxable years beginning after December 31, 2024.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020, and before January 1, 2025.

Sec. 6. Minnesota Statutes 2020, section 289A.08, subdivision 7, is amended to read:

Subd. 7. **Composite income tax returns for nonresident partners, shareholders, and beneficiaries.** (a) The commissioner may allow a partnership with nonresident partners to file a composite return and to pay the tax on behalf of nonresident partners who have no other Minnesota source income. This composite return must include the names, addresses, Social Security numbers, income allocation, and tax liability for the nonresident partners electing to be covered by the composite return.

(b) The computation of a partner's tax liability must be determined by multiplying the income allocated to that partner by the highest rate used to determine the tax liability for individuals under section 290.06, subdivision 2c. Nonbusiness deductions, standard deductions, or personal exemptions are not allowed.

(c) The partnership must submit a request to use this composite return filing method for nonresident partners. The requesting partnership must file a composite return in the form prescribed by the commissioner of revenue. The filing of a composite return is considered a request to use the composite return filing method.

(d) The electing partner must not have any Minnesota source income other than the income from the partnership and other electing partnerships. If it is determined that the electing partner has other Minnesota source income, the inclusion of the income and tax liability for that partner under this provision will not constitute a return to satisfy the requirements of subdivision 1. The tax paid for the individual as part of the composite return is allowed as a payment of the tax by the individual on the date on which the composite return payment was made. If the electing nonresident partner has no other Minnesota source income, filing of the composite return is a return for purposes of subdivision 1.

(e) This subdivision does not negate the requirement that an individual pay estimated tax if the individual's liability would exceed the requirements set forth in section 289A.25. The individual's liability to pay estimated tax is, however, satisfied when the partnership pays composite estimated tax in the manner prescribed in section 289A.25.

(f) If an electing partner's share of the partnership's gross income from Minnesota sources is less than the filing requirements for a nonresident under this subdivision, the tax liability is zero. However, a statement showing the partner's share of gross income must be included as part of the composite return.

(g) The election provided in this subdivision is only available to a partner who has no other Minnesota source income and who is either (1) a full-year nonresident individual or (2) a trust or estate that does not claim a deduction under either section 651 or 661 of the Internal Revenue Code.

(h) A corporation defined in section 290.9725 and its nonresident shareholders may make an election under this paragraph. The provisions covering the partnership apply to the corporation and the provisions applying to the partner apply to the shareholder.

(i) Estates and trusts distributing current income only and the nonresident individual beneficiaries of the estates or trusts may make an election under this paragraph. The provisions covering the partnership apply to the estate or trust. The provisions applying to the partner apply to the beneficiary.

(j) For the purposes of this subdivision, "income" means the partner's share of federal adjusted gross income from the partnership modified by the additions provided in section 290.0131, subdivisions 8 to 10 ~~and~~, 16, and 19 to 23, and the subtractions provided in: (1) section 290.0132, subdivision 9, to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, ~~subdivision~~ subdivisions 14, 30, and 31. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent the electing partner would have been allowed the subtraction.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020, except that the provisions relating to section 290.0131, subdivisions 20 and 21, are effective retroactively for taxable years beginning after December 31, 2017, and the provisions relating to section 290.0131, subdivision 19, and section 290.0132, subdivisions 30 and 31, are effective retroactively for taxable years beginning after December 31, 2018.

Sec. 7. Minnesota Statutes 2020, section 289A.08, is amended by adding a subdivision to read:

Subd. 7a. **Pass-through entity tax.** (a) For the purposes of this subdivision, the following terms have the meanings given:

(1) "income" has the meaning given in subdivision 7, paragraph (j), except that the provisions that apply to a partnership apply to a qualifying entity and the provisions that apply to a partner apply to a qualifying owner. 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 section 290.17;

(2) "qualifying owner" means a resident or nonresident individual, estate, or trust that is a partner, member, or shareholder of a qualifying entity; and

(3) "qualifying entity" means a partnership, limited liability company, or corporation organized under subchapter S of the Internal Revenue Code for federal income tax purposes, including a qualified subsidiary also organized under subchapter S of the Internal Revenue Code. Qualifying entity does not include a partnership, limited liability company, or corporation that has a partnership, limited liability company, or corporation as a partner, member, or shareholder.

(b) A qualifying entity may elect to file a return and pay the pass-through entity tax imposed under paragraph (c). The election:

(1) must be made on or before the due date or extended due date of the qualifying entity's pass-through entity tax return;

(2) may only be made by qualifying owners who hold more than a 50 percent ownership interest in a qualifying entity; and

(3) is binding on all qualifying owners who have an ownership interest in the qualifying entity.

(c) Subject to the election in paragraph (b), a pass-through entity tax is imposed on a qualifying entity in an amount equal to the sum of the tax liability of each qualifying owner.

(d) The amount of a qualifying owner's tax liability under paragraph (c) is the amount of the qualifying owner's income multiplied by the tax rates and brackets used to determine the tax liability for married individuals filing separate returns, estates, and trusts under section 290.06, subdivision 2c. When making this determination:

(1) nonbusiness deductions, standard deductions, or personal exemptions are not allowed; and

(2) a credit or deduction is allowed only to the extent allowed to the qualifying owner.

(e) The amount of each credit and deduction used to determine a qualifying owner's tax liability under paragraph (d) must also be used to determine that qualifying owner's individual income tax liability under chapter 290.

(f) This subdivision does not negate the requirement that a qualifying owner pay estimated tax if the qualifying owner's tax liability would exceed the requirements set forth in section 289A.25. The qualifying owner's liability to pay estimated tax on the qualifying owner's tax liability as determined under paragraph (d) is, however, satisfied when the qualifying entity pays estimated tax in the manner prescribed in section 289A.25 for composite estimated tax.

(g) A qualifying owner's adjusted basis in the interest in the qualifying entity, and the treatment of distributions, is determined as if the election to pay the pass-through entity tax under paragraph (b) is not made.

(h) To the extent not inconsistent with this subdivision, for purposes of this chapter, a pass-through entity tax return must be treated as a composite return and a qualifying entity filing a pass-through entity tax return must be treated as a partnership filing a composite return.

(i) The provisions of subdivision 17 apply to the election to pay the pass-through entity tax under this subdivision.

(j) If a nonresident qualifying owner of a qualifying entity making the election to file and pay the tax under this subdivision has no other Minnesota source income, filing of the pass-through entity tax return is a return for purposes of subdivision 1, provided that the nonresident qualifying owner must not have any Minnesota source income other than the income from the qualifying entity and other electing qualifying entities. If it is determined that the nonresident qualifying owner has other Minnesota source income, the inclusion of the income and tax liability for that owner under this provision will not constitute a return to satisfy the requirements of subdivision 1. The tax paid for the individual as part of the pass-through entity tax return is allowed as a payment of the tax by the individual on the date on which the pass-through entity tax return payment was made.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 8. Minnesota Statutes 2020, section 289A.08, subdivision 11, is amended to read:

Subd. 11. **Information included in income tax return.** (a) The return must state:

(1) the name of the taxpayer, or taxpayers, if the return is a joint return, and the address of the taxpayer in the same name or names and same address as the taxpayer has used in making the taxpayer's income tax return to the United States;

(2) the date or dates of birth of the taxpayer or taxpayers;

(3) the following information:

(i) the Social Security number of the taxpayer, or taxpayers, if a Social Security number has been issued by the United States with respect to the taxpayers; or

(ii) the individual tax identification number of the taxpayer, or taxpayers, if a Social Security number has not been issued by the United States with respect to the taxpayers, as allowed under section 290.0671; and

(4) the amount of the taxable income of the taxpayer as it appears on the federal return for the taxable year to which the Minnesota state return applies.

(b) The taxpayer must attach to the taxpayer's Minnesota state income tax return a copy of the federal income tax return that the taxpayer has filed or is about to file for the period.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 9. Minnesota Statutes 2020, section 290.01, is amended by adding a subdivision to read:

Subd. 7c. **Resident trust.** (a) "Resident trust" means a trust, except a grantor type trust, which has sufficient relevant connections with Minnesota during the applicable tax year to be permissibly taxed, consistent with due process, as a resident trust. Relevant connections with Minnesota include but are not limited to the following:

(1) one or more of the trustees, fiduciaries, nonfiduciary service providers, settlors, grantors, or beneficiaries of the trust are residents or part-year residents of Minnesota;

(2) tangible or intangible assets making up any part of the trust are located in Minnesota;

(3) any part of the administration of the trust took place in Minnesota;

(4) the laws of Minnesota are specifically made applicable to the trust or to the parties to the trust, whether by choice of law or by operation of law;

(5) the trust was created by a will of a decedent who at death was domiciled in Minnesota;

(6) the trust and the will under which it was created were probated in Minnesota or were otherwise approved or enforced by Minnesota's courts; and

(7) Minnesota's courts have a continuing supervisory or other existing relationship with the trust.

(b) The term "grantor type trust" means a trust where the income or gains of the trust are taxable to the grantor or others treated as substantial owners under sections 671 to 678 of the Internal Revenue Code.

(c) The term "administration of the trust" means the performance of any administrative function for the trust, including but not limited to the following:

(1) investing of trust assets;

(2) distributing of trust assets;

(3) conducting trust business;

(4) conducting any litigation or other legal proceedings;

(5) conducting administrative services, including but not limited to record keeping and the preparation and filing of tax returns;

(6) making fiduciary decisions, including but not limited to decisions regarding any of the administrative functions listed in this paragraph; and

(7) official keeping of books and records of the trust, including but not limited to the original minutes of trustee meetings and the original trust instruments, are located in Minnesota.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 10. Minnesota Statutes 2020, section 290.0122, subdivision 8, is amended to read:

Subd. 8. **Losses.** A taxpayer is allowed a deduction for losses~~. The deduction equals the amount~~ allowed under ~~sections 165(d) and 165(h) of the Internal Revenue Code, disregarding the limitation on personal casualty losses in paragraph (h)(5).~~ section 165(a) of the Internal Revenue Code, including the limitation provided in section 67(b)(3) of the Internal Revenue Code, for the following:

(1) losses described in paragraphs (2) and (3) of section 165(c) of the Internal Revenue Code, including the provisions of section 165(h) of the Internal Revenue Code but disregarding paragraph (h)(5); and

(2) losses described in section 165(d) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective the day following final enactment, except that the reference to paragraph (2) of section 165(c) of the Internal Revenue Code is effective retroactively for taxable years beginning after December 31, 2018.

Sec. 11. Minnesota Statutes 2020, section 290.0131, is amended by adding a subdivision to read:

Subd. 22. **Previously taxed deferred foreign income.** The amount received by a resident or part-year resident that is excluded from federal adjusted gross income or federal taxable income under section 959 of the Internal Revenue Code, because the amount was previously included under sections 951A or 965 of the Internal Revenue Code, is an addition.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 12. Minnesota Statutes 2020, section 290.0131, is amended by adding a subdivision to read:

Subd. 23. **Income attributable to domestic production activities of cooperatives.** The amount of the deduction allowable under section 199A(g) of the Internal Revenue Code is an addition.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 13. Minnesota Statutes 2020, section 290.0132, subdivision 27, is amended to read:

Subd. 27. **Deferred foreign income.** The amount of deferred foreign income ~~recognized because of~~ under section 965 of the Internal Revenue Code is a subtraction.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2015, except the changes incorporated by federal changes are effective retroactively at the same time the changes became effective for federal purposes.

Sec. 14. Minnesota Statutes 2020, section 290.0133, subdivision 6, is amended to read:

Subd. 6. **Special deductions.** The amount of any special deductions under sections 241 to 247, and 250~~, and 965~~ of the Internal Revenue Code is an addition.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2015, except that the changes incorporated by federal changes are effective retroactively at the same time the changes became effective for federal purposes.

Sec. 15. Minnesota Statutes 2020, section 290.0133, is amended by adding a subdivision to read:

Subd. 16. **Previously taxed deferred foreign income.** The amount received by a corporation that is excluded from gross income under section 959 of the Internal Revenue Code, because the amount was previously included under sections 951A or 965 of the Internal Revenue Code, is an addition.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 16. Minnesota Statutes 2020, section 290.0133, is amended by adding a subdivision to read:

Subd. 17. **Income attributable to domestic production activities of cooperatives.** The amount of the deduction allowable under section 199A(g) of the Internal Revenue Code is an addition.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 17. Minnesota Statutes 2020, section 290.0134, subdivision 18, is amended to read:

Subd. 18. **Deferred foreign income.** The amount of deferred foreign income ~~recognized because of~~ under section 965 of the Internal Revenue Code is a subtraction.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 18. Minnesota Statutes 2020, section 290.06, subdivision 2c, is amended to read:

Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income taxes imposed by this chapter upon married individuals filing joint returns and surviving spouses as defined in section 2(a) of the Internal Revenue Code must be computed by applying to their taxable net income the following schedule of rates:

(1) On the first ~~$38,770~~ $42,800, 5.35 percent;

(2) On all over ~~$38,770~~ $42,800, but not over ~~$154,020~~ $154,010, 6.8 percent;

(3) On all over ~~$154,020~~ $154,010, but not over ~~$269,010~~ $276,200, 7.85 percent;

(4) On all over ~~$269,010~~ $276,200, but not over $1,000,000, 9.85 percent~~.~~;

(5) On all over $1,000,000, 11.15 percent.

Married individuals filing separate returns, estates, and trusts must compute their income tax by applying the above rates to their taxable income, except that the income brackets will be one-half of the above amounts after the adjustment required in subdivision 2d.

(b) The income taxes imposed by this chapter upon unmarried individuals must be computed by applying to taxable net income the following schedule of rates:

(1) On the first ~~$26,520~~ $29,270, 5.35 percent;

(2) On all over ~~$26,520~~ $29,270, but not over ~~$87,110~~ $86,620, 6.8 percent;

(3) On all over ~~$87,110~~ $86,620, but not over ~~$161,720~~ $166,040, 7.85 percent;

(4) On all over ~~$161,720~~ $166,040, but not over $500,000, 9.85 percent~~.~~;

(5) On all over $500,000, 11.15 percent.

(c) The income taxes imposed by this chapter upon unmarried individuals qualifying as a head of household as defined in section 2(b) of the Internal Revenue Code must be computed by applying to taxable net income the following schedule of rates:

(1) On the first ~~$32,650~~ $36,030, 5.35 percent;

(2) On all over ~~$32,650~~ $36,030, but not over ~~$131,190~~ $131,230, 6.8 percent;

(3) On all over ~~$131,190~~ $131,230, but not over ~~$214,980~~ $220,730, 7.85 percent;

(4) On all over ~~$214,980~~ $220,730, but not over $750,000, 9.85 percent~~.~~;

(5) On all over $750,000, 11.15 percent.

(d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year is less than an amount determined by the commissioner must be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than $100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to $1.

(e) An individual who is not a Minnesota resident for the entire year must compute the individual's Minnesota income tax as provided in this subdivision. After the application of the nonrefundable credits provided in this chapter, the tax liability must then be multiplied by a fraction in which:

(1) the numerator is the individual's Minnesota source federal adjusted gross income as defined in section 62 of the Internal Revenue Code and increased by:

(i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, ~~and~~ 17, and 19 to 23, and 290.0137, paragraph (a); and reduced by

(ii) the Minnesota assignable portion of the subtraction for United States government interest under section 290.0132, subdivision 2, the subtractions under sections 290.0132, subdivisions 9, 10, 14, 15, 17, 18, ~~and~~ 27, 30, and 31, and 290.0137, paragraph (c), after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

(2) the denominator is the individual's federal adjusted gross income as defined in section 62 of the Internal Revenue Code, increased by:

(i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, ~~and~~ 17, and 19 to 23, and 290.0137, paragraph (a); and reduced by

(ii) the subtractions under sections 290.0132, subdivisions 2, 9, 10, 14, 15, 17, 18, ~~and~~ 27, 30, and 31, and 290.0137, paragraph (c).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 19. Minnesota Statutes 2020, section 290.06, subdivision 2d, is amended to read:

Subd. 2d. **Inflation adjustment of brackets.** The commissioner shall annually adjust the minimum and maximum dollar amounts for each rate bracket for which a tax is imposed in subdivision 2c as provided in section 270C.22. The statutory year is taxable year ~~2019~~ 2021. The rate applicable to any rate bracket must not be changed. The dollar amounts setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate brackets as adjusted must be rounded to the nearest $10 amount. If the rate bracket ends in $5, it must be rounded up to the nearest $10 amount. The commissioner shall determine the rate bracket for married filing separate returns after this adjustment is done. The rate bracket for married filing separate must be one-half of the rate bracket for married filing joint.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2021.

Sec. 20. Minnesota Statutes 2020, section 290.06, subdivision 22, is amended to read:

Subd. 22. **Credit for taxes paid to another state.** (a) A taxpayer who is liable for taxes based on net income to another state, as provided in paragraphs (b) through (f), upon income allocated or apportioned to Minnesota, is entitled to a credit for the tax paid to another state if the tax is actually paid in the taxable year or a subsequent taxable year. A taxpayer who is a resident of this state pursuant to section 290.01, subdivision 7, paragraph (b), and who is subject to income tax as a resident in the state of the individual's domicile is not allowed this credit unless the state of domicile does not allow a similar credit.

(b) For an individual, estate, or trust, the credit is determined by multiplying the tax payable under this chapter by the ratio derived by dividing the income subject to tax in the other state that is also subject to tax in Minnesota while a resident of Minnesota by the taxpayer's federal adjusted gross income, as defined in section 62 of the Internal Revenue Code, modified by the addition required by section 290.0131, subdivision 2, and the subtraction allowed by section 290.0132, subdivision 2, to the extent the income is allocated or assigned to Minnesota under sections 290.081 and 290.17.

(c) If the taxpayer is an athletic team that apportions all of its income under section 290.17, subdivision 5, the credit is determined by multiplying the tax payable under this chapter by the ratio derived from dividing the total net income subject to tax in the other state by the taxpayer's Minnesota taxable income.

(d)(1) The credit determined under paragraph (b) or (c) shall not exceed the amount of tax so paid to the other state on the gross income earned within the other state subject to tax under this chapter; and

(2) the allowance of the credit does not reduce the taxes paid under this chapter to an amount less than what would be assessed if the gross income earned within the other state were excluded from taxable net income.

(e) In the case of the tax assessed on a lump-sum distribution under section 290.032, the credit allowed under paragraph (a) is the tax assessed by the other state on the lump-sum distribution that is also subject to tax under section 290.032, and shall not exceed the tax assessed under section 290.032. To the extent the total lump-sum distribution defined in section 290.032, subdivision 1, includes lump-sum distributions received in prior years or is all or in part an annuity contract, the reduction to the tax on the lump-sum distribution allowed under section 290.032, subdivision 2, includes tax paid to another state that is properly apportioned to that distribution.

(f) If a Minnesota resident reported an item of income to Minnesota and is assessed tax in such other state on that same income after the Minnesota statute of limitations has expired, the taxpayer shall receive a credit for that year under paragraph (a), notwithstanding any statute of limitations to the contrary. The claim for the credit must be submitted within one year from the date the taxes were paid to the other state. The taxpayer must submit sufficient proof to show entitlement to a credit.

(g) For the purposes of this subdivision, a resident shareholder of a corporation treated as an "S" corporation under section 290.9725, must be considered to have paid a tax imposed on the shareholder in an amount equal to the shareholder's pro rata share of any net income tax paid by the S corporation to another state. For the purposes of the preceding sentence, the term "net income tax" means any tax imposed on or measured by a corporation's net income.

(h) For the purposes of this subdivision, a resident partner of an entity taxed as a partnership under the Internal Revenue Code must be considered to have paid a tax imposed on the partner in an amount equal to the partner's pro rata share of any net income tax paid by the partnership to another state. For purposes of the preceding sentence, the term "net income" tax means any tax imposed on or measured by a partnership's net income. For purposes of this paragraph, "partnership" includes a limited liability company and "partner" includes a member of a limited liability company.

(i) For the purposes of this subdivision, "another state":

(1) includes:

(i) the District of Columbia; and

(ii) a province or territory of Canada; but

(2) excludes Puerto Rico and the several territories organized by Congress.

(j) The limitations on the credit in paragraphs (b), (c), and (d), are imposed on a state by state basis.

(k) For a tax imposed by a province or territory of Canada, the tax for purposes of this subdivision is the excess of the tax over the amount of the foreign tax credit allowed under section 27 of the Internal Revenue Code. In determining the amount of the foreign tax credit allowed, the net income taxes imposed by Canada on the income are deducted first. Any remaining amount of the allowable foreign tax credit reduces the provincial or territorial tax that qualifies for the credit under this subdivision.

(l)(1) The credit allowed to a qualifying individual under this section for tax paid to a qualifying state equals the credit calculated under paragraphs (b) and (d), plus the amount calculated by multiplying:

(i) the difference between the preliminary credit and the credit calculated under paragraphs (b) and (d), by

(ii) the ratio derived by dividing the income subject to tax in the qualifying state that consists of compensation for performance of personal or professional services by the total amount of income subject to tax in the qualifying state.

(2) If the amount of the credit that a qualifying individual is eligible to receive under clause (1) for tax paid to a qualifying state exceeds the tax due under this chapter before the application of the credit calculated under clause (1), the commissioner shall refund the excess to the qualifying individual. An amount sufficient to pay the refunds required by this subdivision is appropriated to the commissioner from the general fund.

(3) For purposes of this paragraph, "preliminary credit" means the credit that a qualifying individual is eligible to receive under paragraphs (b) and (d) for tax paid to a qualifying state without regard to the limitation in paragraph (d), clause (2); "qualifying individual" means a Minnesota resident under section 290.01, subdivision 7, paragraph

(a), who received compensation during the taxable year for the performance of personal or professional services within a qualifying state; and "qualifying state" means a state with which an agreement under section 290.081 is not in effect for the taxable year but was in effect for a taxable year beginning before January 1, 2010.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 21. Minnesota Statutes 2020, section 290.06, is amended by adding a subdivision to read:

Subd. 39. **Film production credit.** (a) A taxpayer, including a taxpayer to whom a credit has been assigned under section 116U.27, subdivision 3, may claim a credit against the tax imposed by this chapter equal to the amount certified on a credit certificate under section 116U.27, subject to the limitations in this subdivision.

(b) The credit is limited to the liability for tax, as computed under this chapter, for the taxable year. If the amount of the credit determined under this subdivision for any taxable year exceeds this limitation, the excess is a film production credit carryover to each of the five succeeding taxable years. The entire amount of the excess unused credit for the taxable year is 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 any film production credit for the taxable year.

(c) Credits allowed to a partnership, a limited liability company taxed as a partnership, or an S corporation are passed through to the partners, members, shareholders, or owners, respectively, pro rata to each based on the partner's, member's, shareholder's, or owner's share of the entity's assets, or as specially allocated in the organizational documents or any other executed agreement, as of the last day of the taxable year.

(d) Notwithstanding the approval and certification by the commissioner of employment and economic development under section 116U.27, the commissioner may utilize any audit and examination powers under chapter 270C or 289A to the extent necessary to verify that the taxpayer is eligible for the credit and to assess the amount of any improperly claimed credit. The commissioner may only assess the original recipient of the credit certificate for the amount of improperly claimed credits. The commissioner may not assess a credit certificate transferee for any amount of improperly claimed credits, and a transferee's claim for credit is not affected by the commissioner's assessment of improperly claimed credits against the transferor.

(e) This subdivision expires January 1, 2025, for taxable years beginning after December 31, 2024, except that the expiration of this section does not affect the commissioner of revenue's authority to audit or power of examination and assessment for credits claimed under this subdivision.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020, and before January 1, 2025.

Sec. 22. Minnesota Statutes 2020, section 290.06, is amended by adding a subdivision to read:

Subd. 40. **Pass-through entity tax credit.** (a) A qualifying owner of a qualifying entity that elects to pay the pass-through entity tax under section 289A.08, subdivision 7a, may claim a credit against the tax due under this chapter equal to the amount of the owner's tax liability as calculated under section 289A.08, subdivision 7a, paragraph (d).

(b) If the amount of the credit the taxpayer may claim under this subdivision exceeds the taxpayer's tax liability under this chapter, the commissioner of revenue shall refund the excess to the taxpayer. The amount necessary to pay the claim for the refund provided in this subdivision is appropriated from the general fund to the commissioner of revenue.

(c) For purposes of this subdivision, "qualifying entity," "qualifying owner," and "tax liability" have the meanings given in section 289A.08, subdivision 7a, paragraphs (a) and (d).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 23. Minnesota Statutes 2020, section 290.0671, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** (a) An individual who is a resident of Minnesota is allowed a credit against the tax imposed by this chapter equal to a percentage of earned income. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the Internal Revenue Code~~, except that:~~.

(b) A taxpayer who is a resident of Minnesota and is otherwise eligible for the credit under section 32 of the Internal Revenue Code may qualify for the credit under this section under one or more of the following exceptions:

(1) ~~a taxpayer with~~ the taxpayer had no qualifying children ~~who has~~ and attained the age of 21, but not ~~attained~~ the age of 65~~,~~ before the close of the taxable year ~~and is otherwise eligible for a credit under section 32 of the Internal Revenue Code may also receive a credit~~; ~~and~~

(2) ~~a taxpayer who is otherwise eligible for a credit under section 32 of the Internal Revenue Code remains eligible for the credit even if~~ the taxpayer otherwise qualifies for a credit under this section and the taxpayer's earned income or adjusted gross income exceeds the income limitation under section 32 of the Internal Revenue Code~~.~~; or

(3) the taxpayer does not meet the requirements of section 32(m) of the Internal Revenue Code but provides an individual taxpayer identification number.

~~(b)~~ (c) For individuals with no qualifying children, the credit equals ~~3.9~~ 5 percent of the first ~~$7,150~~ $8,000 of earned income. The credit is reduced by 2.0 percent of earned income or adjusted gross income, whichever is greater, in excess of the phaseout threshold, but in no case is the credit less than zero.

~~(c)~~ (d) For individuals with one qualifying child, the credit equals 9.35 percent of the first ~~$11,950~~ $12,270 of earned income. The credit is reduced by 6.0 percent of earned income or adjusted gross income, whichever is greater, in excess of the phaseout threshold, but in no case is the credit less than zero.

~~(d)~~ (e) For individuals with two qualifying children, the credit equals 11 percent of the first ~~$19,600~~ $20,120 of earned income. The credit is reduced by 10.5 percent of earned income or adjusted gross income, whichever is greater, in excess of the phaseout threshold, but in no case is the credit less than zero.

~~(e)~~ (f) For individuals with three or more qualifying children, the credit equals 12.5 percent of the first ~~$20,000~~ $20,530 of earned income. The credit is reduced by 10.5 percent of earned income or adjusted gross income, whichever is greater, in excess of the phaseout threshold, but in no case is the credit less than zero.

~~(f)~~ (g) For a part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

~~(g)~~ (h) For a person who was a resident for the entire tax year and has earned income not subject to tax under this chapter, including income excluded under section 290.0132, subdivision 10, the credit must be allocated based on the ratio of federal adjusted gross income reduced by the earned income not subject to tax under this chapter over federal adjusted gross income. For purposes of this paragraph, the following clauses are not considered "earned income not subject to tax under this chapter":

(1) the subtractions for military pay under section 290.0132, subdivisions 11 and 12;

(2) the exclusion of combat pay under section 112 of the Internal Revenue Code; and

(3) income derived from an Indian reservation by an enrolled member of the reservation while living on the reservation.

~~(h)~~ (i) For the purposes of this section, the phaseout threshold equals:

(1) ~~$14,570~~ $14,960 for married taxpayers filing joint returns with no qualifying children;

(2) ~~$8,730~~ $8,960 for all other taxpayers with no qualifying children;

(3) ~~$28,610~~ $29,380 for married taxpayers filing joint returns with one qualifying child;

(4) ~~$22,770~~ $23,380 for all other taxpayers with one qualifying child;

(5) ~~$32,840~~ $33,720 for married taxpayers filing joint returns with two qualifying children;

(6) ~~$27,000~~ $27,720 for all other taxpayers with two qualifying children;

(7) ~~$33,140~~ $34,030 for married taxpayers filing joint returns with three or more qualifying children; and

(8) ~~$27,300~~ $28,030 for all other taxpayers with three or more qualifying children.

~~(i)~~ (j) The commissioner shall construct tables showing the amount of the credit at various income levels and make them available to taxpayers. The tables shall follow the schedule contained in this subdivision, except that the commissioner may graduate the transition between income brackets.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 24. Minnesota Statutes 2020, section 290.0671, subdivision 1a, is amended to read:

Subd. 1a. **Definitions.** (a) For purposes of this section, the following terms ~~"Qualifying child," and~~ have the meanings given.

(b) "Earned income~~,~~" ~~have~~ has the ~~meanings~~ meaning given in section 32(c) of the Internal Revenue Code~~, and the term "adjusted gross income" has the meaning given in section 62 of the Internal Revenue Code~~.

(c) "Earned income of the lesser-earning spouse" has the meaning given in section 290.0675, subdivision 1, paragraph (d).

(d) "Qualifying child" has the meaning given in section 32(c) of the Internal Revenue Code, except that the requirements of section 32(m) of the Internal Revenue Code do not apply for the purposes of determining a qualifying child if the taxpayer provides an individual taxpayer identification number.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 25. Minnesota Statutes 2020, section 290.0671, subdivision 7, is amended to read:

Subd. 7. **Inflation adjustment.** The commissioner shall annually adjust the earned income amounts used to calculate the credit and the phase-out thresholds in subdivision 1 as provided in section 270C.22. The statutory year is taxable year ~~2019~~ 2021.

Sec. 26. Minnesota Statutes 2020, section 290.0674, subdivision 2a, is amended to read:

Subd. 2a. **Income.** (a) For purposes of this section, "income" means the sum of the following:

(1) federal adjusted gross income as defined in section 62 of 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;

(xii) nontaxable scholarship or fellowship grants;

(xiii) the amount of deduction allowed under section ~~199~~ 199A(g) of the Internal Revenue Code;

(xiv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue Code;

(xv) the amount deducted for tuition expenses under section 222 of the Internal Revenue Code; and

(xvi) 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" means federal adjusted gross income reflected in the fiscal year ending in the next calendar year. Federal adjusted gross income may 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 that were exclusively funded by the claimant or spouse if the funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(3) surplus food or other relief in kind supplied by a governmental agency;

(4) relief granted under chapter 290A;

(5) child support payments received under a temporary or final decree of dissolution or legal separation; and

(6) 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.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 27. Minnesota Statutes 2020, section 290.0681, subdivision 10, is amended to read:

Subd. 10. **Sunset.** This section expires after fiscal year ~~2021~~ 2029, except that the office's authority to issue credit certificates under subdivision 4 based on allocation certificates that were issued before fiscal year ~~2022~~ 2030 remains in effect through ~~2024~~ 2032, and the reporting requirements in subdivision 9 remain in effect through the year following the year in which all allocation certificates have either been canceled or resulted in issuance of credit certificates, or ~~2025~~ 2033, whichever is earlier.

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

Sec. 28. Minnesota Statutes 2020, section 290.0682, is amended to read:

290.0682 STUDENT LOAN CREDIT.

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

(b) "Adjusted gross income" means federal adjusted gross income as defined in section 62 of the Internal Revenue Code.

(c) "Earned income" has the meaning given in section ~~32(c) of the Internal Revenue Code~~ 290.0675, subdivision 1, paragraph (b).

(d) "Eligible individual" means a resident individual with one or more qualified education loans related to an undergraduate or graduate degree program at a postsecondary educational institution.

(e) "Eligible loan payments" means the amount the eligible individual paid during the taxable year in principal and interest on qualified education loans.

(f) "Postsecondary educational institution" means a public or nonprofit postsecondary institution eligible for state student aid under section 136A.103 or, if the institution is not located in this state, a public or nonprofit postsecondary institution participating in the federal Pell Grant program under title IV of the Higher Education Act of 1965, Public Law 89-329, as amended.

(g) "Qualified education loan" has the meaning given in section 221 of the Internal Revenue Code, but is limited to indebtedness incurred on behalf of the eligible individual.

Subd. 2. **Credit allowed.** (a) An eligible individual is allowed a credit against the tax due under this chapter.

(b) The credit for an eligible individual equals the least of:

(1) eligible loan payments minus ten percent of an amount equal to adjusted gross income in excess of $10,000, but in no case less than zero;

(2) the earned income for the taxable year of the eligible individual, if any;

(3) the sum of:

(i) the interest portion of eligible loan payments made during the taxable year; and

(ii) ten percent of the original loan amount of all qualified education loans of the eligible individual; or

(4) $500.

(c) For a part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

(d) In the case of a married couple, each spouse is eligible for the credit in this section. For the purposes of paragraph (b), for married taxpayers filing joint returns, each spouse's adjusted gross income equals the spouse's percentage share of the couple's earned income, multiplied by the couple's combined adjusted gross income.

Subd. 3. **Credit refundable; appropriation.** (a) If the amount of credit which a claimant is eligible to receive under this section exceeds the claimant's tax liability under this chapter, the commissioner shall refund the excess to the claimant.

(b) An amount sufficient to pay the refunds required by this section is appropriated to the commissioner from the general fund.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 29. Minnesota Statutes 2020, section 290.0685, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** (a) An eligible individual is allowed a credit against the tax imposed by this chapter equal to $2,000 for each ~~birth for which a certificate of birth resulting in stillbirth has been issued under section 144.2151~~ stillbirth. The credit under this section is allowed only in the taxable year in which the stillbirth occurred ~~and if the child would have been a dependent of the taxpayer as defined in section 152 of the Internal Revenue Code~~.

(b) For a ~~nonresident or~~ part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2015.

Sec. 30. Minnesota Statutes 2020, section 290.0685, is amended by adding a subdivision to read:

Subd. 1a. **Definitions.** (a) For purposes of this section, the following terms have the meanings given, unless the context clearly indicates otherwise.

(b) "Certificate of birth" means the printed certificate of birth resulting in stillbirth issued under section 144.2151 or for a birth occurring in another state or country a similar certificate issued under that state's or country's law.

(c) "Eligible individual" means an individual who is:

(1)(i) a resident; or

(ii) the nonresident spouse of a resident who is a member of armed forces of the United States or the United Nations; and

(2)(i) the individual who gave birth resulting in stillbirth and is listed as a parent on the certificate of birth;

(ii) if no individual meets the requirements of clause (i) for a stillbirth that occurs in this state, then the first parent listed on the certificate of birth resulting in still birth; or

(iii) the individual who gave birth resulting in stillbirth for a birth outside of this state for which no certificate of birth was issued.

(d) "Stillbirth" means a birth for which a fetal death report would be required under section 144.222, subdivision 1, if the birth occurred in this state.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2015.

Sec. 31. Minnesota Statutes 2020, section 290.091, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of the tax imposed by this section, the following terms have the meanings given.

(a) "Alternative minimum taxable income" means the sum of the following for the taxable year:

(1) the taxpayer's federal alternative minimum taxable income as defined in section 55(b)(2) of the Internal Revenue Code;

(2) the taxpayer's itemized deductions allowed in computing federal alternative minimum taxable income, but excluding:

(i) the charitable contribution deduction under section 170 of the Internal Revenue Code;

(ii) the medical expense deduction;

(iii) the casualty, theft, and disaster loss deduction; and

(iv) the impairment-related work expenses of a person with a disability;

(3) for depletion allowances computed under section 613A(c) of the Internal Revenue Code, with respect to each property (as defined in section 614 of the Internal Revenue Code), to the extent not included in federal alternative minimum taxable income, the excess of the deduction for depletion allowable under section 611 of the Internal Revenue Code for the taxable year over the adjusted basis of the property at the end of the taxable year (determined without regard to the depletion deduction for the taxable year);

(4) to the extent not included in federal alternative minimum taxable income, the amount of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue Code determined without regard to subparagraph (E);

(5) to the extent not included in federal alternative minimum taxable income, the amount of interest income as provided by section 290.0131, subdivision 2;

(6) the amount of addition required by section 290.0131, subdivisions 9, 10, ~~and~~ 16, and 19 to 23;

(7) the deduction allowed under section 199A of the Internal Revenue Code, to the extent not included in the addition required under clause (6); and

(8) to the extent not included in federal alternative minimum taxable income, the amount of foreign-derived intangible income deducted under section 250 of the Internal Revenue Code;

less the sum of the amounts determined under the following:

(i) interest income as defined in section 290.0132, subdivision 2;

(ii) an overpayment of state income tax as provided by section 290.0132, subdivision 3, to the extent included in federal alternative minimum taxable income;

(iii) the amount of investment interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed net investment income, as defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income;

(iv) amounts subtracted from federal taxable or adjusted gross income as provided by section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, ~~and~~ 26 to 29, 30, and 31;

(v) the amount of the net operating loss allowed under section 290.095, subdivision 11, paragraph (c); and

(vi) the amount allowable as a Minnesota itemized deduction under section 290.0122, subdivision 7.

In the case of an estate or trust, alternative minimum taxable income must be computed as provided in section 59(c) of the Internal Revenue Code, except alternative minimum taxable income must be increased by the addition in section 290.0131, subdivision 16.

(b) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.

(c) "Net minimum tax" means the minimum tax imposed by this section.

(d) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed under this chapter.

(e) "Tentative minimum tax" equals 6.75 percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020, except that the provisions relating to section 290.0131, subdivisions 20 and 21, are effective retroactively for taxable years beginning after December 31, 2017, and the provisions relating to section 290.0131, subdivision 19, and section 290.0132, subdivisions 30 and 31, are effective retroactively for taxable years beginning after December 31, 2018.

Sec. 32. Minnesota Statutes 2020, section 290.17, is amended by adding a subdivision to read:

Subd. 4a. **Controlled foreign corporations.** (a) For purposes of applying subdivision 4, a controlled foreign corporation as defined in section 957 of the Internal Revenue Code is deemed to be a domestic corporation if:

(1) a United States shareholder of a controlled foreign corporation is required for the taxable year to include in gross income the shareholder's global intangible low-taxed income under section 951A of the Internal Revenue Code; and

(2) the controlled foreign corporation is a member of a unitary group.

(b) In the event the taxpayer fails to designate the controlled foreign corporation as a member of a unitary group and the commissioner subsequently determines that the controlled foreign corporation is a member of a unitary group, the commissioner's determination is prima facie valid. The taxpayer subject to the determination has the burden of establishing the incorrectness of the determination in any related action or proceeding.

(c) For purposes of imposing a tax under this chapter, the federal taxable income of a controlled foreign corporation deemed to be a domestic corporation under this subdivision must be computed as follows:

(1) a profit and loss statement must be prepared in the currency in which the books of account of the controlled foreign corporation are regularly maintained;

(2) except as determined by the commissioner or otherwise allowed under the Internal Revenue Code, adjustments must be made to the profit and loss statement to conform the statement to the accounting principles generally accepted in the United States for the preparation of those statements;

(3) adjustments must be made to the profit and loss statement to conform it to the tax accounting standards required by the commissioner;

(4) unless otherwise authorized by the commissioner, the apportionment factors and profit and loss statement of each member of the combined group must be converted into the currency in which the parent company maintains its books and records; and

(5) the taxpayer's apportionment factors and profit and loss statement must be expressed in United States dollars.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 33. Minnesota Statutes 2020, section 290.17, is amended by adding a subdivision to read:

Subd. 4b. **Worldwide election.** (a) Taxpayer members of a unitary group, of which one or more members are deemed to be domestic corporations under subdivision 4a for the taxable year, may elect to determine each of their apportioned shares of the net business income or loss of the combined group under a worldwide election. Under the election, taxpayer members must take into account the entire income and apportionment factors of each member of the unitary group, regardless of the place where a member is incorporated or formed. Corporations or other entities incorporated or formed outside of the United States are subject to the requirements of subdivision 4a, paragraph (c), in reporting their income.

(b) A worldwide election is effective only if made on a timely filed, original return for the tax year by each member of the unitary group subject to tax under this chapter.

(c) A worldwide election is binding for and applies to the taxable year it is made and for the ten following taxable years.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 34. Minnesota Statutes 2020, section 290.17, is amended by adding a subdivision to read:

Subd. 4c. **Withdrawal; reinstitution.** (a) The election under subdivision 4b, paragraph (a), may be withdrawn:

(1) after expiration of the ten-year period in subdivision 4b, paragraph (c), provided that the withdrawal is made in writing within one year after the expiration of the election; or

(2) prior to the expiration of the ten-year period, if the taxpayer members:

(i) file a written withdrawal request with the commissioner;

(ii) demonstrate that they would experience an extraordinary financial hardship due to increased tax arising from unforeseen changes in this state's tax statutes, laws, or policies; and

(iii) receive written permission from the commissioner approving the withdrawal, which the commissioner may grant.

(b) A withdrawal made under paragraph (a) is binding for ten years. If no withdrawal is properly made under paragraph (a), clause (1), the worldwide election is binding for an additional ten taxable years. If the commissioner grants written permission to withdraw under paragraph (a), clause (2), the commissioner must impose any requirement deemed necessary to prevent evasion of tax or to clearly reflect income for the election period before or after withdrawal.

(c) Notwithstanding the requirement binding withdrawal for ten years under paragraph (b), the election may be reinstituted if the taxpayer members:

(1) file a written reinstitution request with the commissioner;

(2) demonstrate that they would experience an extraordinary hardship due to unforeseen changes in this state's tax statutes, laws, or policies; and

(3) receive written permission from the commissioner approving the reinstitution, which the commissioner may grant.

(d) A reinstitution under paragraph (c) is binding for a period of ten years. The withdrawal provisions of paragraph (a) apply to a reinstitution under paragraph (c), and the provisions of paragraph (c) apply to a reinstitution following a subsequent withdrawal.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 35. Minnesota Statutes 2020, section 290.21, subdivision 9, is amended to read:

Subd. 9. **Controlled foreign corporations.** The net income of a ~~domestic~~ corporation that is included pursuant to section 951 of the Internal Revenue Code is dividend income.

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

Sec. 36. Minnesota Statutes 2020, section 290.21, is amended by adding a subdivision to read:

Subd. 10. **Previously taxed deferred foreign income.** The amount included under section 290.0133, subdivision 16, is dividend income.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 37. Minnesota Statutes 2020, section 290.92, subdivision 4b, is amended to read:

Subd. 4b. **Withholding by partnerships.** (a) A partnership shall deduct and withhold a tax as provided in paragraph (b) for nonresident individual partners based on their distributive shares of partnership income for a taxable year of the partnership.

(b) The amount of tax withheld is determined by multiplying the partner's distributive share allocable to Minnesota under section 290.17, paid or credited during the taxable year by the highest rate used to determine the income tax liability for an individual under section 290.06, subdivision 2c, except that the amount of tax withheld may be determined by the commissioner if the partner submits a withholding exemption certificate under subdivision 5.

(c) The commissioner may reduce or abate the tax withheld under this subdivision if the partnership had reasonable cause to believe that no tax was due under this section.

(d) Notwithstanding paragraph (a), a partnership is not required to deduct and withhold tax for a nonresident partner if:

(1) the partner elects to have the tax due paid as part of the partnership's composite return under section 289A.08, subdivision 7;

(2) the partner has Minnesota assignable federal adjusted gross income from the partnership of less than $1,000; or

(3) the partnership is liquidated or terminated, the income was generated by a transaction related to the termination or liquidation, and no cash or other property was distributed in the current or prior taxable year;

(4) the distributive shares of partnership income are attributable to:

(i) income required to be recognized because of discharge of indebtedness;

(ii) income recognized because of a sale, exchange, or other disposition of real estate, depreciable property, or property described in section 179 of the Internal Revenue Code; or

(iii) income recognized on the sale, exchange, or other disposition of any property that has been the subject of a basis reduction pursuant to section 108, 734, 743, 754, or 1017 of the Internal Revenue Code

to the extent that the income does not include cash received or receivable or, if there is cash received or receivable, to the extent that the cash is required to be used to pay indebtedness by the partnership or a secured debt on partnership property; ~~or~~

(5) the partnership is a publicly traded partnership, as defined in section 7704(b) of the Internal Revenue Code~~.~~; or

(6) the partnership has elected to pay the pass-through entity tax under section 289A.08, subdivision 7a.

(e) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2, paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a partnership is considered an employer.

(f) To the extent that income is exempt from withholding under paragraph (d), clause (4), the commissioner has a lien in an amount up to the amount that would be required to be withheld with respect to the income of the partner attributable to the partnership interest, but for the application of paragraph (d), clause (4). The lien arises under section 270C.63 from the date of assessment of the tax against the partner, and attaches to that partner's share of the profits and any other money due or to become due to that partner in respect of the partnership. Notice of the lien may be sent by mail to the partnership, without the necessity for recording the lien. The notice has the force and effect of a levy under section 270C.67, and is enforceable against the partnership in the manner provided by that section. Upon payment in full of the liability subsequent to the notice of lien, the partnership must be notified that the lien has been satisfied.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 38. Minnesota Statutes 2020, section 290.92, subdivision 4c, is amended to read:

Subd. 4c. **Withholding by S corporations.** (a) A corporation having a valid election in effect under section 290.9725 shall deduct and withhold a tax as provided in paragraph (b) for nonresident individual shareholders their share of the corporation's income for the taxable year.

(b) The amount of tax withheld is determined by multiplying the amount of income allocable to Minnesota under section 290.17 by the highest rate used to determine the income tax liability of an individual under section 290.06, subdivision 2c, except that the amount of tax withheld may be determined by the commissioner if the shareholder submits a withholding exemption certificate under subdivision 5.

(c) Notwithstanding paragraph (a), a corporation is not required to deduct and withhold tax for a nonresident shareholder, if:

(1) the shareholder elects to have the tax due paid as part of the corporation's composite return under section 289A.08, subdivision 7;

(2) the shareholder has Minnesota assignable federal adjusted gross income from the corporation of less than $1,000; ~~or~~

(3) the corporation is liquidated or terminated, the income was generated by a transaction related to the termination or liquidation, and no cash or other property was distributed in the current or prior taxable year~~.~~; or

(4) the S corporation has elected to pay the pass-through entity tax under section 289A.08, subdivision 7a.

(d) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2, paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a corporation is considered an employer.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 39. Minnesota Statutes 2020, 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~~.~~; and

(xviii) the amount of deduction allowed under section 199A(g) 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; or

(8) alimony paid.

(c) The sum of the following amounts may be subtracted from income:

(1) for the claimant's first dependent, the exemption amount multiplied by 1.4;

(2) for the claimant's second dependent, the exemption amount multiplied by 1.3;

(3) for the claimant's third dependent, the exemption amount multiplied by 1.2;

(4) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

(5) for the claimant's fifth dependent, the exemption amount; and

(6) if the claimant or claimant's spouse had a disability or attained the age of 65 on or before December 31 of the year for which the taxes were levied or rent paid, the exemption amount.

(d) For purposes of this subdivision, the following terms have the meanings given:

(1) "exemption amount" means the exemption amount under section 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 taxable years beginning after December 31, 2020.

Sec. 40. Minnesota Statutes 2020, section 297I.20, is amended by adding a subdivision 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, for taxable years beginning after and premiums received after December 31, 2024.

EFFECTIVE DATE. This section is effective for taxable years beginning after and for premiums received after December 31, 2020, and before January 1, 2025.

Sec. 41. **CLARIFICATION OF SECTION 179 EXPENSING CONFORMITY.**

For taxable years beginning after December 31, 2019, no addition is required under Minnesota Statutes, sections 290.0131, subdivision 10, and 290.0133, subdivision 12, for property placed in service in taxable years beginning before January 1, 2020, including the following:

(1) the addition for carryover amounts pursuant to section 179(b)(3) of the Internal Revenue Code for property placed in service in taxable years beginning before January 1, 2020; and

(2) the addition for property placed in service in taxable years beginning before January 1, 2020, resulting from being a shareholder or partner in an S-corporation or partnership with a taxable year that began before January 1, 2020.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2019.

Sec. 42. **REPEALER.**

(a) Minnesota Statutes 2020, sections 290.01, subdivision 19i; and 290.0131, subdivision 18, are repealed effective retroactively for taxable years beginning after December 31, 2015.

(b) Minnesota Statutes 2020, section 290.01, subdivision 7b, is repealed effective for taxable years beginning after December 31, 2020.

ARTICLE 3
PARTNERSHIP AUDITS

Section 1. Minnesota Statutes 2020, 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 within ten days after the commissioner receives the request for a hearing.

(h) A hearing timely requested under paragraph (e) is subject to the contested case procedure under chapter 14, as modified by this subdivision. The administrative law judge must issue a report containing findings of fact, conclusions of law, and a recommended order within ten days after the completion of the hearing, the receipt of late-filed exhibits, or the submission of written arguments, whichever is later.

(i) Within five days of the date of the administrative law judge's report issued under paragraph (h), any party aggrieved by the administrative law judge's report may submit written exceptions and arguments to the commissioner. Within 15 days after receiving the administrative law judge's report, the commissioner must issue an order vacating, modifying, or making final the administrative order.

(j) The commissioner and the tax preparer requesting a hearing may by agreement lengthen any time periods prescribed in paragraphs (g) to (i).

(k) An administrative order issued under paragraph (b) is in effect until it is modified or vacated by the commissioner or an appellate court. The administrative hearing provided by paragraphs (e) to (i) and any appellate judicial review as provided in chapter 14 constitute the exclusive remedy for a tax preparer aggrieved by the order.

(l) The commissioner may impose an administrative penalty, in addition to the penalty under paragraph (a), up to $5,000 per violation of a cease and desist order issued under paragraph (b). Imposition of a penalty under this paragraph is subject to the contested case procedure under chapter 14. Within 30 days after the commissioner imposes a penalty under this paragraph, the tax preparer assessed the penalty may request a hearing to review the penalty order. The request for hearing must be made in writing and must be served on the commissioner at the address specified in the order. The hearing request must specifically state the reasons for seeking review of the order. The cease and desist order issued under paragraph (b) is not subject to review in a proceeding to challenge the penalty order under this paragraph. The date on which a request for hearing is served by mail is the postmark date on the envelope in which the request for hearing is mailed. If the tax preparer does not timely request a hearing, the penalty order becomes a final order of the commissioner and is not subject to review by any court or agency. A penalty imposed by the commissioner under this paragraph may be collected and enforced by the commissioner as an income tax liability. There is no right to make a claim for refund under section 289A.50 of the penalty imposed under this paragraph. A penalty imposed under this paragraph is public data.

(m) If a tax preparer violates a cease and desist order issued under paragraph (b), the commissioner may terminate the tax preparer's authority to transmit returns electronically to the state. Termination under this paragraph is public data.

(n) A cease and desist order issued under paragraph (b) is public data when it is a final order.

(o) Notwithstanding any other law, the commissioner may impose a penalty or take other action under this subdivision against a tax preparer, with respect to a return, within the period to assess tax on that return as provided by ~~section~~ 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 retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 2. Minnesota Statutes 2020, section 289A.31, subdivision 1, is amended to read:

Subdivision 1. **Individual income, fiduciary income, mining company, corporate franchise, and entertainment taxes.** (a) Individual income, fiduciary income, mining company, and corporate franchise taxes, and interest and penalties, must be paid by the taxpayer upon whom the tax is imposed, except in the following cases:

(1) the tax due from a decedent for that part of the taxable year in which the decedent died during which the decedent was alive and the taxes, interest, and penalty due for the prior years must be paid by the decedent's personal representative, if any. If there is no personal representative, the taxes, interest, and penalty must be paid by the transferees, as defined in section 270C.58, subdivision 3, to the extent they receive property from the decedent;

(2) the tax due from an infant or other incompetent person must be paid by the person's guardian or other person authorized or permitted by law to act for the person;

(3) the tax due from the estate of a decedent must be paid by the estate's personal representative;

(4) the tax due from a trust, including those within the definition of a corporation, as defined in section 290.01, subdivision 4, must be paid by a trustee; and

(5) the tax due from a taxpayer whose business or property is in charge of a receiver, trustee in bankruptcy, assignee, or other conservator, must be paid by the person in charge of the business or property so far as the tax is due to the income from the business or property.

(b) Entertainment taxes are the joint and several liability of the entertainer and the entertainment entity. The payor is liable to the state for the payment of the tax required to be deducted and withheld under section 290.9201, subdivision 7, and is not liable to the entertainer for the amount of the payment.

(c) The taxes imposed under sections 289A.35, paragraph (b), 289A.382, subdivision 3, and 290.0922 on partnerships are the joint and several liability of the partnership and the general partners.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 3. Minnesota Statutes 2020, section 289A.37, subdivision 2, is amended to read:

Subd. 2. **Erroneous refunds.** (a) Except as provided in paragraph (b), an erroneous refund occurs when the commissioner issues a payment to a person that exceeds the amount the person is entitled to receive under law. An erroneous refund is considered an underpayment of tax on the date issued.

(b) To the extent that the amount paid does not exceed the amount claimed by the taxpayer, an erroneous refund does not include the following:

(1) any amount of a refund or credit paid pursuant to a claim for refund filed by a taxpayer, including but not limited to refunds of claims made under section 290.06, subdivision 23; 290.067; 290.0671; 290.0672; 290.0674; 290.0675; 290.0677; 290.068; 290.0681; or 290.0692; or chapter 290A; or

(2) any amount paid pursuant to a claim for refund of an overpayment of tax filed by a taxpayer.

(c) The commissioner may make an assessment to recover an erroneous refund at any time within two years from the issuance of the erroneous refund. If all or part of the erroneous refund was induced by fraud or misrepresentation of a material fact, the assessment may be made at any time.

(d) Assessments of amounts that are not erroneous refunds under paragraph (b) must be conducted under ~~section~~ sections 289A.38 to 289A.382.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 4. Minnesota Statutes 2020, section 289A.38, subdivision 7, is amended to read:

Subd. 7. **Federal tax changes.** (a) If the amount of income, items of tax preference, deductions, or credits for any year of a taxpayer, or the wages paid by a taxpayer for any period, as reported to the Internal Revenue Service is changed or corrected by the commissioner of Internal Revenue or other officer of the United States or other competent authority, or where a renegotiation of a contract or subcontract with the United States results in a change in income, items of tax preference, deductions, credits, or withholding tax, or, in the case of estate tax, where there are adjustments to the taxable estate, the taxpayer shall report the ~~change or correction or renegotiation results~~ federal adjustments in writing to the commissioner. The federal adjustments report must be submitted within 180 days after the final determination date and must be in the form of either an amended Minnesota estate, withholding

tax, corporate franchise tax, or income tax return conceding the accuracy of the federal ~~determination~~ adjustment or a letter detailing how the federal ~~determination~~ adjustment is incorrect or does not change the Minnesota tax. An amended Minnesota income tax return must be accompanied by an amended property tax refund return, if necessary. A taxpayer filing an amended federal tax return must also file a copy of the amended return with the commissioner of revenue within 180 days after filing the amended return.

(b) ~~For the purposes of paragraph (a), a change or correction includes any case where a taxpayer reaches a closing agreement or compromise with the Internal Revenue Service under section 7121 or 7122 of the Internal Revenue Code.~~ In the case of a final federal adjustment arising from a partnership-level audit or an administrative adjustment request filed by a partnership under section 6227 of the Internal Revenue Code, a taxpayer must report adjustments as provided for under section 289A.382, and not this section.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 5. Minnesota Statutes 2020, section 289A.38, subdivision 8, is amended to read:

Subd. 8. **Failure to report change or correction of federal return.** If a taxpayer fails to make a federal adjustments report as required by subdivision 7 or section 289A.382, the commissioner may recompute the tax, including a refund, based on information available to the commissioner. The tax may be recomputed within six years after the federal adjustments report should have been filed, notwithstanding any period of limitations to the contrary.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 6. Minnesota Statutes 2020, section 289A.38, subdivision 9, is amended to read:

Subd. 9. **Report made of change or correction of federal return.** If a taxpayer is required to make a federal adjustments report under subdivision 7 or section 289A.382, and does report the change or files a copy of the amended return, the commissioner may recompute and reassess the tax due, including a refund (1) within one year after the federal adjustments report or amended return is filed with the commissioner, notwithstanding any period of limitations to the contrary, or (2) within any other applicable period stated in this section, whichever period is longer. The period provided for the carryback of any amount of loss or credit is also extended as provided in this subdivision, notwithstanding any law to the contrary. If the commissioner has completed a field audit of the taxpayer, and, but for this subdivision, the commissioner's time period to adjust the tax has expired, the additional tax due or refund is limited to only those changes that are required to be made to the return which relate to the changes made on the federal return. This subdivision does not apply to sales and use tax.

For purposes of this subdivision and section 289A.42, subdivision 2, a "field audit" is the physical presence of examiners in the taxpayer's or taxpayer's representative's office conducting an examination of the taxpayer with the intention of issuing an assessment or notice of change in tax or which results in the issuing of an assessment or notice of change in tax. The examination may include inspecting a taxpayer's place of business, tangible personal property, equipment, computer systems and facilities, pertinent books, records, papers, vouchers, computer printouts, accounts, and documents.

A taxpayer may make estimated payments to the commissioner of the tax expected to result from a pending audit by the Internal Revenue Service. The taxpayer may make estimated payments prior to the due date of the federal adjustments report without the taxpayer having to file the report with the commissioner. The commissioner must

credit the estimated tax payments against any tax liability of the taxpayer ultimately found to be due to the commissioner. The estimated payments limit the accrual of further statutory interest on that amount. If the estimated tax payments exceed the final tax liability plus statutory interest ultimately determined to be due, the taxpayer is entitled to a refund or credit for the excess, provided the taxpayer files a federal adjustments report, or claim for refund or credit of tax, no later than one year following the final determination date.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 7. Minnesota Statutes 2020, section 289A.38, subdivision 10, is amended to read:

Subd. 10. **Incorrect determination of federal adjusted gross income.** Notwithstanding any other provision of this chapter, if a taxpayer whose net income is determined under section 290.01, subdivision 19, omits from income an amount that will under the Internal Revenue Code extend the statute of limitations for the assessment of federal income taxes, or otherwise incorrectly determines the taxpayer's federal adjusted gross income resulting in adjustments by the Internal Revenue Service, then the period of assessment and determination of tax will be that under the Internal Revenue Code. When a change is made to federal income during the extended time provided under this subdivision, the provisions under subdivisions 7 to 9 and section 289A.382 regarding additional extensions apply.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 8. **[289A.381] DEFINITIONS; PARTNERSHIPS; FEDERAL ADJUSTMENTS.**

Subdivision 1. **Definitions relating to federal adjustments.** Unless otherwise specified, the definitions in this section apply for the purposes of sections 289A.38, subdivisions 7 to 9, 289A.381, and 289A.382.

Subd. 2. **Administrative adjustment request.** "Administrative adjustment request" means an administrative adjustment request filed by a partnership under section 6227 of the Internal Revenue Code.

Subd. 3. **Audited partnership.** "Audited partnership" means a partnership subject to a federal adjustment resulting from a partnership-level audit.

Subd. 4. **Corporate partner.** "Corporate partner" means a partner that is subject to tax under section 290.02.

Subd. 5. **Direct partner.** "Direct partner" means a partner that holds an immediate legal ownership interest in a partnership or pass-through entity.

Subd. 6. **Exempt partner.** "Exempt partner" means a partner that is exempt from taxes on its net income under section 290.05, subdivision 1.

Subd. 7. **Federal adjustment.** "Federal adjustment" means any change in an amount calculated under the Internal Revenue Code, whether to income, gross estate, a credit, an item of preference, or any other item that is used by a taxpayer to compute a tax administered under this chapter for the reviewed year whether that change results from action by the Internal Revenue Service or other competent authority, including a partnership-level audit, or from the filing of an amended federal return, federal refund claim, or an administrative adjustment request by the taxpayer. A federal adjustment is positive to the extent that it increases taxable income as determined under section 290.01, subdivision 29, and is negative to the extent that it decreases taxable income as determined under section 290.01, subdivision 29.

Subd. 8. **Federal adjustments report.** "Federal adjustments report" includes a method or form prescribed by the commissioner for use by a taxpayer to report federal adjustments, including an amended Minnesota tax return or a uniform multistate report.

Subd. 9. **Federal partnership representative.** "Federal partnership representative" means the person the partnership designates for the taxable year as the partnership's representative, or the person the Internal Revenue Service has appointed to act as the partnership representative, pursuant to section 6223(a) of the Internal Revenue Code.

Subd. 10. **Final determination date.** "Final determination date" means:

(1) for a federal adjustment arising from an audit by the Internal Revenue Service or other competent authority, the first day on which no federal adjustment arising from that audit remains to be finally determined, whether by agreement, or, if appealed or contested, by a final decision with respect to which all rights of appeal have been waived or exhausted;

(2) for a federal adjustment arising from an audit or other action by the Internal Revenue Service or other competent authority, if the taxpayer filed as a member of a combined report under section 290.17, subdivision 4, the first day on which no related federal adjustments arising from that audit remain to be finally determined as described in clause (1) for the entire combined group;

(3) for a federal adjustment arising from the filing of an amended federal return, a federal refund claim, or the filing by a partnership of an administrative adjustment request, the date on which the amended return, refund claim, or administrative adjustment request was filed; or

(4) for agreements required to be signed by the Internal Revenue Service and the taxpayer, the date on which the last party signed the agreement.

Subd. 11. **Final federal adjustment.** "Final federal adjustment" means a federal adjustment after the final determination date for that federal adjustment has passed.

Subd. 12. **Indirect partner.** "Indirect partner" means either:

(1) a partner in a partnership or pass-through entity that itself holds an immediate legal ownership interest in another partnership or pass-through entity; or

(2) a partner in a partnership or pass-through entity that holds an indirect interest in another partnership or pass-through entity through another indirect partner.

Subd. 13. **Partner.** "Partner" means a person that holds an interest directly or indirectly in a partnership or other pass-through entity.

Subd. 14. **Partnership.** "Partnership" has the meaning provided under section 7701(a)(2) of the Internal Revenue Code.

Subd. 15. **Partnership-level audit.** "Partnership-level audit" means an examination by the Internal Revenue Service at the partnership level pursuant to subtitle F, chapter 63, subchapter C, of the Internal Revenue Code, which results in federal adjustments and adjustments to partnership-related items.

Subd. 16. **Pass-through entity.** "Pass-through entity" means an entity, other than a partnership, that is not subject to the tax imposed under section 290.02. The term pass-through entity includes but is not limited to S corporations, estates, and trusts other than grantor trusts.

Subd. 17. **Resident partner.** "Resident partner" means an individual, trust, or estate partner who is a resident of Minnesota under section 290.01, subdivision 7, 7a, or 7b, for the relevant tax period.

Subd. 18. **Reviewed year.** "Reviewed year" means the taxable year of a partnership that is subject to a partnership-level audit from which federal adjustments arise.

Subd. 19. **Tiered partner.** "Tiered partner" means any partner that is a partnership or pass-through entity.

Subd. 20. **Unrelated business taxable income.** "Unrelated business taxable income" has the meaning provided under section 512 of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 9. **[289A.382] REPORTING AND PAYMENT REQUIREMENTS.**

Subdivision 1. **State partnership representative.** (a) With respect to an action required or permitted to be taken by a partnership under this section, or in a proceeding under section 270C.35 or 271.06, the state partnership representative for the reviewed year shall have the sole authority to act on behalf of the partnership, and its direct partners and indirect partners shall be bound by those actions.

(b) The state partnership representative for the reviewed year is the partnership's federal partnership representative unless the partnership, in a form and manner prescribed by the commissioner, designates another person as its state partnership representative.

Subd. 2. **Reporting and payment requirements for partnerships and tiered partners.** (a) Except for when an audited partnership makes the election in subdivision 3, and except for negative federal adjustments required under federal law taken into account by the partnership in the partnership return for the adjustment or other year, all final federal adjustments of an audited partnership must comply with paragraph (b) and each direct partner of the audited partnership, other than a tiered partner, must comply with paragraph (c).

(b) No later than 90 days after the final determination date, the audited partnership must:

(1) file a completed federal adjustments report, including all partner-level information required under section 289A.12, subdivision 3, with the commissioner;

(2) notify each of its direct partners of their distributive share of the final federal adjustments;

(3) file an amended composite report for all direct partners who were included in a composite return under section 289A.08, subdivision 7, in the reviewed year, and pay the additional amount that would have been due had the federal adjustments been reported properly as required; and

(4) file amended withholding reports for all direct partners who were or should have been subject to nonresident withholding under section 290.92, subdivision 4b, in the reviewed year, and pay the additional amount that would have been due had the federal adjustments been reported properly as required.

(c) No later than 180 days after the final determination date, each direct partner, other than a tiered partner, that is subject to a tax administered under this chapter, other than the sales tax, must:

(1) file a federal adjustments report reporting their distributive share of the adjustments reported to them under paragraph (b), clause (2); and

(2) pay any additional amount of tax due as if the final federal adjustment had been properly reported, plus any penalty and interest due under this chapter, and less any credit for related amounts paid or withheld and remitted on behalf of the direct partner under paragraph (b), clauses (3) and (4).

Subd. 3. **Election; partnership or tiered partners pay.** (a) An audited partnership may make an election under this subdivision to pay its assessment at the entity level. If an audited partnership makes an election to pay its assessment at the entity level it must:

(1) no later than 90 days after the final determination date:

(i) file a completed federal adjustments report, which includes the residency information for all individual, trust, and estate direct partners and information pertaining to all other direct partners as prescribed by the commissioner; and

(ii) notify the commissioner that it is making the election under this subdivision; and

(2) no later than 180 days after the final determination date, pay an amount, determined as follows, in lieu of taxes on partners:

(i) exclude from final federal adjustments the distributive share of these adjustments made to a direct exempt partner that is not unrelated business taxable income;

(ii) exclude from final federal adjustments the distributive share of these adjustments made to a direct partner that has filed a federal adjustments report and paid the applicable tax, as required under subdivision 2, for the distributive share of adjustments reported on a federal return under section 6225(c) of the Internal Revenue Code;

(iii) assign and apportion at the partnership level using sections 290.17 to 290.20 the total distributive share of the remaining final federal adjustments for the reviewed year attributed to direct corporate partners and direct exempt partners; multiply the total by the highest tax rate in section 290.06, subdivision 1, for the reviewed year; and calculate interest and penalties as applicable under this chapter;

(iv) allocate at the partnership level using section 290.17, subdivision 1, the total distributive share of all final federal adjustments attributable to individual resident direct partners for the reviewed year; multiply the total by the highest tax rate in section 290.06, subdivision 2c, for the reviewed year; and calculate interest and penalties as applicable under this chapter;

(v) assign and apportion at the partnership level using sections 290.17 to 290.20 the total distributive share of the remaining final federal adjustments attributable to nonresident individual direct partners and direct partners who are an estate or a trust for the reviewed year; multiply the total by the highest tax rate in section 290.06, subdivision 2c, for the reviewed year; and calculate interest and penalties as applicable under this chapter;

(vi) for the total distributive share of the remaining final federal adjustments reported to tiered partners:

(A) determine the amount of the adjustments that would be assigned using section 290.17, subdivision 2, paragraphs (a) to (d), excluding income or gains from intangible personal property not employed in the business of the recipient of the income or gains if the recipient of the income or gains is a resident of this state or is a resident trust or estate under section 290.17, subdivision 2, paragraph (c), or apportioned using sections 290.17, subdivision 3, 290.191, and 290.20; and then determine the portion of the amount that would be allocated to this state;

(B) determine the amount of the adjustments that are fully sourced to the taxpayer's state of residency under section 290.17, subdivision 2, paragraph (e), and income or gains from intangible personal property not employed in the business of the recipient of the income or gains if the recipient of the income or gains is a resident of this state or is a resident trust or estate under section 290.17, subdivision 2, paragraph (c);

(C) determine the portion of the amount determined in subitem (B) that can be established to be properly allocable to nonresident indirect partners or other partners not subject to tax on the adjustments; and

(D) multiply the total of the amounts determined in subitems (A) and (B) reduced by the amount determined in subitem (C) by the highest tax rate in section 290.06, subdivision 2c, for the reviewed year, and calculate interest and penalties as applicable under this chapter; and

(vii) add the amounts determined in items (iii) to (vi), and pay all applicable taxes, penalties, and interest to the commissioner.

(b) An audited partnership may not make an election under this subdivision to report:

(1) a federal adjustment that results in unitary business income to a corporate partner required to file as a member of a combined report under section 290.17, subdivision 4; or

(2) any final federal adjustments resulting from an administrative adjustment request.

(c) An audited partnership not otherwise subject to any reporting or payment obligation to this state may not make an election under this subdivision.

Subd. 4. **Tiered partners and indirect partners.** The direct and indirect partners of an audited partnership that are tiered partners, and all the partners of the tiered partners, that are subject to tax under chapter 290 are subject to the reporting and payment requirements contained in subdivision 2, and the tiered partners are entitled to make the elections provided in subdivision 3. The tiered partners or their partners shall make required reports and payments no later than 90 days after the time for filing and furnishing of statements to tiered partners and their partners as established under section 6226 of the Internal Revenue Code.

Subd. 5. **Effects of election by partnership or tiered partner and payment of amount due.** (a) Unless the commissioner determines otherwise, an election under subdivision 3 is irrevocable.

(b) If an audited partnership or tiered partner properly reports and pays an amount determined in subdivision 3, the amount must be treated as paid in lieu of taxes owed by the partnership's direct partners and indirect partners, to the extent applicable, on the same final federal adjustments. The direct partners or indirect partners of the partnership who are not resident partners may not take any deduction or credit for this amount or claim a refund of the amount in this state.

(c) Nothing in this subdivision precludes resident direct partners from claiming a credit against taxes paid under section 290.06 on any amounts paid by the audited partnership or tiered partners on the resident partner's behalf to another state or local tax jurisdiction.

Subd. 6. **Failure of partnership or tiered partner to report or pay.** Nothing in this section prevents the commissioner from assessing direct partners or indirect partners for taxes they owe, using the best information available, in the event that, for any reason, a partnership or tiered partner fails to timely make any report or payment required by this section.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 10. Minnesota Statutes 2020, section 289A.42, is amended to read:

289A.42 CONSENT TO EXTEND STATUTE.

Subdivision 1. **Extension agreement.** If before the expiration of time prescribed in sections 289A.38 to 289A.382 and 289A.40 for the assessment of tax or the filing of a claim for refund, both the commissioner and the taxpayer have consented in writing to the assessment or filing of a claim for refund after that time, the tax may be assessed or the claim for refund filed at any time before the expiration of the agreed-upon period. The period may be extended by later agreements in writing before the expiration of the period previously agreed upon. The taxpayer and the commissioner may also agree to extend the period for collection of the tax.

Subd. 2. **Federal extensions.** When a taxpayer consents to an extension of time for the assessment of federal withholding or income taxes, the period in which the commissioner may recompute the tax is also extended, notwithstanding any period of limitations to the contrary, as follows:

(1) for the periods provided in ~~section~~ sections 289A.38, subdivisions 8 and 9, and 289A.382, subdivisions 2 and 3;

(2) for six months following the expiration of the extended federal period of limitations when no change is made by the federal authority. If no change is made by the federal authority, and, but for this subdivision, the commissioner's time period to adjust the tax has expired, and if the commissioner has completed a field audit of the taxpayer, no additional changes resulting in additional tax due or a refund may be made. For purposes of this subdivision, "field audit" has the meaning given ~~it~~ in section 289A.38, subdivision 9.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 11. Minnesota Statutes 2020, section 289A.60, subdivision 24, is amended to read:

Subd. 24. **Penalty for failure to notify of federal change.** If a person fails to report to the commissioner a change or correction of the person's federal return in the manner and time prescribed in ~~section~~ sections 289A.38, subdivision 7, and 289A.382, there must be added to the tax an amount equal to ten percent of the amount of any underpayment of Minnesota tax attributable to the federal change.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 12. Minnesota Statutes 2020, section 290.31, subdivision 1, is amended to read:

Subdivision 1. **Partners, not partnership, subject to tax.** Except as provided under ~~section~~ sections 289A.35, paragraph (b), and 289A.382, subdivision 3, a partnership as such shall not be subject to the income tax imposed by this chapter, but is subject to the tax imposed under section 290.0922. Persons carrying on business as partners shall be liable for income tax only in their separate or individual capacities.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 13. Minnesota Statutes 2020, section 297F.17, subdivision 6, is amended to read:

Subd. 6. **Time limit for bad debt refund.** Claims for refund must be filed with the commissioner during the one-year period beginning with the timely filing of the taxpayer's federal income tax return containing the bad debt deduction that is being claimed. Claimants under this subdivision are subject to the notice requirements of ~~section~~ sections 289A.38, subdivision 7, and 289A.382.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 14. Minnesota Statutes 2020, section 297G.16, subdivision 7, is amended to read:

Subd. 7. **Time limit for a bad debt deduction.** Claims for refund must be filed with the commissioner within one year of the filing of the taxpayer's income tax return containing the bad debt deduction that is being claimed. Claimants under this subdivision are subject to the notice requirements of ~~section 289A.38, subdivision 7~~ sections 289A.38 to 289A.382.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 15. Minnesota Statutes 2020, section 469.319, subdivision 4, is amended to read:

Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under chapter 290 or 297A or local taxes collected pursuant to section 297A.99, a business must file an amended return with the commissioner of revenue and pay any taxes required to be repaid within 30 days after becoming subject to repayment under this section. The amount required to be repaid is determined by calculating the tax for the period or periods for which repayment is required without regard to the exemptions and credits allowed under section 469.315.

(b) For the repayment of taxes imposed under chapter 297B, a business must pay any taxes required to be repaid to the motor vehicle registrar, as agent for the commissioner of revenue, within 30 days after becoming subject to repayment under this section.

(c) For the repayment of property taxes, the county auditor shall prepare a tax statement for the business, applying the applicable tax extension rates for each payable year and provide a copy to the business and to the taxpayer of record. The business must pay the taxes to the county treasurer within 30 days after receipt of the tax statement. The business or the taxpayer of record may appeal the valuation and determination of the property tax to the Tax Court within 30 days after receipt of the tax statement.

(d) The provisions of chapters 270C and 289A relating to the commissioner's authority to audit, assess, and collect the tax and to hear appeals are applicable to the repayment required under paragraphs (a) and (b). The commissioner may impose civil penalties as provided in chapter 289A, and the additional tax and penalties are subject to interest at the rate provided in section 270C.40. The additional tax shall bear interest from 30 days after becoming subject to repayment under this section until the date the tax is paid. Any penalty imposed pursuant to this section shall bear interest from the date provided in section 270C.40, subdivision 3, to the date of payment of the penalty.

(e) If a property tax is not repaid under paragraph (c), the county treasurer shall add the amount required to be repaid to the property taxes assessed against the property for payment in the year following the year in which the auditor provided the statement under paragraph (c).

(f) For determining the tax required to be repaid, a reduction of a state or local sales or use tax is deemed to have been received on the date that the good or service was purchased or first put to a taxable use. In the case of an income tax or franchise tax, including the credit payable under section 469.318, a reduction of tax is deemed to have been received for the two most recent tax years that have ended prior to the date that the business became subject to repayment under this section. In the case of a property tax, a reduction of tax is deemed to have been received for the taxes payable in the year that the business became subject to repayment under this section and for the taxes payable in the prior year.

(g) The commissioner may assess the repayment of taxes under paragraph (d) any time within two years after the business becomes subject to repayment under subdivision 1, or within any period of limitations for the assessment of tax under ~~section~~ sections 289A.38 to 289A.382, whichever period is later. The county auditor may send the statement under paragraph (c) any time within three years after the business becomes subject to repayment under subdivision 1.

(h) A business is not entitled to any income tax or franchise tax benefits, including refundable credits, for any part of the year in which the business becomes subject to repayment under this section nor for any year thereafter. Property is not exempt from tax under section 272.02, subdivision 64, for any taxes payable in the year following the year in which the property became subject to repayment under this section nor for any year thereafter. A business is not eligible for any sales tax benefits beginning with goods or services purchased or first put to a taxable use on the day that the business becomes subject to repayment under this section.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

ARTICLE 4
SALES AND USE TAXES

Section 1. Minnesota Statutes 2020, section 297A.67, is amended by adding a subdivision to read:

Subd. 38. **Season ticket purchasing rights to collegiate events.** The sale of a right to purchase the privilege of admission to a college or university athletic event in a preferred viewing location for a season of a particular athletic event is exempt provided that:

(1) the consideration paid for the right to purchase is used entirely to support student scholarships, wellness, and academic costs;

(2) the consideration paid for the right to purchase is separately stated from the admission price; and

(3) the admission price is equal to or greater than the highest priced general admission ticket for the closest seat not in the preferred viewing location.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2021.

Sec. 2. Minnesota Statutes 2020, section 297A.70, subdivision 13, is amended to read:

Subd. 13. **Fund-raising sales by or for nonprofit groups.** (a) The following sales by the specified organizations for fund-raising purposes are exempt, subject to the limitations listed in paragraph (b):

(1) all sales made by a nonprofit organization that exists solely for the purpose of providing educational or social activities for young people primarily age 18 and under;

(2) all sales made by an organization that is a senior citizen group or association of groups if (i) in general it limits membership to persons age 55 or older; (ii) it is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes; and (iii) no part of its net earnings inures to the benefit of any private shareholders;

(3) the sale or use of tickets or admissions to a golf tournament held in Minnesota if the beneficiary of the tournament's net proceeds qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code; and

(4) sales of candy sold for fund-raising purposes by a nonprofit organization that provides educational and social activities primarily for young people age 18 and under.

(b) The exemptions listed in paragraph (a) are limited in the following manner:

(1) the exemption under paragraph (a), clauses (1) and (2), applies only to the first $20,000 of the gross annual receipts of the organization from fund-raising; ~~and~~

(2) the exemption under paragraph (a), clause (1), does not apply if the sales are derived from admission charges or from activities for which the money must be deposited with the school district treasurer under section 123B.49, subdivision 2~~, or~~; and

(3) the exemption under paragraph (a), clause (1), does not apply if the sales are derived from admission charges or from activities for which the money must be recorded in the same manner as other revenues or expenditures of the school district under section 123B.49, subdivision 4~~.~~, unless the following conditions are both met:

(i) the sales are made for fund-raising purposes of a club, association, or other organization of elementary or secondary school students organized for the purpose of carrying on sports activities, educational activities, or other extracurricular activities; and

(ii) the school district reserves revenue raised for extracurricular activities, as provided in section 123B.49, subdivision 4, paragraph (e), and spends the revenue raised by a particular extracurricular activity only for that extracurricular activity.

(c) Sales of tangible personal property and services are exempt if the entire proceeds, less the necessary expenses for obtaining the property or services, will be contributed to a registered combined charitable organization described in section 43A.50, to be used exclusively for charitable, religious, or educational purposes, and the registered combined charitable organization has given its written permission for the sale. Sales that occur over a period of more than 24 days per year are not exempt under this paragraph.

(d) For purposes of this subdivision, a club, association, or other organization of elementary or secondary school students organized for the purpose of carrying on sports, educational, or other extracurricular activities is a separate organization from the school district or school for purposes of applying the $20,000 limit.

EFFECTIVE DATE. This section is effective for sales and purchases made after the date of final enactment.

Sec. 3. Minnesota Statutes 2020, section 297A.70, is amended by adding a subdivision to read:

Subd. 22. **Prepared food used by certain nonprofits.** Sales of prepared food to a nonprofit organization that, as part of its charitable mission, is sponsoring and managing the provision of meals and other food through the federal Child and Adult Care Food Program or the federal Summer Food Service Program to unaffiliated centers and sites are exempt from sales tax. Only prepared food purchased from a caterer or other business under a contract with the nonprofit and used directly in the federal Child and Adult Care Food Program or the federal Summer Food Service Program qualifies for this exemption. Prepared food purchased by the nonprofit for other purposes remains taxable.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2021.

Sec. 4. Minnesota Statutes 2020, section 297A.71, subdivision 52, is amended to read:

Subd. 52. **Construction; certain local government facilities.** (a) Materials and supplies used in and equipment incorporated into the construction, reconstruction, upgrade, expansion, or remodeling of the following local government owned facilities are exempt:

(1) a new fire station, which includes firefighting, emergency management, public safety training, and other public safety facilities in the city of Monticello if materials, supplies, and equipment are purchased after January 31, 2019, and before January 1, 2022;

(2) a new fire station, which includes firefighting and public safety training facilities and public safety facilities, in the city of Inver Grove Heights if materials, supplies, and equipment are purchased after June 30, 2018, and before January 1, 2021;

(3) a fire station and police station, including access roads, lighting, sidewalks, and utility components, on or adjacent to the property on which the fire station or police station are located that are necessary for safe access to and use of those buildings, in the city of Minnetonka if materials, supplies, and equipment are purchased after May 23, 2019, and before January 1, ~~2021~~ 2022;

(4) the school building in Independent School District No. 414, Minneota, if materials, supplies, and equipment are purchased after January 1, 2018, and before January 1, 2021;

(5) a fire station in the city of Mendota Heights, if materials, supplies, and equipment are purchased after December 31, 2018, and before January 1, 2021; and

(6) a Dakota County law enforcement collaboration center, also known as the Safety and Mental Health Alternative Response Training (SMART) Center, if materials, supplies, and equipment are purchased after June 30, 2019, and before July 1, 2021.

(b) The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner provided in section 297A.75.

(c) The total refund for the project listed in paragraph (a), clause (3), must not exceed $850,000.

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

Sec. 5. Minnesota Statutes 2020, section 297A.71, is amended by adding a subdivision to read:

Subd. 53. **Public safety facilities.** (a) Materials and supplies used or consumed in and equipment incorporated into the construction, remodeling, expansion, or improvement of a fire station or police station, including related facilities, owned and operated by a local government, as defined in section 297A.70, subdivision 2, paragraph (d), are exempt.

(b) For purposes of this subdivision, "related facilities" includes access roads, lighting, sidewalks, and utility components on or adjacent to the property on which the fire station or police station is located that are necessary for safe access to and use of those buildings.

(c) The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner provided in section 297A.75.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2021.

Sec. 6. Minnesota Statutes 2020, section 297A.75, subdivision 1, is amended to read:

Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following exempt items must be imposed and collected as if the sale were taxable and the rate under section 297A.62, subdivision 1, applied. The exempt items include:

(1) building materials for an agricultural processing facility exempt under section 297A.71, subdivision 13;

(2) building materials for mineral production facilities exempt under section 297A.71, subdivision 14;

(3) building materials for correctional facilities under section 297A.71, subdivision 3;

(4) building materials used in a residence for veterans with a disability exempt under section 297A.71, subdivision 11;

(5) elevators and building materials exempt under section 297A.71, subdivision 12;

(6) materials and supplies for qualified low-income housing under section 297A.71, subdivision 23;

(7) materials, supplies, and equipment for municipal electric utility facilities under section 297A.71, subdivision 35;

(8) equipment and materials used for the generation, transmission, and distribution of electrical energy and an aerial camera package exempt under section 297A.68, subdivision 37;

(9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph (a), clause (10);

(10) materials, supplies, and equipment for construction or improvement of projects and facilities under section 297A.71, subdivision 40;

(11) materials, supplies, and equipment for construction, improvement, or expansion of a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision 45;

(12) enterprise information technology equipment and computer software for use in a qualified data center exempt under section 297A.68, subdivision 42;

(13) materials, supplies, and equipment for qualifying capital projects under section 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

(14) items purchased for use in providing critical access dental services exempt under section 297A.70, subdivision 7, paragraph (c);

(15) items and services purchased under a business subsidy agreement for use or consumption primarily in greater Minnesota exempt under section 297A.68, subdivision 44;

(16) building materials, equipment, and supplies for constructing or replacing real property exempt under section 297A.71, subdivisions 49; 50, paragraph (b); and 51; ~~and~~

(17) building materials, equipment, and supplies for qualifying capital projects under section 297A.71, subdivision 52~~.~~; and

(18) building materials, equipment, and supplies for constructing, remodeling, expanding, or improving a fire station, police station, or related facilities exempt under section 297A.71, subdivision 53.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2021.

Sec. 7. Minnesota Statutes 2020, section 297A.75, subdivision 2, is amended to read:

Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the commissioner, a refund equal to the tax paid on the gross receipts of the exempt items must be paid to the applicant. Only the following persons may apply for the refund:

(1) for subdivision 1, clauses (1), (2), and (14), the applicant must be the purchaser;

(2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;

(3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits provided in United States Code, title 38, chapter 21;

(4) for subdivision 1, clause (5), the applicant must be the owner of the homestead property;

(5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;

(6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a joint venture of municipal electric utilities;

(7) for subdivision 1, clauses (8), (11), (12), and (15), the owner of the qualifying business;

(8) for subdivision 1, clauses (9), (10), (13), ~~and~~ (17), and (18), the applicant must be the governmental entity that owns or contracts for the project or facility; and

(9) for subdivision 1, clause (16), the applicant must be the owner or developer of the building or project.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2021.

Sec. 8. Minnesota Statutes 2020, section 297A.75, subdivision 3, is amended to read:

Subd. 3. **Application.** (a) The application must include sufficient information to permit the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor, or builder, under subdivision 1, clauses (3) to (13) or (15) to ~~(17)~~ (18), the contractor, subcontractor, or builder must furnish to the refund applicant a statement including the cost of the exempt items and the taxes paid on the items unless otherwise specifically provided by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under this section.

(b) An applicant may not file more than two applications per calendar year for refunds for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2021.

Sec. 9. Laws 2017, First Special Session chapter 1, article 3, section 32, the effective date, as amended by Laws 2019, First Special Session chapter 6, article 3, section 18, is amended to read:

EFFECTIVE DATE. Paragraph (a) is effective retroactively for sales and purchases made after September 30, 2016, and before ~~January~~ July 1, 2023. Paragraph (b) is effective for sales and purchases made (1) after September 30, 2016, and before July 1, 2017; and (2) after December 31, 2018, and before July 1, 2019.

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

Sec. 10. **PROPERTIES DESTROYED OR DAMAGED BY FIRE; CITY OF ALEXANDRIA.**

(a) The sale and purchase of the following items are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if the items are used to repair, replace, clean, or otherwise remediate damage to real and personal property damaged or destroyed in the February 25, 2020, fire in the city of Alexandria, if sales and purchases are made after February 24, 2020, and before February 28, 2023:

(1) building materials and supplies used or consumed in, and equipment incorporated into the construction, replacement, or repair of real property; and

(2) durable equipment used in a restaurant for food storage, preparation, and serving.

(b) Building cleaning and disinfecting services related to mitigating smoke damage to real property are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if sales and purchases are made after February 24, 2020, and before January 1, 2021.

(c) For sales and purchases made after February 24, 2020, and before July 1, 2021, 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 manner provided in Minnesota Statutes, section 297A.75. The amount required to pay the refunds under this section is appropriated from the general fund to the commissioner of revenue. Refunds for eligible purchases must not be issued until after June 30, 2021.

EFFECTIVE DATE. This section is effective the day following final enactment and applies retroactively to sales and purchases made after February 24, 2020.

Sec. 11. **CITY OF BUFFALO; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.**

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the construction of a new fire station, which includes firefighting, emergency management, public safety training, and other public safety facilities in the city of Buffalo, are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after March 31, 2020, and before July 1, 2021.

(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, 2021.

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 from April 1, 2020, and applies to sales and purchases made after March 31, 2020, and before July 1, 2021.

Sec. 12. **CITY OF HIBBING; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.**

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the following projects in the city of Hibbing are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after May 1, 2019, and before January 1, 2025:

(1) the addition of an Early Childhood Family Education Center to an existing elementary school; and

(2) improvements to an existing athletic facility in Independent School District No. 701.

(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, 2021.

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 from May 2, 2019, and applies to sales and purchases made after May 1, 2019, and before January 1, 2025.

Sec. 13. **CITY OF MAPLEWOOD; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.**

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the construction of a new fire station and emergency management operations center, including on-site infrastructure improvements of parking lot, road access, lighting, sidewalks, and utility components in the city of Maplewood are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after September 30, 2020, and before July 1, 2021.

(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, 2021.

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 from August 1, 2020, and applies to sales and purchases made after September 30, 2020, and before July 1, 2021.

Sec. 14. **CITY OF MARSHALL; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.**

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the following projects in the city of Marshall in Independent School District No. 413 are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after May 1, 2019, and before January 1, 2022:

(1) the construction of a new elementary school; and

(2) the remodeling of existing school buildings.

(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, 2021.

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 to May 2, 2019, and applies to materials, supplies, and equipment purchased after May 1, 2019, and before January 1, 2022.

Sec. 15. **CITY OF PLYMOUTH; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.**

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the following projects in the city of Plymouth are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after January 1, 2021, and before July 1, 2021:

(1) demolition and replacement of the existing Fire Station No. 2 on its existing site; and

(2) renovation and expansion of Fire Station No. 3.

(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, 2021.

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 from January 2, 2021, and applies to sales and purchases made after January 1, 2021, and before July 1, 2021.

Sec. 16. **CITY OF PROCTOR; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.**

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the construction of a sand and salt storage facility in the city of Proctor are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after March 31, 2021, and before January 1, 2023.

(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, 2021.

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 from April 1, 2021, and applies to sales and purchases made after March 31, 2021, and before January 1, 2023.

Sec. 17. **CITY OF VIRGINIA; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.**

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the construction of a regional public safety center and training facility for fire and police departments, emergency medical services, regional emergency services training, and other regional community needs are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after May 1, 2021, and before July 1, 2021.

(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, 2021.

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 from May 2, 2021, and applies to sales and purchases made after May 1, 2021, and before July 1, 2021.

Sec. 18. **ROCK RIDGE PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.**

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the construction of two new elementary school buildings and a new high school building in Independent School District No. 2909, Rock Ridge Public Schools, are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after May 1, 2019, and before January 1, 2024.

(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, 2021.

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 from May 2, 2019, and applies to sales and purchases made after May 1, 2019, and before January 1, 2024.

Sec. 19. **MSP AIRPORT; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.**

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the following projects at the Minneapolis-St. Paul International Airport are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after June 30, 2021, and before January 1, 2024:

(1) construction of an aircraft rescue and firefighting station and associated facilities;

(2) construction of a facility for the storage of trades materials and equipment;

(3) replacement and rehabilitation of a terminal building roof;

(4) replacement, rehabilitation, and improvements of a baggage handling system; and

(5) replacement, rehabilitation, and operational improvements of Terminal 1 passenger arrivals and departures area.

(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).

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 from July 1, 2021, and applies to sales and purchases made after June 30, 2021, and before January 1, 2024.

Sec. 20. **PROPERTIES DESTROYED OR DAMAGED DURING PROTESTS AND UNREST IN MAY AND JUNE OF 2020.**

Subdivision 1. **Exemption.** (a) The sale and purchase of the following items are exempt if the items are used to repair, replace, clean, or otherwise remediate damage to real and personal property damaged or destroyed after May 24, 2020, and before June 16, 2020, resulting from protests and unrest in the cities included in the peacetime emergency declared in the governor's Executive Order No. 20-64:

(1) building materials and supplies used or consumed in, and equipment incorporated into, the construction, replacement, or repair of real property;

(2) retail fixtures, office equipment, and restaurant equipment, so long as each item has a useful life of more than one year and costs at least $5,000; and

(3) building cleaning and disinfecting services related to mitigating smoke damage and graffiti on and in impacted buildings.

(b) The exemption in this subdivision only applies to materials, supplies, and services purchased to repair, replace, clean, or otherwise remediate damage to buildings owned by a government entity or by a private owner provided the building housed one or more of the following entities at the time of the damage or destruction:

(1) a commercial establishment with an annual gross income of $30,000,000 or less in calendar year 2019;

(2) a nonprofit organization; or

(3) a low-income housing development that meets the certification requirements under Minnesota Statutes, section 273.128, whether or not the development was occupied at the time of its damage or destruction.

(c) 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 manner provided in Minnesota Statutes, section 297A.75, except that the applicant must have been an owner or occupant of the real property at the time of its destruction. The exemption under paragraph (a) applies to sales and purchases made after May 25, 2020, and before December 1, 2022. Refunds for eligible purchases must not be issued until after June 30, 2021.

(d) Both the owner and occupants of the real property at the time of the damage or destruction may apply for a refund under this subdivision but may only request a refund for the goods and services they paid for, or were contracted and paid for on their behalf. The exemption does not apply to purchases of an owner if the owner did not own the real property at the time of the damage or destruction.

Subd. 2. **Appropriation.** The amount necessary 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 May 25, 2020.

Sec. 21. **SALES TAX EXEMPTION FOR CERTAIN PURCHASES RELATED TO COVID-19.**

(a) Notwithstanding Minnesota Statutes, section 289A.50, or any law to the contrary, the sale and purchase of any materials, supplies, or equipment used in this state by a restaurant as defined in Minnesota Statutes, section 157.15, subdivision 12, to adapt to health guidelines or any executive order related to COVID-19 is exempt from sales and use taxes imposed under Minnesota Statutes, chapter 297A.

(b) The maximum refund allowed under this section is $1,000 per federal employer identification number or Minnesota sales and use tax account number, whichever number is used to file sales tax returns. A business using a consolidated return to report sales tax information from more than one restaurant location, as provided in Minnesota Statutes, section 289A.11, subdivision 1, paragraph (a), is eligible for a refund of up to $1,000, per restaurant location reported.

(c) The tax on the gross receipts from the sale of the items exempt under paragraph (a) must be imposed and collected as if the sale were taxable and the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied. Refunds for eligible purchases must not be issued until after June 30, 2021.

(d) Upon application on forms prescribed by the commissioner, a refund equal to the tax paid on the gross receipts of the exempt items or $1,000, whichever is less, must be paid to the applicant. Only the owner of the restaurant may apply for the refund. The application must include sufficient information to permit the commissioner to verify the tax paid and that the applicant is the owner of the restaurant.

EFFECTIVE DATE; APPLICATION. This section is effective retroactively from March 1, 2020, and applies to sales and purchases made after February 29, 2020, and before January 1, 2022.

ARTICLE 5
VAPOR AND TOBACCO TAXES

Section 1. Minnesota Statutes 2020, section 297F.01, is amended by adding a subdivision to read:

Subd. 7a. **Delivery sale.** "Delivery sale" has the meaning given in section 325F.781, subdivision 1.

EFFECTIVE DATE. This section is effective January 1, 2022.

Sec. 2. Minnesota Statutes 2020, section 297F.01, is amended by adding a subdivision to read:

Subd. 7b. **Heat device.** "Heat device" means any electronic heat device, heat system, or similar product or device, meant to be used with a cigarette to produce a vapor or aerosol, regardless of whether sold with a cigarette. A heat device includes any batteries, heating elements, components, parts, accessories, apparel, or other items that are packaged with, connected to, attached to, or contained within the product or device.

EFFECTIVE DATE. This section is effective January 1, 2022.

Sec. 3. Minnesota Statutes 2020, section 297F.01, subdivision 19, is amended to read:

Subd. 19. **Tobacco products.** (a) "Tobacco products" means any product containing, made, or derived from tobacco that is intended for human consumption, whether chewed, smoked, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by any other means, or any component, part, or accessory of a tobacco product, including, but not limited to, cigars; cheroots; stogies; periques; granulated, plug cut, crimp cut, ready rubbed, and other smoking tobacco; snuff; snuff flour; cavendish; plug and twist tobacco; fine-cut and other chewing tobacco; shorts; refuse scraps, clippings, cuttings and sweepings of tobacco, and other kinds and forms of tobacco; but does not include cigarettes as defined in this section. Tobacco products includes nicotine solution products and heat devices. Tobacco products excludes any tobacco product that has been approved by the United States Food and Drug Administration for sale as a tobacco cessation product, as a tobacco dependence product, or for other medical purposes, and is being marketed and sold solely for such an approved purpose.

(b) Except for the imposition of tax under section 297F.05, subdivisions 3 and 4, tobacco products includes a premium cigar, as defined in subdivision 13a.

EFFECTIVE DATE. This section is effective January 1, 2022.

Sec. 4. Minnesota Statutes 2020, section 297F.01, subdivision 22b, is amended to read:

Subd. 22b. **Nicotine solution products.** (a) "Nicotine solution products" means any cartridge, bottle, or other package that contains nicotine made or derived from tobacco, that is in a solution that is consumed, or meant to be consumed, through the use of a heating element, power source, electronic circuit, or other electronic, chemical, or mechanical means that produces vapor or aerosol. This paragraph expires December 31, 2019.

(b) Beginning January 1, 2020, "nicotine solution products" means any cartridge, bottle, or other package that contains nicotine, including nicotine made or derived from tobacco or sources other than tobacco, that is in a solution that is consumed, or meant to be consumed, through the use of a heating element, power source, electronic circuit, or other electronic, chemical, or mechanical means that produces vapor or aerosol.

(c) Nicotine solution products includes any electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, electronic nicotine delivery system, electronic vaping device, electronic vape pen, electronic oral device, electronic delivery device, or similar product or device~~, and~~ meant to be used in the consumption of a solution containing nicotine regardless of whether sold with a solution containing nicotine. Nicotine solution products include any batteries, heating elements, ~~or other~~ components, parts, ~~or~~ accessories ~~sold with and meant to be used in the consumption of a solution containing nicotine~~, apparel, or other items that are packaged with, connected to, attached to, or contained within the product or device.

EFFECTIVE DATE. This section is effective January 1, 2022.

Sec. 5. Minnesota Statutes 2020, section 297F.01, subdivision 23, is amended to read:

Subd. 23. **Wholesale sales price.** (a) "Wholesale sales price" means the price at which a distributor purchases a tobacco product.

(b) When a distributor sells a cartridge, bottle, or other package of a solution containing nicotine that is part of a kit that also includes a product, device, component, part, ~~or~~ accessory ~~described in subdivision 22b:~~

~~(1)~~, or other item, the wholesale sales price is the price at which the distributor purchases the kit~~; except that.~~

~~(2) if the distributor also separately sells the same package of solution containing nicotine that is sold with the kit and can isolate the cost of the package of solution containing nicotine, then the wholesale sales price includes only the price at which the distributor separately purchases the package of the solution containing nicotine and any taxes, charges, and costs listed in paragraph (c).~~

(c) When a distributor sells a heat device that is part of a kit that also includes a product, device, component, part, accessory, or other item, the wholesale sales price is the price at which the distributor purchases the kit.

~~(c)~~ (d) Wholesale sales price includes the applicable federal excise tax, freight charges, or packaging costs, regardless of whether they were included in the purchase price.

EFFECTIVE DATE. This section is effective for kits purchased by distributors after December 31, 2021.

Sec. 6. Minnesota Statutes 2020, section 297F.031, is amended to read:

297F.031 REGISTRATION REQUIREMENT.

Prior to making delivery sales ~~or shipping cigarettes or tobacco products in connection with any sales~~, an out-of-state retailer ~~shall~~ must file with the Department of Revenue a statement setting forth the out-of-state retailer's name, trade name, ~~and the~~ address ~~of the out-of-state retailer's~~, principal place of business, and any other place of business.

EFFECTIVE DATE. This section is effective for all delivery sales occurring after December 31, 2021.

Sec. 7. Minnesota Statutes 2020, section 297F.05, is amended by adding a subdivision to read:

Subd. 4b. **Retailer collection and remittance of use tax.** A retailer or out-of-state retailer must, for any delivery sale, collect and pay to the state any use tax imposed by this section. The retailer or out-of-state retailer must give the purchaser a receipt for the tax paid.

EFFECTIVE DATE. This section is effective for all delivery sales occurring after December 31, 2021.

Sec. 8. Minnesota Statutes 2020, section 297F.09, subdivision 3, is amended to read:

Subd. 3. **Use tax return; cigarette or tobacco products consumer and retailers making delivery sales.** (a) On or before the 18th day of each calendar month, a consumer who, during the preceding calendar month, has acquired title to or possession of cigarettes or tobacco products for use or storage in this state, upon which cigarettes or tobacco products the tax imposed by this chapter has not been paid, shall file a return with the commissioner showing the quantity of cigarettes or tobacco products so acquired. The return must be made in the form and manner prescribed by the commissioner, and must contain any other information required by the commissioner. The return must be accompanied by a remittance for the full unpaid tax liability shown by it.

(b) On or before the 18th day of each calendar month, a retailer or out-of-state retailer who, during the preceding calendar month, made delivery sales must file a return with the commissioner showing the quantity of cigarettes or tobacco products so delivered. The commissioner shall prescribe the content, format, and manner of returns pursuant to section 270C.30. The return must be accompanied by a remittance for the full unpaid tax liability.

EFFECTIVE DATE. This section is effective for all delivery sales occurring after December 31, 2021.

Sec. 9. Minnesota Statutes 2020, section 297F.09, subdivision 4a, is amended to read:

Subd. 4a. **Reporting requirements.** No later than the 18th day of each calendar month, ~~an~~ a retailer or out-of-state retailer that has made ~~a delivery of cigarettes or tobacco products or shipped or delivered cigarettes or tobacco products into the state in~~ a delivery sale in the previous calendar month shall file with the Department of Revenue ~~reports~~ a report in the form and in the manner prescribed by the commissioner of revenue that provides for each delivery sale, the name and address of the purchaser and the brand or brands and quantity of cigarettes or tobacco products sold. A ~~tobacco~~ retailer or out-of-state retailer that meets the requirements of United States Code, title 15, section 375 et seq. satisfies the requirements of this subdivision. The filing of a return under subdivision 3, paragraph (b), satisfies the requirements of this subdivision for the applicable month.

EFFECTIVE DATE. This section is effective for all delivery sales occurring after December 31, 2021.

Sec. 10. Minnesota Statutes 2020, section 297F.09, subdivision 7, is amended to read:

Subd. 7. **Electronic payment.** A cigarette ~~or~~ distributor, tobacco products distributor, retailer, or out-of-state retailer having a liability of $10,000 or more during a fiscal year ending June 30 must remit all liabilities in all subsequent calendar years by electronic means.

EFFECTIVE DATE. This section is effective for all delivery sales occurring after December 31, 2021.

Sec. 11. Minnesota Statutes 2020, section 297F.09, subdivision 10, is amended to read:

Subd. 10. **Accelerated tax payment~~; cigarette or tobacco products distributor~~.** A cigarette ~~or~~ distributor, tobacco products distributor, retailer, or out-of-state retailer having a liability of $250,000 or more during a fiscal year ending June 30, shall remit the June liability for the next year in the following manner:

(a) Two business days before June 30 of calendar years 2020 and 2021, the distributor shall remit the actual May liability and 87.5 percent of the estimated June liability to the commissioner and file the return in the form and manner prescribed by the commissioner.

(b) On or before August 18 of the year, the distributor, retailer, or out-of-state retailer shall submit a return showing the actual June liability and pay any additional amount of tax not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability required to be paid in June, less the amount remitted in June. However, the penalty is not imposed if the amount remitted in June equals the lesser of:

(1) 87.5 percent of the actual June liability for the calendar year 2020 and 2021 June liabilities and 84.5 of the actual June liability for June 2022 and thereafter; or

(2) 87.5 percent of the preceding May liability for the calendar year 2020 and 2021 June liabilities and 84.5 percent of the preceding May liability for June 2022 and thereafter.

(c) For calendar year 2022 and thereafter, the percent of the estimated June liability the vendor must remit by two business days before June 30 is 84.5 percent.

EFFECTIVE DATE. This section is effective for all delivery sales occurring after December 31, 2021.

Sec. 12. Minnesota Statutes 2020, section 325F.781, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given, unless the language or context clearly provides otherwise.

(b) "Consumer" means an individual who purchases, receives, or possesses tobacco products for personal consumption and not for resale.

(c) "Delivery sale" means:

(1) a sale of tobacco products to a consumer in this state when:

(i) the purchaser submits the order for the sale by means of a telephonic or other method of voice transmission, the mail or any other delivery service, or the Internet or other online service; or

(ii) the tobacco products are delivered by use of the mail or other delivery service; or

(2) a sale of tobacco products that satisfies the criteria in clause (1), item (i), regardless of whether the seller is located inside or outside of the state.

A sale of tobacco products to an individual in this state must be treated as a sale to a consumer, unless the individual is licensed as a distributor or retailer of tobacco products.

(d) "Delivery service" means a person, including the United States Postal Service, that is engaged in the commercial delivery of letters, packages, or other containers.

(e) "Distributor" means a person, whether located inside or outside of this state, other than a retailer, who sells or distributes tobacco products in the state. Distributor does not include a tobacco products manufacturer, export warehouse proprietor, or importer with a valid permit under United States Code, title 26, section 5712 (1997), if the person sells or distributes tobacco products in this state only to distributors who hold valid and current licenses under the laws of a state, or to an export warehouse proprietor or another manufacturer. Distributor does not include

a common or contract carrier that is transporting tobacco products under a proper bill of lading or freight bill that states the quantity, source, and destination of tobacco products, or a person who ships tobacco products through this state by common or contract carrier under a bill of lading or freight bill.

(f) "Retailer" means a person, whether located inside or outside this state, who sells or distributes tobacco products to a consumer in this state.

(g) "Tobacco products" means~~:~~ cigarettes and tobacco products as defined in section 297F.01.

~~(1) cigarettes, as defined in section 297F.01, subdivision 3;~~

~~(2) smokeless tobacco as defined in section 325F.76; and~~

~~(3) premium cigars as defined in section 297F.01, subdivision 13a.~~

EFFECTIVE DATE. This section is effective January 1, 2022.

Sec. 13. Minnesota Statutes 2020, section 325F.781, subdivision 5, is amended to read:

Subd. 5. **Registration requirement.** Prior to making delivery sales ~~or shipping tobacco products in connection with any sales~~, an out-of-state retailer must ~~meet the requirements of~~ register with the commissioner of revenue as required under section 297F.031.

EFFECTIVE DATE. This section is effective for all delivery sales occurring after December 31, 2021.

Sec. 14. Minnesota Statutes 2020, section 325F.781, subdivision 6, is amended to read:

Subd. 6. **Collection of taxes.** (a) ~~Prior to shipping any tobacco products to a purchaser in this state, the out-of-state~~ A retailer ~~shall comply with all requirements of~~ making delivery sales must file all returns and reports, collect and pay all taxes, and maintain all records required under chapter 297F ~~and shall ensure that all state excise taxes and fees that apply to such tobacco products have been collected and paid to the state and that all related state excise tax stamps or other indicators of state excise tax payment have been properly affixed to those tobacco products~~.

(b) In addition to any penalties under chapter 297F, ~~a distributor~~ a retailer making delivery sales who fails to pay any tax due ~~according to paragraph (a)~~ under chapter 297F, shall pay, in addition to any other penalty, a penalty of 50 percent of the tax due but unpaid.

EFFECTIVE DATE. This section is effective for all delivery sales occurring after December 31, 2021.

ARTICLE 6
SPECIAL TAXES

Section 1. Minnesota Statutes 2020, section 297H.04, subdivision 2, is amended to read:

Subd. 2. **Rate.** (a) Commercial generators that generate nonmixed municipal solid waste shall pay a solid waste management tax of 60 cents per noncompacted cubic yard of periodic waste collection capacity purchased by the generator, based on the size of the container for the nonmixed municipal solid waste, the actual volume, or the weight-to-volume conversion schedule in paragraph (c). However, the tax must be calculated by the waste management service provider using the same method for calculating the waste management service fee so that both are calculated according to container capacity, actual volume, or weight.

(b) Notwithstanding section 297H.02, a residential generator that generates nonmixed municipal solid waste shall pay a solid waste management tax in the same manner as provided in paragraph (a).

(c) The ~~weight-to-volume conversion schedule~~ tax for:

(1) construction debris as defined in section 115A.03, subdivision 7, is equal to 60 cents per cubic yard. The commissioner of revenue, after consultation with the commissioner of the Pollution Control Agency, shall determine and ~~may~~ publish by notice a weight-to-volume conversion schedule for construction debris;

(2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to 60 cents per cubic yard. The commissioner of revenue after consultation with the commissioner of the Pollution Control Agency, shall determine~~,~~ and ~~may~~ publish by notice~~,~~ a weight-to-volume conversion schedule for various industrial wastes; and

(3) infectious waste as defined in section 116.76, subdivision 12, and pathological waste as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or 60 cents per 150 pounds.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 2. Minnesota Statutes 2020, section 297H.05, is amended to read:

297H.05 SELF-HAULERS.

(a) A self-hauler of mixed municipal solid waste shall pay the tax to the operator of the waste management facility to which the waste is delivered at the rate imposed under section 297H.03, based on the sales price of the waste management services.

(b) A self-hauler of nonmixed municipal solid waste shall pay the tax to the operator of the waste management facility to which the waste is delivered at the rate imposed under section 297H.04.

(c) The tax imposed on the self-hauler of nonmixed municipal solid waste may be based either on the capacity of the container, the actual volume, or the weight-to-volume conversion schedule in paragraph (d). However, the tax must be calculated by the operator using the same method for calculating the tipping fee so that both are calculated according to container capacity, actual volume, or weight.

(d) The ~~weight-to-volume conversion schedule~~ tax for:

(1) construction debris as defined in section 115A.03, subdivision 7, is ~~one ton equals 3.33 cubic yards, or $2 per ton~~ equal to 60 cents per cubic yard. The commissioner of revenue, after consultation with the commissioner of the Pollution Control Agency, shall determine and publish by notice a weight-to-volume conversion schedule for construction debris;

(2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to 60 cents per cubic yard. The commissioner of revenue, after consultation with the commissioner of the Pollution Control Agency, shall determine~~,~~ and ~~may~~ publish by notice~~,~~ a weight-to-volume conversion schedule for various industrial wastes; and

(3) infectious waste as defined in section 116.76, subdivision 12, and pathological waste as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or 60 cents per 150 pounds.

(e) For mixed municipal solid waste the tax is imposed upon the difference between the market price and the tip fee at a processing or disposal facility if the tip fee is less than the market price and the political subdivision subsidizes the cost of service at the facility. The political subdivision is liable for the tax.

EFFECTIVE DATE. This section is effective July 1, 2021, except the new rate for construction debris applies to waste delivered after June 30, 2021.

Sec. 3. Minnesota Statutes 2020, section 297I.05, subdivision 7, is amended to read:

Subd. 7. **Nonadmitted insurance premium tax.** (a) A tax is imposed on surplus lines brokers. The rate of tax is equal to three percent of the gross premiums less return premiums paid by an insured whose home state is Minnesota.

(b) A tax is imposed on a person, firm, corporation, or purchasing group as defined in section 60E.02, or any member of a purchasing group, that procures insurance directly from a nonadmitted insurer. The rate of tax is equal to ~~two~~ three percent of the gross premiums less return premiums paid by an insured whose home state is Minnesota.

(c) No state other than the home state of an insured may require any premium tax payment for nonadmitted insurance. When Minnesota is the home state of the insured, as provided under section 297I.01, 100 percent of the gross premiums are taxable in Minnesota with no allocation of the tax to other states.

EFFECTIVE DATE. This section is effective for policies with an effective date after December 31, 2021.

Sec. 4. Minnesota Statutes 2020, section 298.001, is amended by adding a subdivision to read:

Subd. 13. **Merchantable iron ore concentrate.** "Merchantable iron ore concentrate" means iron-bearing material that has been treated in Minnesota by any means of beneficiation, separation, concentration, or refinement for the purpose of making it salable for its iron ore content.

EFFECTIVE DATE. This section is effective for taxes payable in 2022 and thereafter.

Sec. 5. Minnesota Statutes 2020, section 298.24, subdivision 1, is amended to read:

Subdivision 1. **Imposed; calculation.** (a) For concentrate produced in 2013, there is imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of $2.56 per gross ton of merchantable iron ore concentrate produced therefrom.

(b) For concentrates produced in 2014 and subsequent years, the tax rate shall be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied by the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit price deflator" means the implicit price deflator for the gross domestic product prepared by the Bureau of Economic Analysis of the United States Department of Commerce.

(c) An additional tax is imposed equal to three cents per gross ton of merchantable iron ore concentrate for each one percent that the iron content of the product exceeds 72 percent, when dried at 212 degrees Fahrenheit.

(d) The tax on taconite and iron sulphides shall be imposed on the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable.

(e) The tax under paragraph (a) is also imposed upon other iron-bearing material as described in section 298.405 on the tonnage of merchantable iron ore concentrate produced therefrom. The tax on other iron-bearing material shall be imposed on the current year production. The rate of the tax imposed is the current year's tax rate.

(f) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of $2.56 per gross ton of merchantable iron ore concentrate produced shall be imposed.

(g) Consistent with the intent of this subdivision to impose a tax based upon the weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly determine the weight of merchantable iron ore concentrate included in fluxed pellets by subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic flux additives included in the pellets from the weight of the pellets. For purposes of this paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite, olivine, or other basic flux additives are combined with merchantable iron ore concentrate. No subtraction from the weight of the pellets shall be allowed for binders, mineral and chemical additives other than basic flux additives, or moisture.

(h)(1) Notwithstanding any other provision of this subdivision, for the first two years of a plant's commercial production of direct reduced ore from ore mined in this state, no tax is imposed under this section. For the third year of a plant's commercial production of direct reduced ore, the rate to be applied to direct reduced ore is 25 percent of the rate otherwise determined under this subdivision. For the fourth commercial production year, the rate is 50 percent of the rate otherwise determined under this subdivision; for the fifth commercial production year, the rate is 75 percent of the rate otherwise determined under this subdivision; and for all subsequent commercial production years, the full rate is imposed.

(2) Subject to clause (1), production of direct reduced ore in this state is subject to the tax imposed by this section, but if that production is not produced by a producer of taconite, iron sulfides, or other iron-bearing material, the production of taconite, iron sulfides, or other iron-bearing material, that is consumed in the production of direct reduced ore in this state is not subject to the tax imposed by this section on taconite, iron sulfides, or other iron-bearing material.

(3) Notwithstanding any other provision of this subdivision, no tax is imposed on direct reduced ore under this section during the facility's noncommercial production of direct reduced ore. The taconite or iron sulphides consumed in the noncommercial production of direct reduced ore is subject to the tax imposed by this section on taconite and iron sulphides. Three-year average production of direct reduced ore does not include production of direct reduced ore in any noncommercial year.

(4) Three-year average production for a direct reduced ore facility that has noncommercial production is the average of the commercial production of direct reduced ore for the current year and the previous two commercial years.

(5) As used in this paragraph, "commercial production" means production of more than 50,000 tons of direct reduced ore in the current year or in any prior year, and "noncommercial production" means production of 50,000 tons or less of direct reduced ore in any year.

(6) This paragraph applies only to plants for which all environmental permits have been obtained and construction has begun before July 1, 2008.

EFFECTIVE DATE. This section is effective for taxes payable in 2022 and thereafter.

Sec. 6. Minnesota Statutes 2020, section 298.405, subdivision 1, is amended to read:

Subdivision 1. **Definition.** Iron-bearing material, other than taconite and semitaconite, having not more than 46.5 percent natural iron content on the average, is subject to taxation under section 298.24. The tax under that section applies to material that is:

~~(1) finer than or ground to 90 percent passing 20 mesh; and~~

~~(2)~~ treated in Minnesota for the purpose of ~~separating the iron particles from silica, alumina, or other detrimental compounds or elements unless used in a direct reduction process:~~ making the iron-bearing material merchantable by any means of beneficiation, separation, concentration, or refinement. The tax under section 298.24 does not apply to unmined iron ore and low-grade iron-bearing formations as described in section 273.13, subdivision 31, clause (1).

~~(i) by electrostatic separation, roasting and magnetic separation, or flotation;~~

~~(ii) by a direct reduction process;~~

~~(iii) by any combination of such processes; or~~

~~(iv) by any other process or method not presently employed in gravity separation plants employing only crushing, screening, washing, jigging, heavy media separation, spirals, cyclones, drying or any combination thereof.~~

EFFECTIVE DATE. This section is effective for taxes payable in 2022 and thereafter.

ARTICLE 7
PROPERTY TAXES

Section 1. Minnesota Statutes 2020, section 270B.12, subdivision 8, is amended to read:

Subd. 8. **County assessors; homestead classification and renter credit.** The commissioner may disclose names and Social Security numbers or names and individual taxpayer identification numbers of individuals who have applied for both homestead classification under section 273.13 and a property tax refund as a renter under chapter 290A for the purpose of and to the extent necessary to administer section 290A.25.

EFFECTIVE DATE. This section is effective for allowed disclosures made in 2021 and thereafter.

Sec. 2. Minnesota Statutes 2020, section 270B.12, subdivision 9, is amended to read:

Subd. 9. **County assessors; homestead application, determination, and income tax status.** (a) If, as a result of an audit, the commissioner determines that a person is a Minnesota nonresident or part-year resident for income tax purposes, the commissioner may disclose the person's name, address, and Social Security number or the person's name, address, and individual taxpayer identification number to the assessor of any political subdivision in the state, when there is reason to believe that the person may have claimed or received homestead property tax benefits for a corresponding assessment year in regard to property apparently located in the assessor's jurisdiction.

(b) To the extent permitted by section 273.124, subdivision 1, paragraph (a), the Department of Revenue may verify to a county assessor whether an individual who is requesting or receiving a homestead classification has filed a Minnesota income tax return as a resident for the most recent taxable year for which the information is available.

EFFECTIVE DATE. This section is effective for allowed disclosures made in 2021 and thereafter.

Sec. 3. Minnesota Statutes 2020, section 272.02, is amended by adding a subdivision to read:

Subd. 104. **Certain property owned by an Indian Tribe.** (a) Property is exempt that:

(1) is located in a county with a population greater than 28,000 but less than 29,000 as of the 2010 federal census;

(2) was on January 2, 2018, and is for the current assessment owned by a federally recognized Indian Tribe or its instrumentality, that is located in Minnesota;

(3) was on January 2, 2018, erroneously treated as exempt under subdivision 7; and

(4) is used for the same purpose as the property was used on January 2, 2018.

(b) The owner of property exempt under paragraph (a) may apply to the county for a refund of any state general tax paid for property taxes payable in 2020 and 2021. The county may prescribe the form and manner of the application. The county auditor must certify to the commissioner of revenue the amount needed for refunds under this section, which the commissioner must pay to the county. An amount necessary for refunds under this paragraph is appropriated from the general fund to the commissioner of revenue in fiscal year 2022. This paragraph expires June 30, 2022.

EFFECTIVE DATE. (a) The amendments in paragraph (a) are effective beginning with assessment year 2021. For assessment year 2021, an exemption application under this section must be filed with the county assessor by August 1, 2021.

(b) The amendments in paragraph (b) are effective the day following final enactment.

Sec. 4. Minnesota Statutes 2020, section 272.115, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** Except as otherwise provided in subdivision 5, 6, or 7, whenever any real estate is sold for a consideration in excess of $3,000, whether by warranty deed, quitclaim deed, contract for deed or any other method of sale, the grantor, grantee or the legal agent of either shall file a certificate of value with the county auditor in the county in which the property is located when the deed or other document is presented for recording. Contract for deeds are subject to recording under section 507.235, subdivision 1. Value shall, in the case of any deed not a gift, be the amount of the full actual consideration thereof, paid or to be paid, including the amount of any lien or liens assumed. The items and value of personal property transferred with the real property must be listed and deducted from the sale price. The certificate of value shall include the classification to which the property belongs for the purpose of determining the fair market value of the property, and shall include any proposed change in use of the property known to the person filing the certificate that could change the classification of the property. The certificate shall include financing terms and conditions of the sale which are necessary to determine the actual, present value of the sale price for purposes of the sales ratio study. If the property is being acquired as part of a like-kind exchange under section 1031 of the Internal Revenue Code of 1986, as amended through December 31, 2006, that must be indicated on the certificate. The commissioner of revenue shall promulgate administrative rules specifying the financing terms and conditions which must be included on the certificate. The certificate of value must include the Social Security number, individual tax identification number, or the federal employer identification number of the grantors and grantees. However, a married person who is not an owner of record and who is signing a conveyance instrument along with the person's spouse solely to release and convey their marital interest, if any, in the real property being conveyed is not a grantor for the purpose of the preceding sentence. A statement in the deed that is substantially in the following form is sufficient to allow the county auditor to accept a certificate for filing without the Social Security number or individual tax identification number of the named spouse: "(Name) claims no ownership interest in the real property being conveyed and is executing this instrument solely to release and convey a marital interest, if any, in that real property." The identification numbers of the grantors and grantees are private data on individuals or nonpublic data as defined in section 13.02, subdivisions 9 and 12, but, notwithstanding that section, the private or nonpublic data may be disclosed to the commissioner of revenue for purposes of tax administration. The information required to be shown on the certificate of value is limited to the information required as of the date of the acknowledgment on the deed or other document to be recorded.

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

Sec. 5. Minnesota Statutes 2020, section 273.124, subdivision 1, is amended to read:

Subdivision 1. **General rule.** (a) Residential real estate that is occupied and used for the purposes of a homestead by its owner, who must be a Minnesota resident, is a residential homestead.

Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and used as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.

Dates for establishment of a homestead and homestead treatment provided to particular types of property are as provided in this section.

Property held by a trustee under a trust is eligible for homestead classification if the requirements under this chapter are satisfied.

The assessor shall require proof, as provided in subdivision 13, of the facts upon which classification as a homestead may be determined. Notwithstanding any other law, the assessor may at any time require a homestead application to be filed in order to verify that any property classified as a homestead continues to be eligible for homestead status. Notwithstanding any other law to the contrary, the Department of Revenue may, upon request from an assessor, verify whether an individual who is requesting or receiving homestead classification has filed a Minnesota income tax return as a resident for the most recent taxable year for which the information is available.

When there is a name change or a transfer of homestead property, the assessor may reclassify the property in the next assessment unless a homestead application is filed to verify that the property continues to qualify for homestead classification.

(b) For purposes of this section, homestead property shall include property which is used for purposes of the homestead but is separated from the homestead by a road, street, lot, waterway, or other similar intervening property. The term "used for purposes of the homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings commonly associated with a homestead, but shall not include vacant land held primarily for future development. In order to receive homestead treatment for the noncontiguous property, the owner must use the property for the purposes of the homestead, and must apply to the assessor, both by the deadlines given in subdivision 9. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

(c) Residential real estate that is occupied and used for purposes of a homestead by a relative of the owner is a homestead but only to the extent of the homestead treatment that would be provided if the related owner occupied the property. For purposes of this paragraph and paragraph (g), "relative" means a parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece. This relationship may be by blood or marriage. 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 will not be reclassified as a homestead unless it is occupied as a homestead by the owner; this prohibition also applies to property that, in the absence of this paragraph, would have been classified as seasonal residential recreational property at the time when the residence was constructed. Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative. In the case of a residence located on agricultural land, only the house, garage, and immediately surrounding one acre of land shall be classified as a homestead under this paragraph, except as provided in paragraph (d).

(d) Agricultural property that is occupied and used for purposes of a homestead by a relative of the owner, is a homestead, only to the extent of the homestead treatment that would be provided if the related owner occupied the property, and only if all of the following criteria are met:

(1) the relative who is occupying the agricultural property is a grandchild, child, sibling, ~~or~~ parent, grandparent, stepparent, stepchild, uncle, aunt, nephew, or niece of the owner of the agricultural property or of the spouse of the owner;

(2) the owner of the agricultural property must be a Minnesota resident;

(3) the owner of the agricultural property must not receive homestead treatment on any other agricultural property in Minnesota; and

(4) the owner of the agricultural property is limited to only one agricultural homestead per family under this paragraph.

Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative qualifying under this paragraph. For purposes of this paragraph, "agricultural property" means the house, garage, other farm buildings and structures, and agricultural land.

Application must be made to the assessor by the owner of the agricultural property to receive homestead benefits under this paragraph. The assessor may require the necessary proof that the requirements under this paragraph have been met.

(e) In the case of property owned by a property owner who is married, the assessor must not deny homestead treatment in whole or in part if only one of the spouses occupies the property and the other spouse is absent due to: (1) marriage dissolution proceedings, (2) legal separation, (3) employment or self-employment in another location, or (4) other personal circumstances causing the spouses to live separately, not including an intent to obtain two homestead classifications for property tax purposes. To qualify under clause (3), the spouse's place of employment or self-employment must be at least 50 miles distant from the other spouse's place of employment, and the homesteads must be at least 50 miles distant from each other.

(f) The assessor must not deny homestead treatment in whole or in part if:

(1) in the case of a property owner who is not married, the owner is absent due to residence in a nursing home, boarding care facility, or an elderly assisted living facility property as defined in section 273.13, subdivision 25a, and the property is not otherwise occupied; or

(2) in the case of a property owner who is married, the owner or the owner's spouse or both are absent due to residence in a nursing home, boarding care facility, or an elderly assisted living facility property as defined in section 273.13, subdivision 25a, and the property is not occupied or is occupied only by the owner's spouse.

(g) If an individual is purchasing property with the intent of claiming it as a homestead and is required by the terms of the financing agreement to have a relative shown on the deed as a co-owner, the assessor shall allow a full homestead classification. This provision only applies to first-time purchasers, whether married or single, or to a person who had previously been married and is purchasing as a single individual for the first time. The application for homestead benefits must be on a form prescribed by the commissioner and must contain the data necessary for the assessor to determine if full homestead benefits are warranted.

(h) If residential or agricultural real estate is occupied and used for purposes of a homestead by a child of a deceased owner and the property is subject to jurisdiction of probate court, the child shall receive relative homestead classification under paragraph (c) or (d) to the same extent they would be entitled to it if the owner was still living, until the probate is completed. For purposes of this paragraph, "child" includes a relationship by blood or by marriage.

(i) If a single-family home, duplex, or triplex classified as either residential homestead or agricultural homestead is also used to provide licensed child care, the portion of the property used for licensed child care must be classified as a part of the homestead property.

EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2022 and thereafter.

Sec. 6. Minnesota Statutes 2020, section 273.124, subdivision 3a, is amended to read:

Subd. 3a. **Manufactured home park cooperative.** (a) When a manufactured home park is owned by a corporation or association organized under chapter 308A or 308B, and each person who owns a share or shares in the corporation or association is entitled to occupy a lot within the park, the corporation or association may claim homestead treatment for the park. Each lot must be designated by legal description or number, and each lot is limited to not more than one-half acre of land.

(b) The manufactured home park shall be entitled to homestead treatment if all of the following criteria are met:

(1) the occupant or the cooperative corporation or association is paying the ad valorem property taxes and any special assessments levied against the land and structure either directly, or indirectly through dues to the corporation or association; and

(2) the corporation or association organized under chapter 308A or 308B is wholly owned by persons having a right to occupy a lot owned by the corporation or association.

(c) A charitable corporation, organized under the laws of Minnesota with no outstanding stock, and granted a ruling by the Internal Revenue Service for 501(c)(3) tax-exempt status, qualifies for homestead treatment with respect to a manufactured home park if its members hold residential participation warrants entitling them to occupy a lot in the manufactured home park.

(d) "Homestead treatment" under this subdivision means the classification rate provided for class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause (5), ~~item (ii),~~ and the homestead market value exclusion under section 273.13, subdivision 35, does not apply.

EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2023 and thereafter.

Sec. 7. Minnesota Statutes 2020, 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 tax 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 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.

EFFECTIVE DATE. This section is effective beginning with assessment year 2021 and thereafter.

Sec. 8. Minnesota Statutes 2020, section 273.124, subdivision 9, is amended to read:

Subd. 9. **Homestead established after assessment date.** Any property that was not used for the purpose of a homestead on the assessment date, but which was used for the purpose of a homestead on December ~~1~~ 31 of a year, constitutes class 1 or class 2a.

Any taxpayer meeting the requirements of this subdivision must notify the county assessor, or the assessor who has the powers of the county assessor under section 273.063, in writing, by December ~~15~~ 31 of the year of occupancy in order to qualify under this subdivision. The assessor must not deny full homestead treatment to a property that is partially homesteaded on January 2 but occupied for the purpose of a full homestead on December ~~1~~ 31 of a year.

The county assessor and the county auditor may make the necessary changes on their assessment and tax records to provide for proper homestead classification as provided in this subdivision.

If homestead classification has not been requested as of December ~~15~~ 31, the assessor will classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner of any property qualifying under this subdivision, which has not been accorded the benefits of this subdivision, may be entitled to receive homestead classification by proper application as provided in section 375.192.

The county assessor may publish in a newspaper of general circulation within the county a notice requesting the public to file an application for homestead as soon as practicable after acquisition of a homestead, but no later than December ~~15~~ 31.

The county assessor shall publish in a newspaper of general circulation within the county no later than December 1 of each year a notice informing the public of the requirement to file an application for homestead by December ~~15~~ 31.

In the case of manufactured homes assessed as personal property, the homestead must be established, and a homestead classification requested, by May 29 of the assessment year. The assessor may include information on these deadlines for manufactured homes assessed as personal property in the published notice or notices.

EFFECTIVE DATE. This section is effective beginning with assessments in 2021.

Sec. 9. Minnesota Statutes 2020, section 273.124, subdivision 13, is amended to read:

Subd. 13. **Homestead application.** (a) A person who meets the homestead requirements under subdivision 1 must file a homestead application with the county assessor to initially obtain homestead classification.

(b) The commissioner shall prescribe the content, format, and manner of the homestead application required to be filed under this chapter pursuant to section 270C.30. The application must clearly inform the taxpayer that this application must be signed by all owners who occupy the property or by the qualifying relative and returned to the county assessor in order for the property to receive homestead treatment.

(c) Every property owner applying for homestead classification must furnish to the county assessor the Social Security number or individual tax identification number of each occupant who is listed as an owner of the property on the deed of record, the name and address of each owner who does not occupy the property, and the name and Social Security number or individual tax identification number of the spouse of each occupying owner. The application must be signed by each owner who occupies the property and by each owner's spouse who occupies the property, or, in the case of property that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

If a property owner occupies a homestead, the property owner's spouse may not claim another property as a homestead unless the property owner and the property owner's spouse file with the assessor an affidavit or other proof required by the assessor stating that the property qualifies as a homestead under subdivision 1, paragraph (e).

Owners or spouses occupying residences owned by their spouses and previously occupied with the other spouse, either of whom fail to include the other spouse's name and Social Security number or individual tax identification number on the homestead application or provide the affidavits or other proof requested, will be deemed to have elected to receive only partial homestead treatment of their residence. The remainder of the residence will be classified as nonhomestead residential. When an owner or spouse's name and Social Security number or individual tax identification number appear on homestead applications for two separate residences and only one application is signed, the owner or spouse will be deemed to have elected to homestead the residence for which the application was signed.

(d) If residential real estate is occupied and used for purposes of a homestead by a relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for the property to receive homestead status, a homestead application must be filed with the assessor. The Social Security number or individual tax identification number of each relative occupying the property and the name and Social Security number or individual tax identification number of the spouse of a relative occupying the property shall be required on the homestead application filed under this subdivision. If a different relative of the owner subsequently occupies the property, the owner of the property must notify the assessor within 30 days of the change in occupancy. The Social Security number or individual tax identification number of a relative occupying the property or the spouse of a relative occupying the property is private data on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

(e) The homestead application shall also notify the property owners that if the property is granted homestead status for any assessment year, that same property shall remain classified as homestead until the property is sold or transferred to another person, or the owners, the spouse of the owner, or the relatives no longer use the property as their homestead. Upon the sale or transfer of the homestead property, a certificate of value must be timely filed with the county auditor as provided under section 272.115. Failure to notify the assessor within 30 days that the property has been sold, transferred, or that the owner, the spouse of the owner, or the relative is no longer occupying the property as a homestead, shall result in the penalty provided under this subdivision and the property will lose its current homestead status.

(f) If a homestead application has not been filed with the county by December ~~15~~ 31, the assessor shall classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner may be entitled to receive the homestead classification by proper application under section 375.192.

EFFECTIVE DATE. This section is effective beginning with assessments in 2021.

Sec. 10. Minnesota Statutes 2020, section 273.124, subdivision 13a, is amended to read:

Subd. 13a. **Occupant list.** At the request of the commissioner, each county must give the commissioner a list that includes the name and Social Security number or individual tax identification number of each occupant of homestead property who is the property owner, property owner's spouse, qualifying relative of a property owner, or a spouse of a qualifying relative. The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

EFFECTIVE DATE. This section is effective beginning with assessment year 2021 and thereafter.

Sec. 11. Minnesota Statutes 2020, section 273.124, subdivision 13c, is amended to read:

Subd. 13c. **Property lists.** In addition to lists of homestead properties, the commissioner may ask the counties to furnish lists of all properties and the record owners. The Social Security numbers, individual tax identification numbers, and federal identification numbers that are maintained by a county or city assessor for property tax administration purposes, and that may appear on the lists retain their classification as private or nonpublic data; but may be viewed, accessed, and used by the county auditor or treasurer of the same county for the limited purpose of assisting the commissioner in the preparation of microdata samples under section 270C.12. The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

EFFECTIVE DATE. This section is effective for homestead data provided to the commissioner of revenue in 2022 and thereafter.

Sec. 12. Minnesota Statutes 2020, section 273.124, subdivision 13d, is amended to read:

Subd. 13d. **Homestead data.** On or before April 30 each year beginning in 2007, each county must provide the commissioner with the following data for each parcel of homestead property by electronic means as defined in section 289A.02, subdivision 8:

(1) the property identification number assigned to the parcel for purposes of taxes payable in the current year;

(2) the name and Social Security number or individual tax identification number of each occupant of homestead property who is the property owner or qualifying relative of a property owner, and the spouse of the property owner who occupies homestead property or spouse of a qualifying relative of a property owner who occupies homestead property;

(3) the classification of the property under section 273.13 for taxes payable in the current year and in the prior year;

(4) an indication of whether the property was classified as a homestead for taxes payable in the current year because of occupancy by a relative of the owner or by a spouse of a relative;

(5) the property taxes payable as defined in section 290A.03, subdivision 13, for the current year and the prior year;

(6) the market value of improvements to the property first assessed for tax purposes for taxes payable in the current year;

(7) the assessor's estimated market value assigned to the property for taxes payable in the current year and the prior year;

(8) the taxable market value assigned to the property for taxes payable in the current year and the prior year;

(9) whether there are delinquent property taxes owing on the homestead;

(10) the unique taxing district in which the property is located; and

(11) such other information as the commissioner decides is necessary.

The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

EFFECTIVE DATE. This section is effective for homestead data provided to the commissioner of revenue in 2022 and thereafter.

Sec. 13. Minnesota Statutes 2020, section 273.124, subdivision 14, is amended to read:

Subd. 14. **Agricultural homesteads; special provisions.** (a) Real estate of less than ten acres that is the homestead of its owner must be classified as class 2a under section 273.13, subdivision 23, paragraph (a), if:

(1) the parcel on which the house is located is contiguous on at least two sides to (i) agricultural land, (ii) land owned or administered by the United States Fish and Wildlife Service, or (iii) land administered by the Department of Natural Resources on which in lieu taxes are paid under sections 477A.11 to 477A.14;

(2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20 acres;

(3) the noncontiguous land is located not farther than four townships or cities, or a combination of townships or cities from the homestead; and

(4) the agricultural use value of the noncontiguous land and farm buildings is equal to at least 50 percent of the market value of the house, garage, and one acre of land.

Homesteads initially classified as class 2a under the provisions of this paragraph shall remain classified as class 2a, irrespective of subsequent changes in the use of adjoining properties, as long as the homestead remains under the same ownership, the owner owns a noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use value qualifies under clause (4). Homestead classification under this paragraph is limited to property that qualified under this paragraph for the 1998 assessment.

(b)(i) Agricultural property shall be classified as the owner's homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

(1) the agricultural property consists of at least 40 acres including undivided government lots and correctional 40's;

(2) the owner, the owner's spouse, or a grandchild, child, sibling, or parent of the owner or of the owner's spouse, is actively farming the agricultural property, either on the person's own behalf as an individual or on behalf of a partnership operating a family farm, family farm corporation, joint family farm venture, or limited liability company of which the person is a partner, shareholder, or member;

(3) both the owner of the agricultural property and the person who is actively farming the agricultural property under clause (2), are Minnesota residents;

(4) neither the owner nor the spouse of the owner claims another agricultural homestead in Minnesota; and

(5) neither the owner nor the person actively farming the agricultural property lives farther than four townships or cities, or a combination of four townships or cities, from the agricultural property, except that if the owner or the owner's spouse is required to live in employer-provided housing, the owner or owner's spouse, whichever is actively farming the agricultural property, may live more than four townships or cities, or combination of four townships or cities from the agricultural property.

The relationship under this paragraph may be either by blood or marriage.

(ii) Property containing the residence of an owner who owns qualified property under clause (i) shall be classified as part of the owner's agricultural homestead, if that property is also used for noncommercial storage or drying of agricultural crops.

(iii) As used in this paragraph, "agricultural property" means class 2a property and any class 2b property that is contiguous to and under the same ownership as the class 2a property.

(c) Noncontiguous land shall be included as part of a homestead under section 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached land is located in the same township or city, or not farther than four townships or cities or combination thereof from the homestead. Any taxpayer of these noncontiguous lands must notify the county assessor that the noncontiguous land is part of the taxpayer's homestead, and, if the homestead is located in another county, the taxpayer must also notify the assessor of the other county.

(d) Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified as a homestead under section 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other dwellings on the land used for purposes of a homestead by persons holding vested remainder interests who are actively engaged in farming the property, and up to one acre of the land surrounding each homestead and reasonably necessary for the use of the dwelling as a home, must also be assessed class 2a.

(e) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of the April 1997 floods;

(2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or Wilkin;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1997 assessment year and continue to be used for agricultural purposes;

(4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the 1997 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in dwelling. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(f) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by a March 29, 1998, tornado;

(2) the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur, Nicollet, Nobles, or Rice;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1998 assessment year;

(4) the dwelling occupied by the owner is located in this state and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to a March 29, 1998, tornado, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the owner must notify the assessor by December 1, 1998. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(g) Agricultural property of a family farm corporation, joint family farm venture, family farm limited liability company, or partnership operating a family farm as described under subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

(1) the property consists of at least 40 acres including undivided government lots and correctional 40's;

(2) a shareholder, member, or partner of that entity is actively farming the agricultural property;

(3) that shareholder, member, or partner who is actively farming the agricultural property is a Minnesota resident;

(4) neither that shareholder, member, or partner, nor the spouse of that shareholder, member, or partner claims another agricultural homestead in Minnesota; and

(5) that shareholder, member, or partner does not live farther than four townships or cities, or a combination of four townships or cities, from the agricultural property.

Homestead treatment applies under this paragraph even if:

(i) the shareholder, member, or partner of that entity is actively farming the agricultural property on the shareholder's, member's, or partner's own behalf; or

(ii) the family farm is operated by a family farm corporation, joint family farm venture, partnership, or limited liability company other than the family farm corporation, joint family farm venture, partnership, or limited liability company that owns the land, provided that:

(A) the shareholder, member, or partner of the family farm corporation, joint family farm venture, partnership, or limited liability company that owns the land who is actively farming the land is a shareholder, member, or partner of the family farm corporation, joint family farm venture, partnership, or limited liability company that is operating the farm; and

(B) more than half of the shareholders, members, or partners of each family farm corporation, joint family farm venture, partnership, or limited liability company are persons or spouses of persons who are a qualifying relative under section 273.124, subdivision 1, paragraphs (c) and (d).

Homestead treatment applies under this paragraph for property leased to a family farm corporation, joint farm venture, limited liability company, or partnership operating a family farm if legal title to the property is in the name of an individual who is a member, shareholder, or partner in the entity.

(h) To be eligible for the special agricultural homestead under this subdivision, an initial full application must be submitted to the county assessor where the property is located. Owners and the persons who are actively farming the property shall be required to complete only a one-page abbreviated version of the application in each subsequent year provided that none of the following items have changed since the initial application:

(1) the day-to-day operation, administration, and financial risks remain the same;

(2) the owners and the persons actively farming the property continue to live within the four townships or city criteria and are Minnesota residents;

(3) the same operator of the agricultural property is listed with the Farm Service Agency;

(4) a Schedule F or equivalent income tax form was filed for the most recent year;

(5) the property's acreage is unchanged; and

(6) none of the property's acres have been enrolled in a federal or state farm program since the initial application.

The owners and any persons who are actively farming the property must include the appropriate Social Security numbers or individual tax identification numbers, and sign and date the application. If any of the specified information has changed since the full application was filed, the owner must notify the assessor, and must complete a new application to determine if the property continues to qualify for the special agricultural homestead. The commissioner of revenue shall prepare a standard reapplication form for use by the assessors.

(i) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by the August 2007 floods;

(2) the property is located in the county of Dodge, Fillmore, Houston, Olmsted, Steele, Wabasha, or Winona;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 2007 assessment year;

(4) the dwelling occupied by the owner is located in this state and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the August 2007 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the owner must notify the assessor by December 1, 2008. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(j) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of the March 2009 floods;

(2) the property is located in the county of Marshall;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 2008 assessment year and continue to be used for agricultural purposes;

(4) the dwelling occupied by the owner is located in Minnesota and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the 2009 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in dwelling. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

EFFECTIVE DATE. This section is effective for applications for homestead filed in 2021 and thereafter.

Sec. 14. Minnesota Statutes 2020, section 273.1245, subdivision 1, is amended to read:

Subdivision 1. **Private or nonpublic data.** The following data are private or nonpublic data as defined in section 13.02, subdivisions 9 and 12, when they are submitted to a county or local assessor under section 273.124, 273.13, or another section, to support a claim for the property tax homestead classification under section 273.13, or other property tax classification or benefit:

(1) Social Security numbers;

(2) individual tax identification numbers;

~~(2)~~ (3) copies of state or federal income tax returns; and

~~(3)~~ (4) state or federal income tax return information, including the federal income tax schedule F.

EFFECTIVE DATE. This section is effective for applications for homestead filed in 2021 and thereafter.

Sec. 15. Minnesota Statutes 2020, section 273.13, subdivision 23, is amended to read:

Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class 2a land under the same ownership. The market value of the house and garage and immediately surrounding one acre of land has the same classification rates as class 1a or 1b property under subdivision 22. The value of the remaining land including improvements up to the first tier valuation limit of agricultural homestead property has a classification rate of 0.5 percent of market value. The remaining property over the first tier has a classification rate of one percent of market value. For purposes of this subdivision, the "first tier valuation limit of agricultural homestead property" and "first tier" means the limit certified under section 273.11, subdivision 23.

(b) Class 2a agricultural land consists of parcels of property, or portions thereof, that are agricultural land and buildings. Class 2a property has a classification rate of one percent of market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a property must also include any property that would otherwise be classified as 2b, but is interspersed with class 2a property, including but not limited to sloughs, wooded wind shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback requirement, and other similar land that is impractical for the assessor to value separately from the rest of the property or that is unlikely to be able to be sold separately from the rest of the property.

An assessor may classify the part of a parcel described in this subdivision that is used for agricultural purposes as class 2a and the remainder in the class appropriate to its use.

(c) Class 2b rural vacant land consists of parcels of property, or portions thereof, that are unplatted real estate, rural in character and not used for agricultural purposes, including land used for growing trees for timber, lumber, and wood and wood products, that is not improved with a structure. The presence of a minor, ancillary nonresidential structure as defined by the commissioner of revenue does not disqualify the property from classification under this paragraph. Any parcel of 20 acres or more improved with a structure that is not a minor, ancillary nonresidential structure must be split-classified, and ten acres must be assigned to the split parcel containing the structure. <u>If a parcel of 20 acres or more is enrolled in the sustainable forest management incentive program under chapter 290C, the number of acres assigned to the split parcel improved with a structure that is not a minor, ancillary nonresidential structure must equal three acres or the number of acres excluded from the sustainable forest incentive act covenant due to the structure, whichever is greater.</u> Class 2b property has a classification rate of one percent of market value unless it is part of an agricultural homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

(d) Class 2c managed forest land consists of no less than 20 and no more than 1,920 acres statewide per taxpayer that is being managed under a forest management plan that meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource management incentive program. It has a classification rate of .65 percent, provided that the owner of the property must apply to the assessor in order for the property to initially qualify for the reduced rate and provide the information required by the assessor to verify that the property qualifies for the reduced rate. If the assessor receives the application and information before May 1 in an assessment year, the property qualifies beginning with that assessment year. If the assessor receives the application and information after April 30 in an assessment year, the property may not qualify until the next assessment year. The commissioner of natural resources must concur that the land is qualified. The commissioner of natural resources shall annually provide county assessors verification information on a timely basis. The presence of a minor, ancillary nonresidential structure as defined by the commissioner of revenue does not disqualify the property from classification under this paragraph.

(e) Agricultural land as used in this section means:

(1) contiguous acreage of ten acres or more, used during the preceding year for agricultural purposes; or

(2) contiguous acreage used during the preceding year for an intensive livestock or poultry confinement operation, provided that land used only for pasturing or grazing does not qualify under this clause.

"Agricultural purposes" as used in this section means the raising, cultivation, drying, or storage of agricultural products for sale, or the storage of machinery or equipment used in support of agricultural production by the same farm entity. For a property to be classified as agricultural based only on the drying or storage of agricultural products, the products being dried or stored must have been produced by the same farm entity as the entity operating the drying or storage facility. "Agricultural purposes" also includes (i) enrollment in a local conservation program or the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198 or a similar state or federal conservation program if the property was classified as agricultural (A) under this subdivision for taxes payable in 2003 because of its enrollment in a qualifying program and the land remains enrolled or (B) in the year prior to its enrollment, or (ii) use of land, not to exceed three acres, to provide environmental benefits such as buffer strips, old growth forest restoration or retention, or retention ponds to prevent soil erosion. For purposes of this section, a "local conservation program" means a program administered by a town, statutory or home rule charter city, or county, including a watershed district, water management organization, or soil and water conservation district, in which landowners voluntarily enroll land and receive incentive payments equal to at least $50 per acre in exchange for use or other restrictions placed on the land. In order for property to qualify under the local conservation program provision, a taxpayer must apply to the assessor by February 1 of the assessment year and must submit the information required by the assessor, including but not limited to a copy of the program requirements, the specific agreement between the land owner and the local agency, if applicable, and a map of the conservation area. Agricultural classification shall not be based upon the market value of any residential structures on the parcel or contiguous parcels under the same ownership.

"Contiguous acreage," for purposes of this paragraph, means all of, or a contiguous portion of, a tax parcel as described in section 272.193, or all of, or a contiguous portion of, a set of contiguous tax parcels under that section that are owned by the same person.

(f) Agricultural land under this section also includes:

(1) contiguous acreage that is less than ten acres in size and exclusively used in the preceding year for raising or cultivating agricultural products; or

(2) contiguous acreage that contains a residence and is less than 11 acres in size, if the contiguous acreage exclusive of the house, garage, and surrounding one acre of land was used in the preceding year for one or more of the following three uses:

(i) for an intensive grain drying or storage operation, or for intensive machinery or equipment storage activities used to support agricultural activities on other parcels of property operated by the same farming entity;

(ii) as a nursery, provided that only those acres used intensively to produce nursery stock are considered agricultural land; or

(iii) for intensive market farming; for purposes of this paragraph, "market farming" means the cultivation of one or more fruits or vegetables or production of animal or other agricultural products for sale to local markets by the farmer or an organization with which the farmer is affiliated.

"Contiguous acreage," for purposes of this paragraph, means all of a tax parcel as described in section 272.193, or all of a set of contiguous tax parcels under that section that are owned by the same person.

(g) Land shall be classified as agricultural even if all or a portion of the agricultural use of that property is the leasing to, or use by another person for agricultural purposes.

Classification under this subdivision is not determinative for qualifying under section 273.111.

(h) The property classification under this section supersedes, for property tax purposes only, any locally administered agricultural policies or land use restrictions that define minimum or maximum farm acreage.

(i) The term "agricultural products" as used in this subdivision includes production for sale of:

(1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains, bees, and apiary products by the owner;

(2) aquacultural products for sale and consumption, as defined under section 17.47, if the aquaculture occurs on land zoned for agricultural use;

(3) the commercial boarding of horses, which may include related horse training and riding instruction, if the boarding is done on property that is also used for raising pasture to graze horses or raising or cultivating other agricultural products as defined in clause (1);

(4) property which is owned and operated by nonprofit organizations used for equestrian activities, excluding racing;

(5) game birds and waterfowl bred and raised (i) on a game farm licensed under section 97A.105, provided that the annual licensing report to the Department of Natural Resources, which must be submitted annually by March 30 to the assessor, indicates that at least 500 birds were raised or used for breeding stock on the property during the preceding year and that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a shooting preserve licensed under section 97A.115;

(6) insects primarily bred to be used as food for animals;

(7) trees, grown for sale as a crop, including short rotation woody crops, and not sold for timber, lumber, wood, or wood products; and

(8) maple syrup taken from trees grown by a person licensed by the Minnesota Department of Agriculture under chapter 28A as a food processor.

(j) If a parcel used for agricultural purposes is also used for commercial or industrial purposes, including but not limited to:

(1) wholesale and retail sales;

(2) processing of raw agricultural products or other goods;

(3) warehousing or storage of processed goods; and

(4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3),

the assessor shall classify the part of the parcel used for agricultural purposes as class 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

(k) The assessor shall determine and list separately on the records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

(l) Class 2d airport landing area consists of a landing area or public access area of a privately owned public use airport. It has a classification rate of one percent of market value. To qualify for classification under this paragraph, a privately owned public use airport must be licensed as a public airport under section 360.018. For purposes of this paragraph, "landing area" means that part of a privately owned public use airport properly cleared, regularly maintained, and made available to the public for use by aircraft and includes runways, taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing area also includes land underlying both the primary surface and the approach surfaces that comply with all of the following:

(i) the land is properly cleared and regularly maintained for the primary purposes of the landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities for servicing, repair, or maintenance of aircraft is not included as a landing area;

(ii) the land is part of the airport property; and

(iii) the land is not used for commercial or residential purposes.

The land contained in a landing area under this paragraph must be described and certified by the commissioner of transportation. The certification is effective until it is modified, or until the airport or landing area no longer meets the requirements of this paragraph. For purposes of this paragraph, "public access area" means property used as an aircraft parking ramp, apron, or storage hangar, or an arrival and departure building in connection with the airport.

(m) Class 2e consists of land with a commercial aggregate deposit that is not actively being mined and is not otherwise classified as class 2a or 2b, provided that the land is not located in a county that has elected to opt-out of the aggregate preservation program as provided in section 273.1115, subdivision 6. It has a classification rate of one percent of market value. To qualify for classification under this paragraph, the property must be at least ten contiguous acres in size and the owner of the property must record with the county recorder of the county in which the property is located an affidavit containing:

(1) a legal description of the property;

(2) a disclosure that the property contains a commercial aggregate deposit that is not actively being mined but is present on the entire parcel enrolled;

(3) documentation that the conditional use under the county or local zoning ordinance of this property is for mining; and

(4) documentation that a permit has been issued by the local unit of government or the mining activity is allowed under local ordinance. The disclosure must include a statement from a registered professional geologist, engineer, or soil scientist delineating the deposit and certifying that it is a commercial aggregate deposit.

For purposes of this section and section 273.1115, "commercial aggregate deposit" means a deposit that will yield crushed stone or sand and gravel that is suitable for use as a construction aggregate; and "actively mined" means the removal of top soil and overburden in preparation for excavation or excavation of a commercial deposit.

(n) When any portion of the property under this subdivision or subdivision 22 begins to be actively mined, the owner must file a supplemental affidavit within 60 days from the day any aggregate is removed stating the number of acres of the property that is actively being mined. The acres actively being mined must be (1) valued and

classified under subdivision 24 in the next subsequent assessment year, and (2) removed from the aggregate resource preservation property tax program under section 273.1115, if the land was enrolled in that program. Copies of the original affidavit and all supplemental affidavits must be filed with the county assessor, the local zoning administrator, and the Department of Natural Resources, Division of Land and Minerals. A supplemental affidavit must be filed each time a subsequent portion of the property is actively mined, provided that the minimum acreage change is five acres, even if the actual mining activity constitutes less than five acres.

(o) The definitions prescribed by the commissioner under paragraphs (c) and (d) are not rules and are exempt from the rulemaking provisions of chapter 14, and the provisions in section 14.386 concerning exempt rules do not apply.

EFFECTIVE DATE. This section is effective for assessment year 2022 and thereafter.

Sec. 16. Minnesota Statutes 2020, 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~~ including 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.01, subdivision 13~~;

(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.01, subdivision 13, have a classification rate of 1.0~~ have a classification rate of 0.75 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 is 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. The remaining portion of the building shall be classified by the assessor based upon its use. Class 4d 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, the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents.

(f) The first tier of market value of class 4d property has a classification rate of 0.75 percent. The remaining value of class 4d property has a classification rate of 0.25 percent. For the purposes of this paragraph, the "first tier of market value of class 4d property" means the market value of each housing unit up to the first tier limit. For the purposes of this paragraph, all class 4d property value must be assigned to individual housing units. The first tier limit is ~~$100,000~~ $174,000 for assessment year ~~2014~~ 2022 and assessment year 2023. For subsequent years, the limit is adjusted each year by the average statewide change in estimated market value of property classified as class 4a and 4d under this section for the previous assessment year, excluding valuation change due to new construction, rounded to the nearest $1,000, provided, however, that the limit may never be less than $100,000. Beginning with assessment year 2015, the commissioner of revenue must certify the limit for each assessment year by November 1 of the previous year.

EFFECTIVE DATE; APPLICATION. (a) The amendment to paragraph (d) is effective beginning with property taxes payable in 2023 and thereafter.

(b) The amendment to paragraph (f) is effective beginning with assessment year 2022.

Sec. 17. Minnesota Statutes 2020, section 273.13, subdivision 34, is amended to read:

Subd. 34. **Homestead of veteran with a disability or family caregiver.** (a) All or a portion of the market value of property owned by a veteran and serving as the veteran's homestead under this section is excluded in determining the property's taxable market value if the veteran has a service-connected disability of 70 percent or more as certified by the United States Department of Veterans Affairs. To qualify for exclusion under this subdivision, the veteran must have been honorably discharged from the United States armed forces, as indicated by United States Government Form DD214 or other official military discharge papers.

(b)(1) For a disability rating of 70 percent or more, $150,000 of market value is excluded, except as provided in clause (2); and

(2) for a total (100 percent) and permanent disability, $300,000 of market value is excluded.

(c) If a veteran with a disability qualifying for a valuation exclusion under paragraph (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds the legal or beneficial title to the homestead and permanently resides there, the exclusion shall carry over to the benefit of the veteran's spouse until such time as the spouse remarries, or sells, transfers, or otherwise disposes of the property, except as otherwise provided in paragraph (n). Qualification under this paragraph requires an application under paragraph (h), and a spouse must notify the assessor if there is a change in the spouse's marital status, ownership of the property, or use of the property as a permanent residence.

(d) If the spouse of a member of any branch or unit of the United States armed forces who dies due to a service-connected cause while serving honorably in active service, as indicated on United States Government Form DD1300 or DD2064, holds the legal or beneficial title to a homestead and permanently resides there, the spouse is entitled to the benefit described in paragraph (b), clause (2), until such time as the spouse remarries or sells, transfers, or otherwise disposes of the property, except as otherwise provided in paragraph (n).

(e) If a veteran meets the disability criteria of paragraph (a) but does not own property classified as homestead in the state of Minnesota, then the homestead of the veteran's primary family caregiver, if any, is eligible for the exclusion that the veteran would otherwise qualify for under paragraph (b).

(f) In the case of an agricultural homestead, only the portion of the property consisting of the house and garage and immediately surrounding one acre of land qualifies for the valuation exclusion under this subdivision.

(g) A property qualifying for a valuation exclusion under this subdivision is not eligible for the market value exclusion under subdivision 35, or classification under subdivision 22, paragraph (b).

(h) To qualify for a valuation exclusion under this subdivision a property owner must apply to the assessor by December ~~15~~ 31 of the first assessment year for which the exclusion is sought. ~~For an application received after December 15, the exclusion shall become effective for the following assessment year.~~ Except as provided in paragraph (c), the owner of a property that has been accepted for a valuation exclusion must notify the assessor if there is a change in ownership of the property or in the use of the property as a homestead.

(i) A first-time application by a qualifying spouse for the market value exclusion under paragraph (d) must be made any time within two years of the death of the service member.

(j) For purposes of this subdivision:

(1) "active service" has the meaning given in section 190.05;

(2) "own" means that the person's name is present as an owner on the property deed;

(3) "primary family caregiver" means a person who is approved by the secretary of the United States Department of Veterans Affairs for assistance as the primary provider of personal care services for an eligible veteran under the Program of Comprehensive Assistance for Family Caregivers, codified as United States Code, title 38, section 1720G; and

(4) "veteran" has the meaning given the term in section 197.447.

(k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit under paragraph (b), clause (2), until the spouse remarries or sells, transfers, or otherwise disposes of the property, except as otherwise provided in paragraph (n), if

(1) the spouse files a first-time application within two years of the death of the service member or by June 1, 2019, whichever is later;

(2) upon the death of the veteran, the spouse holds the legal or beneficial title to the homestead and permanently resides there;

(3) the veteran met the honorable discharge requirements of paragraph (a); and

(4) the United States Department of Veterans Affairs certifies that:

(i) the veteran met the total (100 percent) and permanent disability requirement under paragraph (b), clause (2); or

(ii) the spouse has been awarded dependency and indemnity compensation.

(l) The purpose of this provision of law providing a level of homestead property tax relief for veterans with a disability, their primary family caregivers, and their surviving spouses is to help ease the burdens of war for those among our state's citizens who bear those burdens most heavily.

(m) By July 1, the county veterans service officer must certify the disability rating and permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.

(n) A spouse who received the benefit in paragraph (c), (d), or (k) but no longer holds the legal or beneficial title to the property may continue to receive the exclusion for a property other than the property for which the exclusion was initially granted until the spouse remarries or sells, transfers, or otherwise disposes of the property, provided that:

(1) the spouse applies under paragraph (h) for the continuation of the exclusion allowed under this paragraph;

(2) the spouse holds the legal or beneficial title to the property for which the continuation of the exclusion is sought under this paragraph, and permanently resides there;

(3) the estimated market value of the property for which the exclusion is sought under this paragraph is less than or equal to the estimated market value of the property that first received the exclusion, based on the value of each property on the date of the sale of the property that first received the exclusion; and

(4) the spouse has not previously received the benefit under this paragraph for a property other than the property for which the exclusion is sought.

EFFECTIVE DATE. This section is effective beginning with assessments in 2021.

Sec. 18. Minnesota Statutes 2020, section 273.1315, subdivision 2, is amended to read:

Subd. 2. **Class 1b homestead declaration 2009 and thereafter.** (a) Any property owner seeking classification and assessment of the owner's homestead as class 1b property pursuant to section 273.13, subdivision 22, paragraph (b), after October 1, 2008, shall file with the county assessor a class 1b homestead declaration, on a form prescribed by the commissioner of revenue. The declaration must contain the following information:

(1) the information necessary to verify that, on or before June 30 of the filing year, the property owner or the owner's spouse satisfies the requirements of section 273.13, subdivision 22, paragraph (b), for class 1b classification; and

(2) any additional information prescribed by the commissioner.

(b) The declaration must be filed on or before October 1 to be effective for property taxes payable during the succeeding calendar year. The Social Security numbers, individual tax identification numbers, and income and medical information received from the property owner pursuant to this subdivision are private data on individuals as defined in section 13.02. If approved by the assessor, the declaration remains in effect until the property no longer qualifies under section 273.13, subdivision 22, paragraph (b). Failure to notify the assessor within 30 days that the property no longer qualifies under that paragraph because of a sale, change in occupancy, or change in the status or condition of an occupant shall result in the penalty provided in section 273.124, subdivision 13b, computed on the basis of the class 1b benefits for the property, and the property shall lose its current class 1b classification.

EFFECTIVE DATE. This section is effective for applications for homestead filed in 2021 and thereafter.

Sec. 19. Minnesota Statutes 2020, section 275.025, subdivision 1, is amended to read:

Subdivision 1. **Levy amount.** The state general levy is levied against commercial-industrial property and seasonal residential recreational property, as defined in this section. The state general levy for commercial-industrial property is ~~$737,090,000~~ $716,990,000 for taxes payable in ~~2020~~ 2022 and thereafter. The state general levy for seasonal-recreational property is $41,690,000 for taxes payable in 2020 and thereafter. The tax under this section is not treated as a local tax rate under section 469.177 and is not the levy of a governmental unit under chapters 276A and 473F.

The commissioner shall increase or decrease the preliminary or final rate for a year as necessary to account for errors and tax base changes that affected a preliminary or final rate for either of the two preceding years. Adjustments are allowed to the extent that the necessary information is available to the commissioner at the time the rates for a year must be certified, and for the following reasons:

(1) an erroneous report of taxable value by a local official;

(2) an erroneous calculation by the commissioner; and

(3) an increase or decrease in taxable value for commercial-industrial or seasonal residential recreational property reported to the commissioner under section 270C.85, subdivision 2, clause (4), for the same year.

The commissioner may, but need not, make adjustments if the total difference in the tax levied for the year would be less than $100,000.

EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2022 and thereafter.

Sec. 20. Minnesota Statutes 2020, section 275.025, subdivision 2, is amended to read:

Subd. 2. **Commercial-industrial tax capacity.** For the purposes of this section, "commercial-industrial tax capacity" means the tax capacity of all taxable property classified as class 3 or class 5(1) under section 273.13, excluding:

(1) the tax capacity attributable to the first ~~$100,000~~ $150,000 of market value of each parcel of commercial-industrial property as defined under section 273.13, subdivision 24, clauses (1) and (2);

(2) electric generation attached machinery under class 3; and

(3) property described in section 473.625.

County commercial-industrial tax capacity amounts are not adjusted for the captured net tax capacity of a tax increment financing district under section 469.177, subdivision 2, the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425, or fiscal disparities contribution and distribution net tax capacities under chapter 276A or 473F. For purposes of this subdivision, the procedures for determining eligibility for tier 1 under section 273.13, subdivision 24, clauses (1) and (2), shall apply in determining the portion of a property eligible to be considered within the first ~~$100,000~~ $150,000 of market value.

EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2022 and thereafter.

Sec. 21. Minnesota Statutes 2020, section 275.065, subdivision 1, is amended to read:

Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the contrary, on or before September 30, each county, home rule charter or statutory city, town, and special taxing district, excluding the Metropolitan Council and the Metropolitan Mosquito Control Commission, shall certify to the county auditor the proposed property tax levy for taxes payable in the following year. For towns, the final certified levy shall also be considered the proposed levy.

(b) Each county and city with a population of at least 500 must annually notify the public of its revenue, expenditures, fund balances, and other relevant budget information that is used to establish the proposed property tax levy. Each county and city with a population of at least 500 must hold a public meeting on the budget and proposed levy. The meeting must be held at least seven days prior to the day that the proposed levy under this subdivision is certified, the public must be allowed to speak at the meeting, and the meeting must not begin before 6:00 p.m.

~~(b)~~ (c) Notwithstanding any law or charter to the contrary, on or before September 15, the Metropolitan Council and the Metropolitan Mosquito Control Commission shall adopt and certify to the county auditor a proposed property tax levy for taxes payable in the following year.

~~(c)~~ (d) On or before September 30, each school district that has not mutually agreed with its home county to extend this date shall certify to the county auditor the proposed property tax levy for taxes payable in the following year. Each school district that has agreed with its home county to delay the certification of its proposed property tax levy must certify its proposed property tax levy for the following year no later than October 7. The school district shall certify the proposed levy as:

(1) a specific dollar amount by school district fund, broken down between voter-approved and non-voter-approved levies and between referendum market value and tax capacity levies; or

(2) the maximum levy limitation certified by the commissioner of education according to section 126C.48, subdivision 1.

~~(d)~~ (e) If the board of estimate and taxation or any similar board that establishes maximum tax levies for taxing jurisdictions within a first class city certifies the maximum property tax levies for funds under its jurisdiction by charter to the county auditor by the date specified in paragraph (a), the city shall be deemed to have certified its levies for those taxing jurisdictions.

~~(e)~~ (f) For purposes of this section, "special taxing district" means a special taxing district as defined in section 275.066. Intermediate school districts that levy a tax under chapter 124 or 136D, joint powers boards established under sections 123A.44 to 123A.445, and Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing districts for purposes of this section.

~~(f)~~ (g) At the meeting at which a taxing authority, other than a town, adopts its proposed tax levy under this subdivision, the taxing authority shall announce the time and place of any subsequent regularly scheduled meetings at which the budget and levy will be discussed and at which the public will be allowed to speak. The time and place of those meetings must be included in the proceedings or summary of proceedings published in the official newspaper of the taxing authority under section 123B.09, 375.12, or 412.191.

EFFECTIVE DATE. This section is effective for property taxes payable in 2022 and thereafter.

Sec. 22. Minnesota Statutes 2020, 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~~ e-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, ~~and~~ metropolitan taxing districts as defined in paragraph (i), and fire protection special taxing districts established under section 299O.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. The notice must state for each city that has a population over 500, county, and school district, the time and place of the meeting to be held pursuant to subdivision 11. 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. It must provide 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 public offices where telephone calls can be received by the authority, the authority may inform the county of the lack of a public telephone number and the county shall not list a 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, 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 for property taxes payable in 2022 and thereafter.

Sec. 23. Minnesota Statutes 2020, section 275.065, is amended by adding a subdivision to read:

Subd. 3b. **Notice of proposed property taxes required supplemental information.** (a) The county auditor must prepare a separate statement to be delivered with the notice of proposed taxes described in subdivision 3. The statement must fit on one sheet of paper and contain for each parcel:

(1) for the county, city or township, and school district in which the parcel lies, the certified levy for the current taxes payable year, the proposed levy for taxes payable in the following year, and the increase or decrease between these two amounts, expressed as a percentage;

(2) summary budget information listed in paragraph (b); and

(3) information on how to access each taxing authority's website where the taxpayer can find the proposed budget and information on how to participate in person and remotely in the Minnesota Property Taxpayer's Day meetings, held pursuant to subdivision 11.

(b) Summary budget information must contain budget data from the county, city, and school district that proposes a property tax levy on the parcel for taxes payable the following year. For the school district, the summary budget data must include the information provided to the public under section 123B.10, subdivision 1, paragraph (b), for the current year and prior year. For the county and city, the reported summary budget data must contain the same information, in the same categories, and in the same format as provided to the Office of the State Auditor as required by section 6.745. The statement must provide the governmental revenues and current expenditures information in clauses (1) and (2) for the taxing authority's budget for taxes payable the following year and the taxing authority's budget from taxes payable in the current year, as well as the percent change between the two years. The city must provide the county auditor with the summary budget data at the same time as the information required under subdivision 3. Only cities with a population of at least 500 are required to report the data described in this paragraph. If a city with a population over 500 fails to report the required information to the county auditor, the county auditor must list the city as "budget information not reported" on the portion of the statement dedicated to the city's budget information. The statement may take the same format as the annual summary budget report for cities and counties issued by the Office of the State Auditor. The summary budget data must include:

(1) a governmental revenues category, including and separately stating:

(i) "property taxes" defined as property taxes levied on an assessed valuation of real property and personal property, if applicable, by the city and county, including fiscal disparities;

(ii) "special assessments" defined as levies made against certain properties to defray all or part of the costs of a specific improvement, such as new sewer and water mains, deemed to benefit primarily those properties;

(iii) "state general purpose aid" defined as aid received from the state that has no restrictions on its use, including local government aid, county program aid, and market value credits; and

(iv) "state categorical aid" defined as revenues received for a specific purpose, such as streets and highways, fire relief, and flood control, including but not limited to police and fire state aid and out-of-home placement aid; and

(2) a current expenditures category, including and separately stating:

(i) "general government" defined as administration costs of city or county governments, including salaries of officials and maintenance of buildings;

(ii) "public safety" defined as costs related to the protection of persons and property, such as police, fire, ambulance services, building inspections, animal control, and flood control;

(iii) "streets and highways" defined as costs associated with the maintenance and repair of local highways, streets, bridges, and street equipment, such as patching, seal coating, street lighting, street cleaning, and snow removal;

(iv) "sanitation" defined as costs of refuse collection and disposal, recycling, and weed and pest control;

(v) "human services" defined as activities designed to provide public assistance and institutional care for individuals economically unable to provide for themselves;

(vi) "health" defined as costs of the maintenance of vital statistics, restaurant inspection, communicable disease control, and various health services and clinics;

(vii) "culture and recreation" defined as costs of libraries, park maintenance, mowing, planting, removal of trees, festivals, bands, museums, community centers, cable television, baseball fields, and organized recreation activities;

(viii) "conservation of natural resources" defined as the conservation and development of natural resources, including agricultural and forestry programs and services, weed inspection services, and soil and water conservation services;

(ix) "economic development and housing" defined as costs for development and redevelopment activities in blighted or otherwise economically disadvantaged areas, including low-interest loans, cleanup of hazardous sites, rehabilitation of substandard housing and other physical facilities, and other assistance to those wanting to provide housing and economic opportunity within a disadvantaged area; and

(x) "all other current expenditures" defined as costs not classified elsewhere, such as airport expenditures, cemeteries, unallocated insurance costs, unallocated pension costs, and public transportation costs.

(c) If a taxing authority reporting this data does not have revenues or expenditures in a category listed in paragraph (b), then the taxing authority must designate the amount as "0" for that specific category.

(d) The supplemental statement provided under this subdivision must be sent in electronic form or by e-mail if the taxpayer requests an electronic version the notice of proposed property taxes under subdivision 3, paragraph (a).

EFFECTIVE DATE. This section is effective for property taxes payable in 2022 and thereafter.

Sec. 24. Minnesota Statutes 2020, section 275.065, is amended by adding a subdivision to read:

Subd. 11. **Minnesota Property Taxpayer's Day.** (a) Notwithstanding any other provision of law, on the first Wednesday following the first Monday in December, each county, city with a population of at least 500, and each school district must annually hold a meeting to discuss each taxing authority's budget and levy, prior to the final budget and levy determination. The meeting shall be known as "Minnesota Property Taxpayer's Day."

(b) Counties must begin a meeting at 6:00 p.m. and discuss the county's budget and levy. The public must be allowed to speak no later than 20 minutes after the start of the meeting. Cities must begin a meeting to discuss their budget and levy at 7:00 p.m. and must allow the public to speak no later than 20 minutes after the start of the meeting. School districts must begin a meeting to discuss their budget and levy at 8:00 p.m. and must allow the public to speak no later than 20 minutes after the start of the meeting.

(c) Each taxing jurisdiction must broadcast the meeting virtually and provide a method for the public to participate in person and remotely. Information about the meeting, including instructions on how to participate remotely, must be posted on the website of each taxing jurisdiction required to hold a meeting under this subdivision by November 10.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 25. Minnesota Statutes 2020, section 275.066, is amended to read:

275.066 SPECIAL TAXING DISTRICTS; DEFINITION.

For the purposes of property taxation and property tax state aids, the term "special taxing districts" includes the following entities:

(1) watershed districts under chapter 103D;

(2) sanitary districts under sections 442A.01 to 442A.29;

(3) regional sanitary sewer districts under sections 115.61 to 115.67;

(4) regional public library districts under section 134.201;

(5) park districts under chapter 398;

(6) regional railroad authorities under chapter 398A;

(7) hospital districts under sections 447.31 to 447.38;

(8) St. Cloud Metropolitan Transit Commission under sections 458A.01 to 458A.15;

(9) Duluth Transit Authority under sections 458A.21 to 458A.37;

(10) regional development commissions under sections 462.381 to 462.398;

(11) housing and redevelopment authorities under sections 469.001 to 469.047;

(12) port authorities under sections 469.048 to 469.068;

(13) economic development authorities under sections 469.090 to 469.1081;

(14) Metropolitan Council under sections 473.123 to 473.549;

(15) Metropolitan Airports Commission under sections 473.601 to 473.679;

(16) Metropolitan Mosquito Control Commission under sections 473.701 to 473.716;

(17) Morrison County Rural Development Financing Authority under Laws 1982, chapter 437, section 1;

(18) Croft Historical Park District under Laws 1984, chapter 502, article 13, section 6;

(19) East Lake County Medical Clinic District under Laws 1989, chapter 211, sections 1 to 6;

(20) Floodwood Area Ambulance District under Laws 1993, chapter 375, article 5, section 39;

(21) Middle Mississippi River Watershed Management Organization under sections 103B.211 and 103B.241;

(22) emergency medical services special taxing districts under section 144F.01;

(23) a county levying under the authority of section 103B.241, 103B.245, or 103B.251;

(24) Southern St. Louis County Special Taxing District; Chris Jensen Nursing Home under Laws 2003, First Special Session chapter 21, article 4, section 12;

(25) an airport authority created under section 360.0426; ~~and~~

(26) fire protection special taxing districts under section 299O.01; and

(27) any other political subdivision of the state of Minnesota, excluding counties, school districts, cities, and towns, that has the power to adopt and certify a property tax levy to the county auditor, as determined by the commissioner of revenue.

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

Sec. 26. Minnesota Statutes 2020, section 290A.25, is amended to read:

290A.25 VERIFICATION OF SOCIAL SECURITY NUMBERS.

Annually, the commissioner of revenue shall furnish a list to the county assessor containing the names ~~and~~, Social Security numbers, and individual tax identification numbers of persons who have applied for both homestead classification under section 273.13 and a property tax refund as a renter under this chapter.

Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was improperly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead benefits that has been improperly allowed. For the purpose of this section, "homestead benefits" has the meaning given in section 273.124, subdivision 13b. The county auditor shall send a notice to persons who owned the affected property at the time the homestead application related to the improper homestead was filed, demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent of the homestead benefits. The person notified may appeal the county's determination with the Minnesota Tax Court within 60 days of the date of the notice from the county as provided in section 273.124, subdivision 13b.

If the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of taxes and penalty to the county treasurer. The county treasurer will add interest to the unpaid homestead benefits and penalty amounts at the rate provided for delinquent personal property taxes for the period beginning 60 days after demand for payment was made until payment. If the person notified is the current owner of the property, the treasurer may add the total amount of benefits, penalty, interest, and costs to the real estate taxes otherwise payable on the property in the following year. If the person notified is not the current owner of the property, the treasurer may collect the amounts due under the Revenue Recapture Act in chapter 270A, or use any of the powers granted in sections 277.20 and 277.21 without exclusion, to enforce payment of the benefits, penalty, interest, and costs, as if those amounts were delinquent tax obligations of the person who owned the property at the time the application related to the improperly allowed homestead was filed. The treasurer may relieve a prior owner of personal liability for the benefits, penalty, interest, and costs, and instead extend those amounts on the tax lists against the property for taxes payable in the following year to the extent that the current owner agrees in writing.

Any amount of homestead benefits recovered by the county from the property owner shall be distributed to the county, city or town, and school district where the property is located in the same proportion that each taxing district's levy was to the total of the three taxing districts' levy for the current year. Any amount recovered attributable to taconite homestead credit shall be transmitted to the St. Louis County auditor to be deposited in the taconite property tax relief account. Any amount recovered that is attributable to supplemental homestead credit is to be transmitted to the commissioner of revenue for deposit in the general fund of the state treasury. The total amount of penalty collected must be deposited in the county general fund.

EFFECTIVE DATE. This section is effective for lists furnished by the commissioner of revenue to county assessors in 2021 and thereafter.

Sec. 27. **[299O.01] FIRE PROTECTION SPECIAL TAXING DISTRICTS.**

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

(b) "City" means a statutory or home rule charter city.

(c) "Governing body" means for a city, the city council; for a county, the county board; and for a town, the board of supervisors.

(d) "Political subdivision" means a county, city, or township organized to provide town government.

Subd. 2. **Authority to establish.** (a) Two or more political subdivisions may establish, by resolution of their governing bodies, a special taxing district to provide fire protection or emergency medical services or both in the area of the district, comprising the jurisdiction of each of the political subdivisions forming the district. For a county that participates in establishing a district, the county's jurisdiction comprises the unorganized territory of the county that it designates in its resolution for inclusion in the district. The area of the special taxing district does not need to be contiguous or its boundaries continuous.

(b) Before establishing a district under this section, the participating political subdivisions must enter an agreement that specifies how any liabilities, other than debt issued under subdivision 6, and assets of the district will be distributed if the district is dissolved. The agreement may also include other terms, including a method for apportioning the levy of the district among participating political subdivisions under subdivision 4, paragraph (b), as the political subdivisions determine appropriate. The agreement must be adopted no later than upon passage of the resolution establishing the district under paragraph (a), but may be later amended by agreement of each of the political subdivisions participating in the district.

(c) If the special taxing district includes the operation of a fire department, the resolution under paragraph (a) or agreement under paragraph (b) must specify which, if any, volunteer firefighter pension plan is associated with the district. A special taxing district that operates a fire department under this section may be associated with only one volunteer firefighting relief association or one account in the voluntary statewide volunteer firefighting retirement plan at one time.

(d) If the special taxing district includes the operation of a fire department, it must file its resolution establishing the fire protection special taxing district, and any agreements required for the establishment of the special taxing district, with the commissioner of revenue, including any amendments to those documents. If the resolution or agreement does not include sufficient information defining the fire department service area of the fire protection special taxing district, the secretary of the district board must file a written statement with the commissioner defining the fire department service area.

Subd. 3. **Board.** The special taxing district established under this section is governed by a board made up initially of representatives of each participating political subdivision in the proportions set out in the establishing resolution, subject to change as provided in the district's charter, if any, or in the district's bylaws. Each participating political subdivision's representative must be an elected member of the governing body of the political subdivision and serves at the pleasure of that participant's governing body.

Subd. 4. **Property tax levy.** (a) The board may levy a tax on the taxable real and personal property in the district. The proceeds of the levy must be used as provided in subdivision 5. The board shall certify the levy at the times provided under section 275.07. The board shall provide the county with whatever information is necessary to identify the property that is located within the district. If the boundaries include a part of a parcel, the entire parcel is included in the district. The county auditor must spread, collect, and distribute the proceeds of the tax at the same time and in the same manner as provided by law for all other property taxes.

(b) As an alternative to paragraph (a), the board may apportion its levy among the political subdivisions that are members of the district under a formula or method, such as population, number of service calls, cost of providing service, the market value of improvements, or other measure or measures, that was approved by the governing body of each of the political subdivisions that is a member of the district. The amount of the levy allocated to each political subdivision must be added to that political subdivision's levy and spread at the same time and in the same manner as provided by law for other taxes. The proceeds of the levy must be collected and remitted to the district and used as provided in subdivision 5.

Subd. 5. **Use of levy proceeds.** The proceeds of property taxes levied under this section must be used to provide fire protection or emergency medical services to residents of the district and property located in the district, as well as to pay debt issued under subdivision 6. Services may be provided by employees of the district or by contracting for services provided by other governmental or private entities.

Subd. 6. **Debt.** (a) The district may incur debt under chapter 475 when the board determines doing so is necessary to accomplish its duties.

(b) In addition, the board of the district may issue certificates of indebtedness or capital notes under section 412.301 to purchase capital equipment. In applying section 412.301, paragraph (e), to the district the following rules apply:

(1) the taxable property of the entire district must be used to calculate the percent of estimated market value; and

(2) "the number of voters at the last municipal election" means the sum of the number of voters at the last municipal election for each of the cities that is a member of the district plus the number of registered voters in each town that is a participating member of the district.

Subd. 7. **Powers.** (a) In addition to authority expressly granted in this section, a special taxing district may exercise any power that may be exercised by any of its participating political subdivisions and that is necessary or reasonable to support the services set out in subdivision 5. The district may only levy the taxes authorized in subdivision 4. These powers include, without limitation, the authority to participate in state programs and to enforce or carry out state laws related to fire protection or emergency medical services, including programs providing state aid, reimbursement or funding of employee benefits, authorizing local enforcement of state standards, and similar, to the extent the special taxing district meets the qualification criteria and requirements of a program. These include but are not limited to fire protection related programs and political subdivision powers or responsibilities under chapters 299A, 424A, and 477B; sections 6.495, 353.64, and 423A.022; and any administrative rules related to the fire code.

(b) To the extent that the district's authority under this subdivision overlaps with or may conflict with the authority of the participating political subdivision, the agreement under subdivision 2, paragraph (b), must provide for allocation of those powers or responsibilities between the participating political subdivisions and the district and may provide for resolution of conflicts in the exercise of those powers.

Subd. 8. **Additions and withdrawals.** (a) The board of the district may add additional eligible political subdivisions to a special taxing district under this section. The governing body of the proposed eligible political subdivision must agree to the addition in a resolution of its governing body. No political subdivision may be added to the district if it would cause the district to be out of compliance with subdivision 2, paragraph (c).

(b) A political subdivision may withdraw from a special taxing district under this section by resolution of its governing body. The political subdivision must notify the board of the special taxing district of the withdrawal by providing a copy of the resolution at least two years in advance of the proposed withdrawal. The taxable property of the withdrawing member is subject to the property tax levy under subdivision 4 for the two taxes payable years

following the notice of the withdrawal, unless the board and the withdrawing member agree otherwise by a resolution adopted by each of their governing bodies. If a political subdivision withdraws from a district for which debt was issued under subdivision 6 when the political subdivision was a participating member of the district and which is outstanding when the political subdivision withdraws from the district, the taxable property of the withdrawing political subdivision remains subject to the special taxing district debt levy until that outstanding debt has been paid or defeased. If the district's property levy to repay the debt was apportioned among the political subdivisions under an alternative formula or method under subdivision 4, paragraph (b), the withdrawing political subdivision is subject to the same percentage of the debt levy as applied in the taxes payable year immediately before its withdrawal from the district.

(c) Notwithstanding subdivision 2, a special taxing district comprised of two political subdivisions continues to exist even if one of the political subdivisions withdraws.

Subd. 9. **Dissolution.** The special taxing district may be dissolved by resolution approved by majority vote of the board. If the special taxing district is dissolved, the assets and liabilities may be assigned to a successor entity, if any, or otherwise disposed of for public purposes as provided in the agreement adopted under subdivision 2, paragraph (b), or otherwise agreed to by the participating political subdivisions. A district may not be dissolved until all debt issued under subdivision 6 has been paid or defeased.

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

Sec. 28. Minnesota Statutes 2020, section 429.021, subdivision 1, is amended to read:

Subdivision 1. **Improvements authorized.** The council of a municipality shall have power to make the following improvements:

(1) To acquire, open, and widen any street, and to improve the same by constructing, reconstructing, and maintaining sidewalks, pavement, gutters, curbs, and vehicle parking strips of any material, or by grading, graveling, oiling, or otherwise improving the same, including the beautification thereof and including storm sewers or other street drainage and connections from sewer, water, or similar mains to curb lines.

(2) To acquire, develop, construct, reconstruct, extend, and maintain storm and sanitary sewers and systems, including outlets, holding areas and ponds, treatment plants, pumps, lift stations, service connections, and other appurtenances of a sewer system, within and without the corporate limits.

(3) To construct, reconstruct, extend, and maintain steam heating mains.

(4) To install, replace, extend, and maintain street lights and street lighting systems and special lighting systems.

(5) To acquire, improve, construct, reconstruct, extend, and maintain water works systems, including mains, valves, hydrants, service connections, wells, pumps, reservoirs, tanks, treatment plants, and other appurtenances of a water works system, within and without the corporate limits.

(6) To acquire, improve and equip parks, open space areas, playgrounds, and recreational facilities within or without the corporate limits.

(7) To plant trees on streets and provide for their trimming, care, and removal.

(8) To abate nuisances and to drain swamps, marshes, and ponds on public or private property and to fill the same.

(9) To construct, reconstruct, extend, and maintain dikes and other flood control works.

(10) To construct, reconstruct, extend, and maintain retaining walls and area walls.

(11) To acquire, construct, reconstruct, improve, alter, extend, operate, maintain, and promote a pedestrian skyway system. Such improvement may be made upon a petition pursuant to section 429.031, subdivision 3.

(12) To acquire, construct, reconstruct, extend, operate, maintain, and promote underground pedestrian concourses.

(13) To acquire, construct, improve, alter, extend, operate, maintain, and promote public malls, plazas or courtyards.

(14) To construct, reconstruct, extend, and maintain district heating systems.

(15) To construct, reconstruct, alter, extend, operate, maintain, and promote fire protection systems in existing buildings, but only upon a petition pursuant to section 429.031, subdivision 3.

(16) To acquire, construct, reconstruct, improve, alter, extend, and maintain highway sound barriers.

(17) To improve, construct, reconstruct, extend, and maintain gas and electric distribution facilities owned by a municipal gas or electric utility.

(18) To purchase, install, and maintain signs, posts, and other markers for addressing related to the operation of enhanced 911 telephone service.

(19) To improve, construct, extend, and maintain facilities for Internet access and other communications purposes, if the council finds that:

(i) the facilities are necessary to make available Internet access or other communications services that are not and will not be available through other providers or the private market in the reasonably foreseeable future; and

(ii) the service to be provided by the facilities will not compete with service provided by private entities.

(20) To assess affected property owners for all or a portion of the costs agreed to with an electric utility, telecommunications carrier, or cable system operator to bury or alter a new or existing distribution system within the public right-of-way that exceeds the utility's design and construction standards, or those set by law, tariff, or franchise, but only upon petition under section 429.031, subdivision 3.

(21) To assess affected property owners for repayment of voluntary energy improvement financings under section 216C.436, subdivision 7, or 216C.437, subdivision 28.

(22) To construct, reconstruct, alter, extend, operate, maintain, and promote energy improvement projects in existing buildings, provided that:

(i) a petition for the improvement is made by a property owner under section 429.031, subdivision 3;

(ii) the municipality funds and administers the energy improvement project;

(iii) project funds are only used for the installation of improvements to heating, ventilation, and air conditioning equipment and building envelope and for the installation of renewable energy systems;

(iv) each property owner petitioning for the improvement receives notice that free or low-cost energy improvements may be available under federal, state, or utility programs;

(v) for energy improvement projects on residential property, only residential property with five or more units may obtain financing for projects under this clause; and

(vi) prior to financing an energy improvement project or imposing an assessment for a project, written notice is provided to the mortgage lender of any mortgage encumbering or otherwise secured by the property proposed to be improved.

EFFECTIVE DATE. This section is effective for special assessments payable in 2022 and thereafter.

Sec. 29. Minnesota Statutes 2020, section 429.031, subdivision 3, is amended to read:

Subd. 3. **Petition by all owners.** Whenever all owners of real property abutting upon any street named as the location of any improvement shall petition the council to construct the improvement and to assess the entire cost against their property, the council may, without a public hearing, adopt a resolution determining such fact and ordering the improvement. The validity of the resolution shall not be questioned by any taxpayer or property owner or the municipality unless an action for that purpose is commenced within 30 days after adoption of the resolution as provided in section 429.036. Nothing herein prevents any property owner from questioning the amount or validity of the special assessment against the owner's property pursuant to section 429.081. In the case of a petition for the municipality to own and install a fire protection system, energy improvement projects, a pedestrian skyway system, or on-site water contaminant improvements, the petition must contain or be accompanied by an undertaking satisfactory to the city by the petitioner that the petitioner will grant the municipality the necessary property interest in the building to permit the city to enter upon the property and the building to construct, maintain, and operate the fire protection system, energy improvement projects, pedestrian skyway system, or on-site water contaminant improvements. In the case of a petition for the installation of a privately owned fire protection system, energy improvement projects, a privately owned pedestrian skyway system, or privately owned on-site water contaminant improvements, the petition shall contain the plans and specifications for the improvement, the estimated cost of the improvement and a statement indicating whether the city or the owner will contract for the construction of the improvement. If the owner is contracting for the construction of the improvement, the city shall not approve the petition until it has reviewed and approved the plans, specifications, and cost estimates contained in the petition. The construction cost financed under section 429.091 shall not exceed the amount of the cost estimate contained in the petition. In the case of a petition for the installation of a fire protection system, energy improvement projects, a pedestrian skyway system, or on-site water contaminant improvements, the petitioner may request abandonment of the improvement at any time after it has been ordered pursuant to subdivision 1 and before contracts have been awarded for the construction of the improvement under section 429.041, subdivision 2. If such a request is received, the city council shall abandon the proceedings but in such case the petitioner shall reimburse the city for any and all expenses incurred by the city in connection with the improvement.

EFFECTIVE DATE. This section is effective for special assessments payable in 2022 and thereafter.

Sec. 30. Laws 2009, chapter 88, article 2, section 46, subdivision 3, as amended by Laws 2013, chapter 143, article 4, section 37, and Laws 2019, First Special Session chapter 6, article 4, section 34, is amended to read:

Subd. 3. **Tax.** The district board may impose a property tax on taxable property as provided in this subdivision to pay the costs of providing fire or ambulance services, or both, throughout the district. The board shall annually determine the total amount of the levy that is attributable to the cost of providing fire services and the cost of providing ambulance services within the primary service area. ~~For those municipalities that only receive ambulance services, the costs for the provision of ambulance services shall be levied against taxable property within those municipalities at a rate necessary not to exceed 0.019 percent of the estimated market value. For those municipalities that receive both fire and ambulance services, the tax shall be imposed at a rate that does not exceed 0.2835 percent of estimated market value.~~

When a member municipality opts to receive fire service from the district or an additional municipality becomes a member of the district, the cost of providing fire services to that community shall be determined by the board ~~and added to the maximum levy amount~~.

Each county auditor of a county that contains a municipality subject to the tax under this section must collect the tax and pay it to the Fire and Ambulance Special Taxing District. The district may also impose other fees or charges as allowed by law for the provision of fire and ambulance services.

EFFECTIVE DATE. This section is effective the day after the governing body of the Cloquet Area Fire and Ambulance Special Taxing District and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 31. **SUSTAINABLE FOREST INCENTIVE ACT; VIOLATIONS.**

Land that was split-classified under Minnesota Statutes 2018, section 273.13, subdivision 23, paragraph (c), while enrolled in the sustainable forest incentive act management program under Minnesota Statutes, chapter 290C, is not in violation of the conditions of enrollment under Minnesota Statutes, sections 290C.03 and 290C.11, if, at the time of enrollment, a structure that is not a minor, ancillary nonresidential structure, or an excluded area three acres or larger that now contains a structure that is not a minor, ancillary nonresidential structure, was identified on the covenant required under Minnesota Statutes, section 290C.04, and appropriate acreage was excluded in accordance with Minnesota Statutes, section 290C.03.

EFFECTIVE DATE. This section is effective for determinations of violations of the conditions of enrollment after June 30, 2021.

Sec. 32. **REPEALER.**

Minnesota Statutes 2020, sections 327C.01, subdivision 13; and 327C.16, are repealed.

EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2023.

ARTICLE 8
AIDS AND CREDITS

Section 1. Minnesota Statutes 2020, section 477A.013, subdivision 13, is amended to read:

Subd. 13. **Certified aid adjustments.** ~~(a) A city that received an aid base increase under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (e), shall have its total aid under subdivision 9 increased by an amount equal to $150,000 for aids payable in 2014 through 2018.~~

~~(b)~~ (a) A city that received an aid base increase under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (r), shall have its total aid under subdivision 9 increased by an amount equal to $160,000 for aids payable in 2014 and thereafter.

~~(c) A city that received a temporary aid increase under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (o), shall have its total aid under subdivision 9 increased by an amount equal to $1,000,000 for aids payable in 2014 only.~~

(b) The city of Floodwood shall have its total aid under subdivision 9 increased by $250,000 for aids payable in 2022 through 2026.

(c) The city of Staples shall have its total aid under subdivision 9 increased by $320,000 for aids payable in 2022 through 2026.

(d) The city of Warren shall have its total aid under subdivision 9 increased by $320,000 for aids payable in 2022 through 2026.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2022 and thereafter.

Sec. 2. Minnesota Statutes 2020, section 477A.03, subdivision 2a, is amended to read:

Subd. 2a. **Cities.** ~~For aids payable in 2016 and 2017, the total aid paid under section 477A.013, subdivision 9, is $519,398,012. For aids payable in 2018 and 2019, the total aid paid under section 477A.013, subdivision 9, is $534,398,012. For aids payable in 2020, the total aid paid under section 477A.013, subdivision 9, is $560,398,012.~~ For aids payable in 2021 ~~and thereafter~~, the total aid payable under section 477A.013, subdivision 9, is $564,398,012. For aids payable in 2022 through 2026, the total aid payable under section 477A.013, subdivision 9, is $565,288,012. For aids payable in 2027 and thereafter, the total aid payable under section 477A.013, subdivision 9, is $564,398,012.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2022 and thereafter.

Sec. 3. Minnesota Statutes 2020, section 477A.03, subdivision 2b, is amended to read:

Subd. 2b. **Counties.** (a) For aids payable in 2018 and 2019, the total aid payable under section 477A.0124, subdivision 3, is $103,795,000, of which $3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2020, the total aid payable under section 477A.0124, subdivision 3, is $116,795,000, of which $3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2021 through 2024, the total aid payable under section 477A.0124, subdivision 3, is $118,795,000, of which $3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2025 and thereafter, the total aid payable under section 477A.0124, subdivision 3, is $115,795,000. ~~Each calendar year~~ On or before the first installment date provided in section 477A.015, paragraph (a), $500,000 of this appropriation shall be ~~retained~~ transferred each year by the commissioner of revenue to ~~make reimbursements to the commissioner of management and budget~~ the Board of Public Defense for ~~payments made~~ the payment of services under section 611.27. ~~The reimbursements shall be to defray the additional costs associated with court-ordered counsel under section 611.27.~~ Any ~~retained~~ transferred amounts not ~~used for reimbursement in a year~~ expended or encumbered in a fiscal year shall be certified by the board of public defense to the commissioner of revenue on or before October 1 and shall be included in the next ~~distribution~~ certification of county need aid ~~that is certified to the county auditors for the purpose of property tax reduction for the next taxes payable year~~.

(b) For aids payable in 2018 and 2019, the total aid under section 477A.0124, subdivision 4, is $130,873,444. For aids payable in 2020, the total aid under section 477A.0124, subdivision 4, is $143,873,444. For aids payable in 2021 and thereafter, the total aid under section 477A.0124, subdivision 4, is $145,873,444. The commissioner of revenue shall transfer to the commissioner of management and budget $207,000 annually for the cost of preparation of local impact notes as required by section 3.987, and other local government activities. The commissioner of revenue shall transfer to the commissioner of education $7,000 annually for the cost of preparation of local impact notes for school districts as required by section 3.987. The commissioner of revenue shall deduct the amounts transferred under this paragraph from the appropriation under this paragraph. The amounts transferred are appropriated to the commissioner of management and budget and the commissioner of education respectively.

Sec. 4. **[477A.30] LOCAL HOMELESS PREVENTION AID.**

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

(1) "city" means a statutory or home rule charter city;

(2) "distribution factor" means the total number of students experiencing homelessness in a county in the current school year and the previous two school years divided by the total number of students experiencing homelessness in all counties in the current school year and the previous two school years; and

(3) "families" means families and persons 24 years of age or younger.

Subd. 2. **Purpose.** The purpose of this section is to help local governments ensure no child is homeless within a local jurisdiction by keeping families from losing housing and helping those experiencing homelessness find housing.

Subd. 3. **Distribution.** The money appropriated to local homeless prevention aid under this section must be allocated to counties by multiplying each county's distribution factor by the total distribution available under this section. Distribution factors must be based on the most recent counts of students experiencing homelessness in each county, as certified by the commissioner of education to the commissioner of revenue by July 1 of the year the aid is certified to the counties under subdivision 5.

Subd. 4. **Use of proceeds.** (a) Counties 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 Tribe, a group of Tribes, 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) 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.

Subd. 5. **Payments.** The commissioner of revenue must compute the amount of local homeless prevention aid payable to each county under this section. On or before August 1 of each year, the commissioner shall certify the amount to be paid to each county in the following year. The commissioner shall pay local homeless prevention aid annually at the times provided in section 477A.015.

Subd. 6. **Appropriation.** $25,000,000 is annually appropriated from the general fund to the commissioner of revenue to make payments required under this section.

Subd. 7. **Report.** (a) No later than January 15, 2024, the commissioner of revenue must produce a report on projects and programs funded by counties 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 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 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.

Subd. 8. **Expiration.** Distributions under this section expire after aids payable in 2029 have been distributed.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2022 and thereafter.

Sec. 5. **COUNTY RELIEF GRANTS TO LOCAL BUSINESSES; APPROPRIATION.**

Subdivision 1. **Appropriation.** (a) $69,750,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of revenue for payments to counties for relief grants under this section. This is a onetime appropriation. The appropriation under this section must be used for the following purposes:

(1) $63,000,000 must be used for grants under subdivision 2;

(2) $2,000,000 must be used for grants under subdivision 3; and

(3) $4,750,000 must be used for grants under subdivision 4.

(b) Each county may use the greater of $6,250 or 2.5 percent of the total amount received under subdivisions 1 and 2 for administrative costs incurred from making grants under this section. A county may contract with a third party to administer the grant program on behalf of the county.

Subd. 2. **Business relief grants.** (a) From the amount appropriated under subdivision 1, paragraph (a), clause (1), each county shall be issued a payment in the amount of $100,000 or a per capita amount determined by reference to the population of each county according to the most recently available 2019 population estimate from the state demographer as of December 1, 2020, whichever is greater.

(b) Counties shall use the funds under this subdivision to make grants to individual businesses, nonprofits, and establishments operated by congressionally chartered veterans' organizations that, to the extent it is feasible for the county to determine:

(1) are located in the applicable county in the state, in a county with which there is a collaborative agreement under paragraph (g), or on adjacent Tribal land;

(2) have no current tax liens on record with the secretary of state as of the time of application for a grant under this section; and

(3) were impacted by an executive order related to the COVID-19 pandemic.

(c) A county shall determine grant recipients and the grant amount awarded per grant. A county may award a grant to a business that is owned by a Tribal government and located on Tribal land if the business has voluntarily complied with Executive Order No. 20-99. Nonprofits, including nonprofit arts organizations, museums, and fitness centers, that earn revenue similar to businesses, including but not limited to ticket sales and membership fees, are eligible for grants under this section.

(d) Grant funds must be used by an eligible business or nonprofit for operating expenses incurred during the COVID-19 pandemic.

(e) Grants under this subdivision must be awarded by July 31, 2021.

(f) Grants and the process of making grants under this subdivision are exempt from the following statutes and related policies: Minnesota Statutes, sections 16A.15, subdivision 3; 16B.97; and 16B.98, subdivisions 5, 7, and 8. A county opting to use a third party to administer grants is exempt from Minnesota Statutes, section 471.345, in the selection of the third-party administrator. The exemptions under this paragraph expire July 31, 2021.

(g) Two or more counties may enter into a collaborative agreement and combine payments received under paragraph (a). These combined funds must be used to make grants as allowed by this subdivision.

(h) By January 31, 2022, the commissioner of employment and economic development shall report to the legislative committees with jurisdiction over economic development policy and finance on the grants provided under this subdivision.

(i) Any amount from the appropriation in subdivision 1, paragraph (a), clause (1), unexpended after August 15, 2021, is canceled.

Subd. 3. **Northwest Angle grants.** (a) Lake of the Woods County shall be issued a payment equal to the amount appropriated under subdivision 1, paragraph (a), clause (2), to make grants to individual businesses, nonprofits, and establishments operated by congressionally chartered veterans' organizations that, to the extent it is feasible for the county to determine:

(1) are located in Angle Township; and

(2) have no current tax liens on record with the secretary of state as of the time of application for a grant under this section.

(b) The county shall determine grant recipients and the grant amount awarded per grant.

(c) Grants under this subdivision must be awarded by July 31, 2021.

(d) Grants and the process of making grants under this subdivision are exempt from the following statutes and related policies: Minnesota Statutes, sections 16A.15, subdivision 3; 16B.97; and 16B.98, subdivisions 5, 7, and 8. A county opting to use a third party to administer grants is exempt from Minnesota Statutes, section 471.345, in the selection of the third-party administrator. The exemptions under this paragraph expire July 31, 2021.

(e) By January 31, 2022, the commissioner of employment and economic development shall report to the legislative committees with jurisdiction over economic development policy and finance on the grants provided under this subdivision.

(f) Any amount from the appropriation in subdivision 1, paragraph (a), clause (2), unexpended after August 15, 2021, is canceled.

Subd. 4. **Damage remediation grants.** (a) Hennepin County shall be issued a payment equal to the amount appropriated under subdivision 1, paragraph (a), clause (3), for grants to remediate the effects of fires and vandalism that occurred due to the unrest in the city of Minneapolis and surrounding communities after May 24, 2020, and before June 16, 2020.

(b) A grant recipient must use the money issued under this subdivision for remediation costs, including disaster recovery, infrastructure, reimbursement for emergency personnel costs, reimbursement for equipment costs, and reimbursement for property tax abatements, incurred by public or private entities as a result of the fires and vandalism. This appropriation under subdivision 1, paragraph (a), clause (3), is available until June 30, 2023.

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

ARTICLE 9
LOCAL TAXES

Section 1. Laws 2019, First Special Session chapter 6, article 6, section 25, is amended to read:

Sec. 25. **CITY OF PLYMOUTH; LOCAL LODGING TAX AUTHORIZED.**

(a) Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, the city council for the city of Plymouth may impose by ordinance a tax of up to three percent on the gross receipts subject to the lodging tax under Minnesota Statutes, section 469.190. This tax is in addition to any tax imposed under Minnesota Statutes, section 469.190, and the total tax imposed under that section and this provision must not exceed six percent.

(b) Two-thirds of the revenue from the tax imposed under this section must be dedicated and used for capital improvements to public recreational facilities and marketing and promotion of the community, and the remaining one-third of the revenue must be used for the same purposes as a tax imposed under Minnesota Statutes, section 469.190.

(c) The tax imposed under this authority terminates ~~at the earlier of: (1) ten years after the tax is first imposed; or (2) December 31, 2030~~ when the city council determines that the amount received from the tax is sufficient to retire bonds issued before January 1, 2022, for capital improvements under paragraph (b), plus an amount sufficient to pay costs, including interest costs, related to the issuance of the bonds.

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

Sec. 2. Laws 2019, First Special Session chapter 6, article 6, section 27, is amended to read:

Sec. 27. **CITY OF SARTELL; LOCAL TAXES AUTHORIZED.**

Subdivision 1. **Food and beverage tax authorized.** Notwithstanding Minnesota Statutes, section 297A.99 or 477A.016, or any ordinance or other provision of law, and if approved by voters at ~~the November 3, 2020,~~ a general ~~election,~~ or ~~at a~~ special election held ~~before November 3, 2020~~ pursuant to a resolution adopted by its governing body, the city of Sartell may, by ordinance, impose a sales tax of up to 1-1/2 percent on the gross receipts of all food and beverages sold by a restaurant or place of refreshment, as defined by ordinance of the city, that is located within the city. For purposes of this section, "food and beverages" include retail on-sale of intoxicating liquor and fermented malt beverages.

Subd. 2. **Use of proceeds from authorized taxes.** The proceeds of the taxes imposed under subdivision 1 must be used by the city to fund capital or operational costs for new and existing recreational facilities and related amenities within the city. Authorized expenses include securing or paying debt service on bonds or other obligations issued to finance construction and improvement projects.

~~Subd. 3. **Termination of taxes.** The tax imposed under subdivision 1 expires five years after the tax is first imposed.~~

Subd. 4. **Collection, administration, and enforcement.** The city may enter into an agreement with the commissioner of revenue to administer, collect, and enforce the taxes under subdivision 1. If the commissioner agrees to collect the tax, the provisions of Minnesota Statutes, sections 270C.171 and 297A.99, related to collection, administration, and enforcement apply.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Sartell and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 3. **CARLTON COUNTY; LOCAL SALES AND USE TAX AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, sections 297A.99, subdivision 2, paragraph (b), and 477A.016, or any other law or ordinance, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, Carlton County may impose, by ordinance, a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by Carlton County to pay the costs of collecting and administering the tax, and to finance up to $60,000,000 for the construction of a new law enforcement center and jail serving a regional female offender program. Authorized costs include related parking, design, construction, reconstruction, mechanical upgrades, and engineering costs, as well as the associated bond costs for any bonds issued under subdivision 3.

Subd. 3. **Bonding authority.** (a) Carlton County may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed $60,000,000, plus an amount applied to the payment of costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the county, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the county. Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the earlier of: (1) 30 years after the tax is first imposed; or (2) when the county determines that it has received from this tax $60,000,000 to fund the project listed in subdivision 2, plus an amount sufficient to pay costs, including interest costs, related to the issuance of the bonds authorized in subdivision 3. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the county's general fund. The tax imposed under subdivision 1 may expire at an earlier time if the county determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of Carlton County and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 4. **CITY OF CLOQUET; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Cloquet may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Cloquet to pay the costs of collecting and administering the tax and the capital and administrative costs of any or all of the projects listed in this subdivision. The amount spent on each project is limited to the amount set forth below plus an amount equal to interest on and the costs of issuing any bonds:

(1) construction, reconstruction, expansion, or improvement related to the Pine Valley Regional Park Project, including ski jump repairs, chalet replacement, and parking and lighting improvements, in an amount not to exceed $2,124,700; and

(2) restoration, repair, and upgrading of the Cloquet Ice Arena in an amount not to exceed $6,025,500.

Subd. 3. **Bonding authority.** (a) The city of Cloquet may issue bonds under Minnesota Statutes, chapter 475, to finance up to $8,150,200 of the portion of the costs of the facilities authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed $8,150,200 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 city of Cloquet, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city of Cloquet, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 10 years after the tax is first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Cloquet and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 5. **CITY OF EDINA; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Edina may impose by

ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Edina to pay the costs of collecting and administering the tax and paying for the following projects in the city, including securing and paying debt service on bonds issued to finance all or part of the following projects:

(1) $17,700,000 plus associated bonding costs for development of Fred Richards Park as identified in the Fred Richards Park Master Plan; and

(2) $21,600,000 plus associated bonding costs for improvements to Braemar Park as identified in the Braemar Park Master Plan.

Subd. 3. **Bonding authority.** (a) The city of Edina may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed: (1) $17,700,000 for the project listed in subdivision 2, clause (1), plus an amount to be applied to the payment of the costs of issuing the bonds; and (2) $21,600,000 for the project listed in subdivision 2, clause (2), 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 city of Edina, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city of Edina, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 19 years after the tax is first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, must be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Edina and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 6. **CITY OF FERGUS FALLS; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax; authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter, the city of Fergus Falls may, if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, impose, by ordinance, a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Fergus Falls to pay the costs of collecting and administering the tax and for the following projects in the city, including securing and paying debt service, on bonds issued to finance all or part of the following projects:

(1) $7,800,000 for an aquatics center; and

(2) $5,200,000 for the DeLagoon Improvement Project.

Subd. 3. **Bonding authority.** (a) The city of Fergus Falls may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2, and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed:

(1) $7,800,000 for the project listed in subdivision 2, clause (1), plus an amount needed to pay capitalized interest and an amount to be applied to the payment of the costs of issuing the bonds; and

(2) $5,200,000 for the project listed in subdivision 2, clause (2), plus an amount needed to pay capitalized interest and an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of Fergus Falls, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of Fergus Falls, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) December 31, 2037, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Fergus Falls and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 7. **CITY OF GRAND RAPIDS; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Grand Rapids may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Grand Rapids to pay the costs of collecting and administering the tax including securing and paying debt service on bonds issued and to finance up to $5,980,000 for reconstruction, remodeling, and upgrades to the Grand Rapids IRA Civic Center. Authorized costs include design, construction, reconstruction, mechanical upgrades, and engineering costs, as well as the associated bond costs for any bonds issued under subdivision 3.

Subd. 3. **Bonding authority.** (a) The city of Grand Rapids may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed $5,980,000, 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 city of Grand Rapids, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city of Grand Rapids, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the earlier of: (1) seven years after the tax is first imposed; or (2) when the city council determines that $5,980,000, plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds, has been received from the tax to pay the costs of the project authorized under subdivision 2, and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3. Any funds remaining after payment of all such costs and retirement or redemption of the bonds shall be placed in the general fund of the city, except for funds required to be retained in the state general fund under Minnesota Statutes, section 297A.99, subdivision 3. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Grand Rapids and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 8. **CITY OF HERMANTOWN; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Hermantown may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Hermantown to pay the costs of collecting and administering the tax and paying for the following projects in the city related to a Community Recreational Initiative, including securing and paying debt service on bonds issued to finance all or part of the following projects:

(1) $10,840,000 for an addition of a second ice sheet with locker rooms and other facilities and upgrades to the Hermantown Hockey Arena; and

(2) $4,570,000 for construction of the Hermantown-Proctor trail running from the Essentia Wellness Center to the border with Proctor and eventually connecting to the Munger Trail.

Subd. 3. **Bonding authority.** (a) The city of Hermantown may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed: (1) $10,840,000 for the project listed in subdivision 2, clause (1), plus an amount to be applied to the payment of the costs of issuing the bonds; and (2) $4,570,000 for the project listed in subdivision 2, clause (2), 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 city of Hermantown, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city of Hermantown, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 16 years after being first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Hermantown and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 9. **ITASCA COUNTY; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other law or ordinance and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, Itasca County may impose by ordinance a sales and use tax of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by Itasca County to pay the costs of collecting and administering the tax and paying for up to $75,000,000 for new construction of or upgrades to correctional facilities, new construction of or upgrades to court facilities including ancillary support accommodations, and new construction of or upgrades to county offices, plus an amount needed for securing and paying debt service on bonds issued for the project.

Subd. 3. **Bonding authority.** (a) Itasca County may issue bonds under Minnesota Statutes, chapter 475, to finance the costs of the facility authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed $75,000,000 for the project listed in subdivision 2, 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 county, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the county, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 30 years after the tax is first imposed, or (2) when the county board determines that the amount received from the tax is sufficient to pay $75,000,000 in project costs authorized under subdivision 2, plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the county. The tax imposed under subdivision 1 may expire at an earlier time if the county so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of Itasca County and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 10. **CITY OF LITCHFIELD; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Litchfield may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Litchfield to pay the costs of collecting and administering the tax and for up to $10,000,000 for the cost of constructing a community wellness/recreation center that will include a gymnasium and general fitness spaces, a dedicated walking section, a community room, and any locker rooms and mechanical equipment needed for future additions to the facility.

Subd. 3. **Bonding authority.** (a) The city of Litchfield may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed $10,000,000 for the project listed in subdivision 2 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 city of Litchfield, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city of Litchfield and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years after being first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of

the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Litchfield and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 11. **CITY OF LITTLE FALLS; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Little Falls may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Little Falls to pay the costs of collecting and administering the tax and for up to $17 million for the cost of constructing a community recreational facility that includes a gymnasium with an indoor track, multipurpose rooms for meeting and educational spaces, office and storage space, and outdoor recreational facilities for aquatic recreation with a master plan to incorporate future additions to the facility.

Subd. 3. **Bonding authority.** (a) The city of Little Falls may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed $17,000,000 for the project listed in subdivision 2 plus an amount needed to pay capitalized interest and 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 city of Little Falls, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city of Little Falls, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 30 years after being first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for the project if approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Little Falls and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 12. **CITY OF MAPLE GROVE; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Maple Grove may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Maple Grove to pay the costs of collecting and administering the tax, and to finance up to $90,000,000 for the expansion and renovation of the Maple Grove Community Center, plus an amount needed for securing and paying debt service on bonds issued to finance the project.

Subd. 3. **Bonding authority.** (a) The city of Maple Grove may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in subdivision 2, and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed $90,000,000, plus an amount 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 city, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city. Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for the project approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is 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.

Sec. 13. **COUNTY OF MILLE LACS; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law or ordinance, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, Mille Lacs County may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by Mille Lacs County to pay the costs of collecting and administering the tax, and to finance up to $10,000,000 for the construction of a public works building in Mille Lacs County, plus an amount needed for securing and paying debt service on bonds issued to finance the project.

Subd. 3. **Bonding authority.** (a) Mille Lacs County may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in subdivision 2, and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed $10,000,000, plus an amount 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 county, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the county. Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the earlier of: (1) eight years after the tax is first imposed; or (2) when the county board determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for the project approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the county. The tax imposed under subdivision 1 may expire at an earlier time if the county so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of Mille Lacs County and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 14. **CITY OF MOORHEAD; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Moorhead may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Moorhead to pay the costs of collecting and administering the tax, and to finance up to $31,590,000 for the construction of a regional library and community center in the city of Moorhead, plus an amount needed for securing and paying debt service on bonds issued to finance the project.

Subd. 3. **Bonding authority.** (a) The city of Moorhead may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in subdivision 2, and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed $31,590,000, plus an amount 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 city, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city. Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the earlier of: (1) 22 years after the tax is first imposed; or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for the project approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Moorhead and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 15. **CITY OF OAKDALE; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other ordinance or city charter, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Oakdale may impose, by ordinance, a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Oakdale to pay the costs of collecting and administering the tax and paying for the following projects in the city, including securing and paying debt service on bonds issued to finance all or part of the following projects:

(1) $22,000,000 plus associated bonding costs for construction of a new public works facility; and

(2) $15,000,000 plus associated bonding costs for expansion of the police department facility.

Subd. 3. **Bonding authority.** (a) The city of Oakdale may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed: (1) $22,000,000 for the project listed in subdivision 2, clause (1), plus an amount applied to the payment of costs of issuing the bonds; and (2) $15,000,000 for the projects listed in subdivision 2, clause (2), plus an amount applied to the payment of costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the city of Oakdale, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city. Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines that the city has received from this tax $37,000,000 to fund the projects listed in subdivision 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of the bonds authorized in subdivision 3. Except as otherwise provided under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to timing of the termination under Minnesota Statutes, section 297A.99, shall be placed in the city's general fund. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Oakdale and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 16. **CITY OF ST. CLOUD; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of St. Cloud may impose, by ordinance, a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of St. Cloud to pay the costs of collecting and administering the tax, including securing and paying debt service on bonds issued, and to finance up to $21,100,000 plus associated bonding costs for expansion and improvement of St. Cloud's Municipal Athletic Complex.

Subd. 3. **Bonding authority.** (a) The city of St. Cloud may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed $21,100,000 plus an amount applied to the payment of costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the city of St. Cloud, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city. Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the earlier of: (1) five years after the tax is first imposed; or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2, and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, plus an amount sufficient to pay costs, including interest costs, related to the issuance of the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed costs due to timing of the termination under Minnesota Statutes, section 297A.99, shall be placed in the city's general fund. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of St. Cloud and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 17. **CITY OF ST. PETER; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of St. Peter may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of St. Peter to pay the costs of collecting and administering the tax and paying for up to $9,121,000 for construction of a new fire station, plus an amount needed for securing and paying debt service on bonds issued to finance the project.

Subd. 3. **Bonding authority.** (a) The city of St. Peter may issue bonds under Minnesota Statutes, chapter 475, to finance the costs of the facility authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed $9,121,000 for the project listed in subdivision 2, 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 city of St. Peter, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city of St. Peter; and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 40 years after the tax is first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the $9,121,000 in project costs authorized under subdivision 2, plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of St. Peter and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 18. **CITY OF WADENA; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Wadena may impose, by ordinance, a sales and use tax of one-quarter of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Wadena to pay the costs of collecting and administering the tax and to finance up to $3,000,000, plus associated bonding costs including securing and paying debt service on bonds issued, for the Wadena Library Rehabilitation Project.

Subd. 3. **Bonding authority.** (a) The city of Wadena may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed $3,000,000, plus an amount applied to the payment of costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the city of Wadena, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city. Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2, and approved by the voters as required under

Minnesota Statutes, section 297A.99, subdivision 3, plus an amount sufficient to pay costs, including interest costs, related to the issuance of the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed costs due to timing of the termination under Minnesota Statutes, section 297A.99, shall be placed in the city's general fund. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Wadena and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 19. **CITY OF WAITE PARK; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Waite Park may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Waite Park to pay the costs of collecting and administering the tax and for the following projects in the city, including securing and paying debt service on bonds issued to finance all or part of the following projects:

(1) up to $7,500,000 plus associated bonding costs for regional trail connections; and

(2) up to $20,000,000 plus associated bonding costs for construction and equipping of a public safety facility.

Subd. 3. **Bonding authority.** (a) The city of Waite Park may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed:

(1) $7,500,000 for the project listed in subdivision 2, clause (1), plus an amount needed to pay capitalized interest and an amount to be applied to the payment of the costs of issuing the bonds; and

(2) $20,000,000 for the project listed in subdivision 2, clause (2), plus an amount needed to pay capitalized interest and 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 city of Waite Park, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city of Waite Park, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 19 years after the tax is first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under

subdivision 2 for projects approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Waite Park and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 10
TAX INCREMENT FINANCING

Section 1. Minnesota Statutes 2020, section 469.176, is amended by adding a subdivision to read:

Subd. 4n. **Temporary use of increment authorized.** (a) Notwithstanding any other provision of this section or any other law to the contrary, except the requirements to pay bonds to which increments are pledged, the authority may elect by resolution to transfer unobligated increments from a district either (1) to the municipality for deposit into the municipality's general fund upon the request of the municipality, or (2) to provide improvements, loans, interest rate subsidies, or assistance in any form to businesses impacted by COVID-19. The authority may transfer increments under this subdivision after the spending plan and public hearing requirements under paragraph (c) are met. The municipality may expend transferred increments under clause (1) for any purpose permitted under the municipality's general fund.

(b) For each calendar year for which transfers are permitted under this subdivision, the maximum transfer equals the excess of the district's unobligated increments which includes any increment not required for payments of obligations due during the six months following the transfer on outstanding bonds, binding contracts, and other outstanding financial obligations of the district to which the district's increments are pledged.

(c) The authority may transfer increments permitted under this subdivision after creating a written spending plan that authorizes the authority to take the action described in paragraph (a) and details the use of transferred increments. Additionally, the municipality must approve the authority's spending plan after holding a public hearing. The municipality must publish notice of the hearing in a newspaper of general circulation in the municipality and on the municipality's public website at least ten days, but not more than 30 days, prior to the date of the hearing.

(d) Increment that is improperly retained, received, spent, or transferred is not eligible for a transfer under this subdivision.

(e) An authority making a transfer under this subdivision must provide to the Office of the State Auditor a copy of the spending plan approved and signed by the municipality.

(f) The authority to transfer increments under this subdivision expires on December 31, 2022. All transferred increments must be spent by December 31, 2022. If the municipality cannot spend the transferred increments by December 31, 2022, the municipality must adopt a spending plan that details the use of transferred increments, and must provide a copy of this spending plan to the Office of the State Auditor.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies to increments from any district that are unobligated as of the date of final enactment regardless of when the authority made a request for certification.

Sec. 2. Minnesota Statutes 2020, section 469.1763, subdivision 2, is amended to read:

Subd. 2. **Expenditures outside district.** (a) For each tax increment financing district, an amount equal to at least 75 percent of the total revenue derived from tax increments paid by properties in the district must be expended on activities in the district or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities in the district or to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not more than 25 percent of the total revenue derived from tax increments paid by properties in the district may be expended, through a development fund or otherwise, on activities outside of the district but within the defined geographic area of the project except to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is 20 percent. The revenues derived from tax increments paid by properties in the district that are expended on costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating the percentages that must be expended within and without the district.

(b) In the case of a housing district, ~~a housing project, as defined in section 469.174, subdivision 11, is an activity in the district.~~ the following are considered to be activities in the district:

(1) a housing project, as defined in section 469.174, subdivision 11; and

(2) a transfer of increments to an affordable housing trust fund established pursuant to section 462C.16, for expenditures made in conformity with the political subdivision's ordinance and policy establishing the trust fund. Any transfers made pursuant to this clause are not subject to the annual reporting requirements imposed by section 469.175, subdivision 6, except that the amount of any transfer must be reported.

(c) All administrative expenses are for activities outside of the district, except that if the only expenses for activities outside of the district under this subdivision are for the purposes described in paragraph (d), administrative expenses will be considered as expenditures for activities in the district.

(d) The authority may elect, in the tax increment financing plan for the district, to increase by up to ~~ten~~ 25 percentage points the permitted amount of expenditures for activities located outside the geographic area of the district under paragraph (a). As permitted by section 469.176, subdivision 4k, the expenditures, including the permitted expenditures under paragraph (a), need not be made within the geographic area of the project. Expenditures that meet the requirements of this paragraph are legally permitted expenditures of the district, notwithstanding section 469.176, subdivisions 4b, 4c, and 4j. To qualify for the increase under this paragraph, the expenditures must:

(1) be used ~~exclusively~~ to assist housing that meets the requirement for a qualified low-income building, as that term is used in section 42 of the Internal Revenue Code, or to assist owner-occupied housing that meets the requirements of section 469.1761; ~~and~~

(2) not exceed the qualified basis of the housing, as defined under section 42(c) of the Internal Revenue Code, less the amount of any credit allowed under section 42 of the Internal Revenue Code; and

(3) be used to:

(i) acquire and prepare the site of the housing;

(ii) acquire, construct, or rehabilitate the housing; or

(iii) make public improvements directly related to the housing; or

(4) be used to develop housing:

(i) if the market value of the housing does not exceed the lesser of:

(A) 150 percent of the average market value of single-family homes in that municipality; or

(B) $200,000 for municipalities located in the metropolitan area, as defined in section 473.121, or $125,000 for all other municipalities; and

(ii) if the expenditures are used to pay the cost of site acquisition, relocation, demolition of existing structures, site preparation, and pollution abatement on one or more parcels, if the parcel contains a residence containing one to four family dwelling units that has been vacant for six or more months and is in foreclosure as defined in section 325N.10, subdivision 7, but without regard to whether the residence is the owner's principal residence, and only after the redemption period has expired.

(e) The authority under paragraph (d), clause (4), expires on December 31, 2016. Increments may continue to be expended under this authority after that date, if they are used to pay bonds or binding contracts that would qualify under subdivision 3, paragraph (a), if December 31, 2016, is considered to be the last date of the five-year period after certification under that provision.

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

Sec. 3. Minnesota Statutes 2020, section 469.1763, subdivision 3, is amended to read:

Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments paid by properties in the district are considered to have been expended on an activity within the district under subdivision 2 only if one of the following occurs:

(1) before or within five years after certification of the district, the revenues are actually paid to a third party with respect to the activity;

(2) bonds, the proceeds of which must be used to finance the activity, are issued and sold to a third party before or within five years after certification, the revenues are spent to repay the bonds, and the proceeds of the bonds either are, on the date of issuance, reasonably expected to be spent before the end of the later of (i) the five-year period, or (ii) a reasonable temporary period within the meaning of the use of that term under section 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve or replacement fund;

(3) binding contracts with a third party are entered into for performance of the activity before or within five years after certification of the district and the revenues are spent under the contractual obligation;

(4) costs with respect to the activity are paid before or within five years after certification of the district and the revenues are spent to reimburse a party for payment of the costs, including interest on unreimbursed costs; or

(5) expenditures are made for housing purposes as permitted by subdivision 2, paragraphs (b) and (d), or for public infrastructure purposes within a zone as permitted by subdivision 2, paragraph (e).

(b) For purposes of this subdivision, bonds include subsequent refunding bonds if the original refunded bonds meet the requirements of paragraph (a), clause (2).

(c) For a redevelopment district or a renewal and renovation district certified after June 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a) are extended to ten years after certification of the district. For a redevelopment district certified after April 20, 2009, and before June 30, 2012, the five-year periods described in paragraph (a) are extended to eight years after certification of the district. This extension is provided primarily to accommodate delays in development activities due to unanticipated economic circumstances.

(d) For a redevelopment district that was certified after December 31, 2017, the five-year periods described in paragraph (a) are extended to ten years after certification of the district.

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

Sec. 4. Minnesota Statutes 2020, section 469.1763, subdivision 4, is amended to read:

Subd. 4. **Use of revenues for decertification.** (a) In each year beginning with the sixth year following certification of the district, or beginning with the 11th year following certification of the district for districts whose five-year rule is extended to ten years under subdivision 3, paragraph (d), if the applicable in-district percent of the revenues derived from tax increments paid by properties in the district exceeds the amount of expenditures that have been made for costs permitted under subdivision 3, an amount equal to the difference between the in-district percent of the revenues derived from tax increments paid by properties in the district and the amount of expenditures that have been made for costs permitted under subdivision 3 must be used and only used to pay or defease the following or be set aside to pay the following:

(1) outstanding bonds, as defined in subdivision 3, paragraphs (a), clause (2), and (b);

(2) contracts, as defined in subdivision 3, paragraph (a), clauses (3) and (4);

(3) credit enhanced bonds to which the revenues derived from tax increments are pledged, but only to the extent that revenues of the district for which the credit enhanced bonds were issued are insufficient to pay the bonds and to the extent that the increments from the applicable pooling percent share for the district are insufficient; or

(4) the amount provided by the tax increment financing plan to be paid under subdivision 2, paragraphs (b), (d), and (e).

(b) The district must be decertified and the pledge of tax increment discharged when the outstanding bonds have been defeased and when sufficient money has been set aside to pay, based on the increment to be collected through the end of the calendar year, the following amounts:

(1) contractual obligations as defined in subdivision 3, paragraph (a), clauses (3) and (4);

(2) the amount specified in the tax increment financing plan for activities qualifying under subdivision 2, paragraph (b), that have not been funded with the proceeds of bonds qualifying under paragraph (a), clause (1); and

(3) the additional expenditures permitted by the tax increment financing plan for housing activities under an election under subdivision 2, paragraph (d), that have not been funded with the proceeds of bonds qualifying under paragraph (a), clause (1).

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

Sec. 5. **CITY OF BLOOMINGTON; TIF AUTHORITY; AMERICAN BOULEVARD.**

Subdivision 1. **Establishment.** Pursuant to the special rules established in subdivision 2, the housing and redevelopment authority of the city of Bloomington or the city of Bloomington may establish a redevelopment district within the city of Bloomington, limited to the following parcels, identified by tax identification numbers, together with adjacent roads and rights-of-way: 04-027-24-11-0032, 04-027-24-11-0033, and 04-027-24-11-0034.

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 district meets 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 meet the requirements of Minnesota Statutes, section 469.176, subdivision 4j; and

(3) increments generated from the district may be expended on undergrounding or overhead power lines, transformers, and related utility infrastructure within the project area and all such expenditures are deemed expended on activities within the district for purposes of Minnesota Statutes, section 469.1763.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Bloomington and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 6. **CITY OF BLOOMINGTON; TIF AUTHORITY; 98TH & ALDRICH.**

Subdivision 1. **Establishment.** Pursuant to the special rules established in subdivision 2, the housing and redevelopment authority of the city of Bloomington or the city of Bloomington may establish a redevelopment district within the city of Bloomington, limited to the following parcels, identified by tax identification numbers, together with adjacent roads and rights-of-way: 16-027-24-41-0010, 16-027-24-41-0011, and 16-027-24-41-0012.

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 district meets 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 meet the requirements of Minnesota Statutes, section 469.176, subdivision 4j.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Bloomington and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 7. **CITY OF BURNSVILLE; TIF AUTHORITY.**

Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the economic development authority of the city of Burnsville or the city of Burnsville may establish one or more redevelopment districts located wholly within the area of the city of Burnsville, Dakota County, Minnesota, limited to the parcels comprising the Burnsville Center mall together with adjacent roads and rights-of-way.

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 construction and acquisition of property for a bridge, tunnel, or other connector from the property described in subdivision 1 across adjacent roads and rights-of-way and all such expenditures are deemed expended on activities within the district for purposes of Minnesota Statutes, section 469.1763.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Burnsville and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 8. **CITY OF FRIDLEY; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.**

Subdivision 1. **Housing program uses.** Notwithstanding Minnesota Statutes, section 469.176, subdivision 4j, or 469.1763, subdivision 2, or any law to the contrary, the governing body of the city of Fridley or its development authority may elect to spend tax increments from Tax Increment Financing District No. 20 on housing programs outside of the district. The authorized housing programs include but are not limited to:

(1) the revolving rehab loan program;

(2) the multifamily improvement loan program;

(3) the mobile home improvement loan program;

(4) the last resort emergency deferred loan program;

(5) the senior deferred loan program;

(6) the down payment assistance loan program;

(7) the residential major project grant program;

(8) the residential paint rebate grant program; and

(9) the front door grant program.

Subd. 2. **Decertification.** The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, and the use of revenues for decertification in Minnesota Statutes, section 469.1763, subdivision 4, do not apply to Tax Increment Financing District No. 20.

Subd. 3. **Expiration.** The authority to make the election under this section expires December 31, 2023.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Fridley and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 9. **CITY OF MINNETONKA; USE OF INCREMENT AUTHORIZED.**

(a) Notwithstanding Minnesota Statutes, section 469.1763, or any law to the contrary, tax increments from any redevelopment tax increment financing district in the city of Minnetonka may be used to assist affordable housing development that meets the requirements of Minnesota Statutes, section 469.1761, subdivision 2 or 3.

(b) The city of Minnetonka, or its economic development authority, is authorized to transfer tax increments from tax increment districts in the city of Minnetonka to the affordable housing trust fund established by the city of Minnetonka pursuant to Minnesota Statutes, section 462C.16, for expenditures made in conformity with the city ordinance establishing the trust fund. Transfers made pursuant to this paragraph are in addition to tax increment expenditures under Minnesota Statutes, section 469.1763, subdivision 2, paragraph (d). Any transfers made pursuant to this paragraph are not subject to the annual reporting requirements imposed by Minnesota Statutes, section 469.175, subdivision 6, except that the amount of any transfer must be reported.

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. 10. **CITY OF MOUNTAIN LAKE; TIF DISTRICT NO. 1-8; FIVE-YEAR RULE EXTENSION.**

(a) 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 extended by a five-year period for Tax Increment Financing District No. 1-8, administered by the city of Mountain Lake or its economic development authority.

(b) The requirement of Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period in Minnesota Statutes, section 469.1763, subdivision 3, is extended to the district's 11th year.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Mountain Lake and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 11. **CITY OF RICHFIELD; USE OF TAX INCREMENT AUTHORIZED.**

(a) Notwithstanding Minnesota Statutes, section 469.1763, or any law to the contrary, tax increments from any tax increment financing district in the city of Richfield may be used to assist affordable housing development that meets the requirements of Minnesota Statutes, section 469.1761, subdivision 2 or 3.

(b) The city of Richfield, or its housing and redevelopment authority, is authorized to transfer up to 15 percent of tax increments from redevelopment tax increment districts in the city of Richfield, including amounts previously accumulated, to the Affordable Housing Trust Fund established by the city of Richfield pursuant to Minnesota Statutes, section 462C.16, for expenditures made in conformity with the city ordinance establishing the trust fund. Transfers made pursuant to this paragraph are in addition to tax increment expenditures under Minnesota Statutes, section 469.1763, subdivision 2, paragraph (d). Any transfers made pursuant to this paragraph are not subject to the annual reporting requirements imposed by Minnesota Statutes, section 469.175, subdivision 6, except that the amount of any transfer must be reported.

(c) The authority to make transfers of tax increments pursuant to this section expires December 31, 2030.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Richfield and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 12. **CITY OF ST. LOUIS PARK; USE OF INCREMENT AUTHORIZED.**

(a) Notwithstanding Minnesota Statutes, section 469.1763, subdivision 2, paragraph (d), or any law to the contrary, tax increment from any district for which the economic development authority of St. Louis Park has elected to increase the permitted amount of expenditures for activities located outside the district's area, as allowed by Minnesota Statutes, section 469.1763, subdivision 2, paragraph (d), clause (1), must be used exclusively to assist housing development that meets either the requirements of Minnesota Statutes, section 469.1761, subdivision 2, or Minnesota Statutes, section 469.1763, subdivision 2, paragraph (d), clauses (1) to (3).

(b) The economic development authority of St. Louis Park is authorized to make permanent transfers of tax increments accumulated for housing development pursuant to either Minnesota Statutes, section 469.1763, subdivision 2, paragraph (b) or (d), from the tax increment accounts to the Affordable Housing Trust Fund established by the city of St. Louis Park pursuant to Minnesota Statutes, section 462C.16, for expenditures made in conformity with the city ordinance and policy establishing such trust fund. Any transfers made pursuant to this paragraph are not subject to the annual reporting requirements imposed by Minnesota Statutes, section 469.175, subdivision 6, except that the amount of any transfer must be reported.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of St. Louis Park and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 13. **CITY OF WAYZATA; TIF DISTRICT NO. 6.**

Notwithstanding Minnesota Statutes, section 469.1763, subdivision 2, the city of Wayzata may expend increments generated from Tax Increment Financing District No. 6 for the design and construction of the lakefront pedestrian walkway and community transient lake public access infrastructure related to the Panoway on Wayzata Bay project, and all such expenditures are deemed expended on activities within the district.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Wayzata and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 14. **CITY OF WINDOM; TIF DISTRICT 1-22; FIVE-YEAR RULE EXTENDED.**

(a) 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 Tax Increment Financing District 1-22, administered by the city of Windom or its economic development authority, if activities are undertaken within ten years of the district's certification.

(b) The requirement of Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period in Minnesota Statutes, section 469.1763, subdivision 3, is extended to the district's 11th year.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Windom and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 15. **CITY OF WINDOM; TIF DISTRICT 1-22; DURATION EXTENSION.**

Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, or any other law to the contrary, the city of Windom or its economic development authority may elect to extend the duration limit of Tax Increment Financing District 1-22 by five years.

EFFECTIVE DATE. This section is effective upon compliance by the city of Windom, Cottonwood County, and Independent School District No. 177 with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivisions 2 and 3.

ARTICLE 11
PUBLIC FINANCE

Section 1. Minnesota Statutes 2020, section 297A.993, subdivision 2, is amended to read:

Subd. 2. **Allocation; termination.** The proceeds of the taxes must be dedicated exclusively to: (1) payment of the capital cost of a specific transportation project or improvement; (2) payment of the costs, which may include both capital and operating costs, of a specific transit project or improvement; (3) payment of the capital costs of a safe routes to school program under section 174.40; ~~or~~ (4) payment of transit operating costs; or (5) payment of the capital cost of constructing buildings and other facilities for maintaining transportation or transit projects or improvements. The transportation or transit project or improvement must be designated by the board of the county, or more than one county acting under a joint powers agreement. Except for taxes for operating costs of a transit project or improvement, or for transit operations, the taxes must terminate when revenues raised are sufficient to finance the project. Nothing in this subdivision prohibits the exclusive dedication of the proceeds of the taxes to payments for more than one project or improvement. After a public hearing a county may, by resolution, dedicate the proceeds of the tax for a new enumerated project.

Sec. 2. Minnesota Statutes 2020, section 453A.04, subdivision 21, is amended to read:

Subd. 21. ~~**All other powers**~~ **Exercising powers of a municipal power agency.** ~~It may exercise all other powers not inconsistent with the Constitution of the state of Minnesota or the United States Constitution, which powers may be reasonably necessary or appropriate for or incidental to the effectuation of its authorized purposes or to the exercise of any of the powers enumerated in this section, and generally may exercise in connection with its property and affairs, and in connection with property within its control, any and all powers which might be exercised by a natural person or a private corporation in connection with similar property and affairs.~~ It may exercise the powers of a municipal power agency under chapter 453, for the limited purpose of engaging in tax-exempt prepayments and related transactions as described in section 148(b)(4) of the Internal Revenue Code of 1986, as amended, and the Code of Federal Regulations, title 26, part 1, section 1.148-1(e)(2)(iii), both as may be amended from time to time, or as may otherwise be authorized by statute or the Commissioner of Internal Revenue.

Sec. 3. Minnesota Statutes 2020, section 453A.04, is amended by adding a subdivision to read:

Subd. 22. **All other powers.** It may exercise all other powers not inconsistent with the Constitution of the state of Minnesota or the United States Constitution, which powers may be reasonably necessary or appropriate for or incidental to the effectuation of its authorized purposes or to the exercise of any of the powers enumerated in this section, and generally may exercise in connection with its property and affairs, and in connection with property within its control, any and all powers which might be exercised by a natural person or a private corporation in connection with similar property and affairs.

Sec. 4. Minnesota Statutes 2020, section 465.71, is amended to read:

465.71 INSTALLMENT, LEASE PURCHASE; CITY, COUNTY, TOWN, SCHOOL.

A home rule charter city, statutory city, county, town, or school district may purchase personal property under an installment contract, or lease real or personal property with an option to purchase under a lease-purchase agreement, by which contract or agreement title is retained by the seller or vendor or assigned to a third party as security for the purchase price, including interest, if any, but such purchases are subject to statutory and charter provisions applicable to the purchase of real or personal property. For purposes of the bid requirements contained in section 471.345, "the amount of the contract" shall include the total of all lease payments for the entire term of the lease under a lease-purchase agreement. The obligation created by an installment contract or a lease-purchase agreement for personal property, or an installment contract or a lease-purchase agreement for real property if the amount of the contract for purchase of the real property is less than $1,000,000, shall not be included in the calculation of net debt for purposes of section 475.53, and shall not constitute debt under any other statutory provision. No election shall be required in connection with the execution of an installment contract or a lease-purchase agreement authorized by this section. The city, county, town, or school district must have the right to terminate a lease-purchase agreement at the end of any fiscal year during its term.

Sec. 5. Minnesota Statutes 2020, section 475.56, is amended to read:

475.56 INTEREST RATE.

(a) Any municipality issuing obligations under any law may issue obligations bearing interest at a single rate or at rates varying from year to year which may be lower or higher in later years than in earlier years. ~~Such higher rate for any period prior to maturity may be represented in part by separate coupons designated as additional coupons, extra coupons, or B coupons, but the~~ The highest aggregate rate of interest contracted to be so paid for any period shall not exceed the maximum rate authorized by law~~. Such higher rate may also be represented in part by the issuance of additional obligations of the same series, over and above but not exceeding two percent of the amount otherwise authorized to be issued, and the amount of such additional obligations shall not be included in the amount~~

~~required by section 475.59 to be stated in any bond resolution, notice, or ballot, or in the sale price required by section 475.60 or any other law to be paid; but if the principal amount of the entire series exceeds its cash sale price, such excess shall not, when added to the total amount of interest payable on all obligations of the series to their stated maturity dates, cause~~ and the average annual rate of such interest ~~to~~ may not exceed the maximum rate authorized by law. This section does not authorize a provision in any such obligations for the payment of a higher rate of interest after maturity than before.

(b) Any municipality issuing obligations under any law may sell original issue discount or premium obligations ~~having a stated principal amount in excess of the authorized amount and the sale price, provided that:~~. To determine the average annual rate of interest on the obligations, any discount shall be added to, and any premium subtracted from, the total amount of interest on the obligations to their stated maturity dates.

~~(1) the sale price does not exceed by more than two percent the amount of obligations otherwise authorized to be issued;~~

~~(2) the underwriting fee, discount, or other sales or underwriting commission does not exceed two percent of the sale price; and~~

~~(3) the discount rate necessary to present value total principal and interest payments over the term of the issue to the sale price does not exceed the lesser of the maximum rate permitted by law for municipal obligations or ten percent.~~

(c) Any obligation may bear interest at a rate varying periodically at the time or times and on the terms, including convertibility to a fixed rate of interest, determined by the governing body of the municipality, but the rate of interest for any period shall not exceed any maximum rate of interest for the obligations established by law. For purposes of section 475.61, subdivisions 1 and 3, the interest payable on variable rate obligations for their term shall be determined as if their rate of interest is the lesser of the maximum rate of interest payable on the obligations in accordance with their terms or the rate estimated for such purpose by the governing body, but if the interest rate is subsequently converted to a fixed rate the levy may be modified to provide at least five percent in excess of amounts necessary to pay principal of and interest at the fixed rate on the obligations when due. For purposes of computing debt service or interest pursuant to section 475.67, subdivision 12, interest throughout the term of bonds issued pursuant to this subdivision is deemed to accrue at the rate of interest first borne by the bonds. The provisions of this paragraph do not apply to general obligations issued by a statutory or home rule charter city with a population of less than 7,500, as defined in section 477A.011, subdivision 3, or to general obligations that are not rated A or better, or an equivalent subsequently established rating, by Standard and Poor's Corporation, Moody's Investors Service or other similar nationally recognized rating agency, except that any statutory or home rule charter city, regardless of population or bond rating, may issue variable rate obligations as a participant in a bond pooling program established by the League of Minnesota Cities that meets this bond rating requirement.

Sec. 6. Minnesota Statutes 2020, section 475.58, subdivision 3b, is amended to read:

Subd. 3b. **Street reconstruction and bituminous overlays.** (a) A municipality may, without regard to the election requirement under subdivision 1, issue and sell obligations for street reconstruction or bituminous overlays, if the following conditions are met:

(1) the streets are reconstructed or overlaid under a street reconstruction or overlay plan that describes the street reconstruction or overlay to be financed, the estimated costs, and any planned reconstruction or overlay of other streets in the municipality over the next five years, and the plan and issuance of the obligations has been approved by a vote of a two-thirds majority of the members of the governing body present at the meeting following a public hearing for which notice has been published in the official newspaper at least ten days but not more than 28 days prior to the hearing; and

(2) if a petition requesting a vote on the issuance is signed by voters equal to five percent of the votes cast in the last municipal general election and is filed with the municipal clerk within 30 days of the public hearing, the municipality may issue the bonds only after obtaining the approval of a majority of the voters voting on the question of the issuance of the obligations. If the municipality elects not to submit the question to the voters, the municipality shall not propose the issuance of bonds under this section for the same purpose and in the same amount for a period of 365 days from the date of receipt of the petition. If the question of issuing the bonds is submitted and not approved by the voters, the provisions of section 475.58, subdivision 1a, shall apply.

(b) Obligations issued under this subdivision are subject to the debt limit of the municipality and are not excluded from net debt under section 475.51, subdivision 4.

(c) For purposes of this subdivision, street reconstruction and bituminous overlays ~~includes~~ include but are not limited to: utility replacement and relocation and other activities incidental to the street reconstruction~~,~~; the addition or reconstruction of turn lanes, bicycle lanes, sidewalks, paths, and other improvements having a substantial public safety function~~,~~; realignments~~,~~ and other modifications to intersect with state and county roads~~,~~; and the local share of state and county road projects. For purposes of this subdivision, "street reconstruction" includes expenditures for street reconstruction that have been incurred by a municipality before approval of a street reconstruction plan, if such expenditures are included in a street reconstruction plan approved on or before the date of the public hearing under paragraph (a), clause (1), regarding issuance of bonds for such expenditures.

(d) Except in the case of turn lanes, bicycle lanes, sidewalks, paths, and other safety improvements~~,~~; realignments~~,~~; intersection modifications~~,~~; and the local share of state and county road projects, street reconstruction and bituminous overlays does not include the portion of project cost allocable to widening a street or adding curbs and gutters where none previously existed.

Sec. 7. Minnesota Statutes 2020, section 475.60, subdivision 1, is amended to read:

Subdivision 1. **Advertisement.** All obligations shall be negotiated and sold by the governing body, except when authority therefor is delegated by the governing body or by the charter of the municipality to a board, department, or officers of the municipality. ~~Except as provided in section 475.56, obligations shall be sold at not less than par value plus accrued interest to date of delivery and not greater than two percent greater than the amount authorized to be issued plus accrued interest.~~ Except as provided in subdivision 2 all obligations shall be sold at competitive sale after notice given as provided in subdivision 3.

Sec. 8. Minnesota Statutes 2020, section 475.67, subdivision 8, is amended to read:

Subd. 8. **Escrow account securities.** Securities purchased for the escrow account shall be limited to:

(1) general obligations of the United States, securities whose principal and interest payments are guaranteed by the United States, including but not limited to Resolution Funding Corporation Interest Separate Trading of Registered Interest and Principal of Securities and United States Agency for International Development Bonds, and securities issued by ~~the following agencies of the United States: Banks for Cooperatives,~~ United States government-sponsored enterprises including but not limited to Federal Home Loan Banks, ~~Federal Intermediate Credit Banks, Federal Land Banks, and~~ the Federal Farm Credit System, the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation; or

(2) obligations issued or guaranteed by any state or any political subdivision of a state, which at the date of purchase are rated in the highest or the next highest rating category by Standard and Poor's Corporation, Moody's Investors Service, or a similar nationally recognized rating agency, but not less than the rating on the refunded bonds immediately prior to the refunding.

"Rating category," as used in this subdivision, means a generic securities rating category, without regard in the case of a long-term rating category to any refinement or gradation of such long-term rating category by a numerical modifier or otherwise.

Sec. 9. **REPEALER.**

Minnesota Statutes 2020, section 469.055, subdivision 7, is repealed.

ARTICLE 12
TAX EXPENDITURE REVIEW

Section 1. Minnesota Statutes 2020, section 3.192, is amended to read:

3.192 REQUIREMENTS FOR NEW OR RENEWED TAX EXPENDITURES.

(a) Any bill that creates, renews, or continues a tax expenditure must include a statement of intent that clearly provides the purpose of the tax expenditure and a standard or goal against which its effectiveness may be measured.

(b) For purposes of this section, "tax expenditure" has the meaning given in section 270C.11, subdivision 6.

(c) Any bill that creates a new tax expenditure or continues an expiring tax expenditure must include an expiration date for the tax expenditure that is no more than eight years from the day the provision takes effect.

EFFECTIVE DATE. This section is effective beginning with the 2022 legislative session.

Sec. 2. Minnesota Statutes 2020, section 3.8853, subdivision 2, is amended to read:

Subd. 2. **Director; staff.** (a) The Legislative Budget Office Oversight Commission must appoint a director and establish the director's duties. The director may hire staff necessary to do the work of the office. The director serves in the unclassified service for a term of six years and may not be removed during a term except for cause after a public hearing.

(b) The director and staff hired under this section must provide professional and technical assistance to the Tax Expenditure Review Commission under section 3.8855.

Sec. 3. **[3.8855] TAX EXPENDITURE REVIEW COMMISSION.**

Subdivision 1. **Establishment.** The Tax Expenditure Review Commission is created to review Minnesota's tax expenditures and evaluate their effectiveness and fiscal impact.

Subd. 2. **Definitions.** For the purposes of this section, "significant tax expenditure," "tax," and "tax expenditure" have the meanings given in section 270C.11, subdivision 6.

Subd. 3. **Membership.** (a) The commission consists of:

(1) two senators appointed by the senate majority leader;

(2) two senators appointed by the senate minority leader;

(3) two representatives appointed by the speaker of the house;

(4) two representatives appointed by the minority leader of the house of representatives; and

(5) the commissioner of revenue or the commissioner's designee.

(b) Each appointing authority must make appointments by January 31 of the regular legislative session in the odd-numbered year.

(c) If the chair of the house or senate committee with primary jurisdiction over taxes is not an appointed member, the chair is an ex officio, nonvoting member of the commission.

Subd. 4. **Duties.** (a) In the first three years after the commission is established, the commission must complete an initial review of the state's tax expenditures. The initial review must identify the purpose of each of the state's tax expenditures, if none was identified in the enacting legislation in accordance with section 3.192. The commission may also identify metrics for evaluating the effectiveness of an expenditure.

(b) In each year following the initial review under paragraph (a), the commission must review and evaluate Minnesota's tax expenditures on a regular, rotating basis. The commission must establish a review schedule that ensures each tax expenditure will be reviewed by the commission at least once every ten years. The commission may review expenditures affecting similar constituencies or policy areas in the same year, but the commission must review a subset of the tax expenditures within each tax type each year. To the extent possible, the commission must review a similar number of tax expenditures within each tax type each year. The commission may decide not to review a tax expenditure that is adopted by reference to federal law.

(c) Before December 1 of the year a tax expenditure is included in a commission report, the commission must hold a public hearing on the expenditure, including but not limited to a presentation of the review components in subdivision 5.

Subd. 5. **Components of review.** (a) When reviewing a tax expenditure, the commission must at a minimum:

(1) provide an estimate of the annual revenue lost as a result of the expenditure;

(2) identify the purpose of the tax expenditure if none was identified in the enacting legislation in accordance with section 3.192;

(3) estimate the measurable impacts and efficiency of the tax expenditure in accomplishing the purpose of the expenditure;

(4) compare the effectiveness of the tax expenditure and a direct expenditure with the same purpose;

(5) identify potential modifications to the tax expenditure to increase its efficiency or effectiveness;

(6) estimate the amount by which the tax rate for the relevant tax could be reduced if the revenue lost due to the tax expenditure were applied to a rate reduction;

(7) if the tax expenditure is a significant tax expenditure, estimate the incidence of the tax expenditure and the effect of the expenditure on the incidence of the state's tax system;

(8) consider the cumulative fiscal impacts of other state and federal taxes providing benefits to taxpayers for similar activities; and

(9) recommend whether the expenditure be continued, repealed, or modified.

(b) The commission may omit a component in paragraph (a) if the commission determines it is not feasible due to the lack of available data, third-party research, staff resources, or lack of a majority support for a recommendation.

Subd. 6. **Department of Revenue; research support.** (a) The research division of the Department of Revenue must provide the commission with the data required to complete the review components in subdivision 5, paragraph (a), clauses (1), (6), (7), and (8).

(b) At the request of the commission, the research division of the Department of Revenue must provide the commission with summary data on a tax expenditure in support of a review.

(c) Data shared under this section must comply with the rules governing statistical studies under section 270B.04.

Subd. 7. **Report to legislature.** (a) By December 15 of each year, the commission must submit a written report to the legislative committees with jurisdiction over tax policy. The report must detail the results of the commission's review of tax expenditures in the previous calendar year, including the review components detailed in subdivision 5.

(b) Notwithstanding paragraph (a), during the period of initial review under subdivision 4, the report may be limited to the purpose statements and metrics for evaluating the effectiveness of expenditures, as identified by the commission. The report may also include relevant publicly available data on an expenditure.

(c) The report may include any additional information the commission deems relevant to the review of an expenditure.

(d) The legislative committees with jurisdiction over tax policy must hold a public hearing on the report during the regular legislative session in the year following the year in which the report was submitted.

Subd. 8. **Terms; vacancies.** (a) Members of the commission serve a term beginning upon appointment and ending at the beginning of the regular legislative session in the next odd-numbered year. The appropriate appointing authority must fill a vacancy for a seat of a current legislator for the remainder of the unexpired term. Members may be removed or replaced at the pleasure of the appointing authority.

(b) If a commission member ceases to be a member of the legislative body from which the member was appointed, the member vacates membership on the commission.

Subd. 9. **Officers.** The commission shall elect a chair and vice-chair as presiding officers. The chair and vice-chair must alternate every two years between members of the house of representatives and senate. The chair and vice-chair may not be from the same legislative chamber.

Subd. 10. **Staff.** Legislative Budget Office staff hired under section 3.8853, subdivision 2, must provide professional and technical assistance to the commission as the commission deems necessary, including assistance with the report under subdivision 7.

Subd. 11. **Expenses.** The members of the commission and its staff shall be reimbursed for all expenses actually and necessarily incurred in the performance of their duties. Reimbursement for expenses incurred shall be made in accordance with policies adopted by the Legislative Coordinating Commission.

EFFECTIVE DATE; SPECIAL PROVISIONS. (a) This section is effective the day following final enactment.

(b) Appointing authorities for the commission must make initial appointments by January 15, 2022. The speaker of the house must designate one member of the commission to convene the first meeting of the commission by July 1, 2022. The first report of the commission under Minnesota Statutes, section 3.8855, subdivision 7, is due on December 15, 2022.

Sec. 4. Minnesota Statutes 2020, section 270B.14, is amended by adding a subdivision to read:

Subd. 22. **Tax Expenditure Review Commission.** The commissioner must disclose to the Tax Expenditure Review Commission the data required under section 3.8855, subdivision 6.

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

Sec. 5. Minnesota Statutes 2020, section 270C.11, subdivision 2, is amended to read:

Subd. 2. **Preparation; submission.** The commissioner shall prepare a tax expenditure budget for the state. The tax expenditure budget report shall be submitted to the legislature by ~~February~~ November 1 of each even-numbered year.

EFFECTIVE DATE. This section is effective for tax expenditure budgets due on or after November 1, 2023.

Sec. 6. Minnesota Statutes 2020, section 270C.11, subdivision 4, is amended to read:

Subd. 4. **Contents.** (a) The report shall detail for each tax expenditure item:

(1) the amount of tax revenue forgone~~,~~;

(2) a citation of the statutory or other legal authority for the expenditure~~, and~~;

(3) the year in which it was enacted or the tax year in which it became effective~~.~~;

(4) the purpose of the expenditure, as identified in the enacting legislation in accordance with section 3.192 or by the Tax Expenditure Review Commission;

(5) the incidence of the expenditure, if it is a significant sales or income tax expenditure; and

(6) the revenue-neutral amount by which the relevant tax rate could be reduced if the expenditure were repealed.

(b) The report may contain additional information which the commissioner considers relevant to the legislature's consideration and review of individual tax expenditure items. This may include~~,~~ but is not limited to~~, statements of the intended purpose of the tax expenditure,~~ analysis of whether the expenditure is achieving that objective~~,~~ and the effect of the expenditure ~~device~~ on the ~~distribution of the tax burden and~~ administration of the tax system.

EFFECTIVE DATE. This section is effective for tax expenditure budgets due on or after November 1, 2023.

Sec. 7. Minnesota Statutes 2020, section 270C.11, subdivision 6, is amended to read:

Subd. 6. **Definitions.** For purposes of this section, the following terms have the meanings given:

(1) "business tax credit" means:

(i) a credit against the corporate franchise tax claimed by a C corporation; or

(ii) a credit against the individual or fiduciary income tax claimed by a pass-through entity that is allocated to its partners, members, or shareholders;

(2) "pass-through entity" means a partnership, limited liability corporation, or S corporation;

(3) "significant tax expenditure" means a tax expenditure, but excluding any tax expenditure that:

(i) is incorporated into state law by reference to a federal definition of income;

(ii) results in a revenue reduction of less than $10,000,000 per biennium; or

(iii) is a business tax credit;

(4) "tax expenditure" means a tax provision which provides a gross income definition, deduction, exemption, credit, or rate for certain persons, types of income, transactions, or property that results in reduced tax revenue, but excludes provisions used to mitigate tax pyramiding; ~~and~~

~~(2)~~ (5) "tax" means any tax of statewide application or any tax authorized by state law to be levied by local governments generally. It does not include a special local tax levied pursuant to special law or to a special local tax levied pursuant to general authority that is no longer applicable to local governments generally~~.~~; and

(6) "tax pyramiding" means imposing sales taxes under chapter 297A on intermediate business-to-business transactions rather than sales to final consumers.

EFFECTIVE DATE. This section is effective for tax expenditure budgets due on or after November 1, 2023.

Sec. 8. Minnesota Statutes 2020, section 270C.13, subdivision 1, is amended to read:

Subdivision 1. **Biennial report.** (a) The commissioner shall report to the legislature ~~by March 1 of each odd-numbered year~~ on the overall incidence of the income tax, sales and excise taxes, and property tax.

(b) The commissioner must submit the report:

(1) by March 1, 2021; and

(2) by March 1, 2024, and each even-numbered year thereafter.

(c) The report shall present information on the distribution of the tax burden as follows: (1) for the overall income distribution, using a systemwide incidence measure such as the Suits index or other appropriate measures of equality and inequality; (2) by income classes, including at a minimum deciles of the income distribution; and (3) by other appropriate taxpayer characteristics.

EFFECTIVE DATE. This section is effective for tax incidence reports due on or after March 1, 2021.

Sec. 9. **STATEMENT OF INTENT; TAX EXPENDITURE PURPOSE STATEMENTS.**

The intent of sections 10 to 15 is to identify purpose statements for the tax expenditures identified, in accordance with Minnesota Statutes, section 3.192. The purpose statements in this act for previously enacted expenditures were included in proposed legislation, but were omitted from the legislation that enacted the expenditures. The provisions of this act are intended to provide context for evaluating the effectiveness of the tax expenditures referenced and are not intended to have a substantive effect on the meaning or administration of the laws referenced.

Sec. 10. **PURPOSE STATEMENTS; 2021 OMNIBUS TAX BILL.**

Subdivision 1. **Intent.** In accordance with the requirements in Minnesota Statutes, section 3.192, the purpose and goals for the tax expenditures in this act are listed in this section.

Subd. 2. **Sales tax purpose statements.** (a) The purpose of the exemption in article 4, section 1, is to create parity between the purchase of season tickets in a preferred viewing location for a college sporting event with the purchase of suite licenses in a stadium for an amusement or athletic event. The standard against which effectiveness is to be measured is the increase in the number of college sporting event season tickets purchased.

(b) The purpose of the exemption in article 4, section 2, is to allow student groups to make fund-raising sales without the requirement of collecting sales tax and to restore the exemption that existed prior to a 2019 law change that imposed the requirement for student groups to collect sales tax on fund-raising sales when the proceeds are deposited into a school district account. The standard against which effectiveness is to be measured is the amount of time school districts spent collecting and filing sales tax and to increase the amount raised by school groups.

(c) The purpose of the exemption in article 4, section 3, is to reduce the cost to nonprofit organizations for providing prepared food through their charitable missions. The standard against which effectiveness is to be measured is the number of meals nonprofit organizations provided to those in need.

(d) The purpose of the exemptions in article 4, sections 4, 5, and 11 to 19, is to reduce the cost of constructions of public safety facilities and other publicly owned buildings. The standard against which effectiveness is to be measured is the decrease in the growth in local property taxes and services in these communities.

(e) The purpose of the exemptions in article 4, sections 9, 10, and 20, is to encourage rebuilding in the damaged area of each city. The standard against which effectiveness is to be measured is whether these properties returned to the tax rolls at the same or greater value.

(f) The purpose of the exemption in article 4, section 21, is to reduce the cost to restaurants for purchasing items that adapt the building to health guidelines surrounding COVID-19. The standard against which effectiveness is to be measured is the profitability of restaurants affected by the peacetime health emergency.

Subd. 3. **Income and corporate franchise tax purpose statements.** (a) The purpose of the tax expenditure in article 2, sections 2 and 3, extending the sunset date for the small business investment credit is to encourage investment in innovative small businesses in Minnesota. The standard against which effectiveness is to be measured is the increase in the number of these businesses in the state, the number of people employed by these businesses in the state, the productivity of these businesses, or the sales of these businesses.

(b) The purpose of the tax expenditure in article 2, sections 5, 21, and 40, establishing the film production credit is to encourage investment in Minnesota film productions. The standard against which effectiveness is to be measured is the increase in the number of these productions and people employed in the state's film industry.

(c) The purpose of the tax expenditure in article 2, section 27, extending the sunset date for the credit for historic structure rehabilitation is to encourage investment in rehabilitating historic buildings. The standard against which effectiveness is to be measured is the increase in the number of historic rehabilitation projects in the state.

(d) The purpose of the tax expenditures in article 1, sections 1, 2, 3, 13, and 14, conforming Minnesota individual income, corporate franchise, and estate taxes to changes in federal law through December 31, 2020, is to simplify compliance with and administration of those taxes. The standard against which effectiveness is to be measured is the reduction in the number of income tax forms and text in the instructions for taxpayers resulting from this provision.

(e) The purpose of the tax expenditure in article 1, section 17, providing a subtraction for a portion of unemployment compensation is to provide financial support to unemployed persons and to encourage economic activity in the state. The standard against which effectiveness is to be measured is the increase in after-tax income of unemployed persons and gross state product.

(f) The purpose of the tax expenditure in article 1, section 15, subdivisions 2 and 3, providing a subtraction for gross income related to the federal employer credits for paid family and medical leave is to provide financial support to businesses in Minnesota. The standard against which effectiveness is to be measured is the amount of tax paid by small businesses receiving the federal credits and the number of individuals employed by businesses receiving the federal credits.

(g) The purpose of the tax expenditure in article 1, section 15, subdivisions 4 and 5, providing a subtraction for wages used to claim the federal employee retention credit is to encourage businesses to retain their employees. The standard against which effectiveness is to be measured is the employment rate in Minnesota and the number of individuals employed by businesses receiving the federal credits.

Subd. 4. **Property tax purpose statements.** (a) The provision in article 7, section 3, creating a property tax exemption for certain property owned by an Indian Tribe is intended to reduce the tax burden on Tribe-owned property that fails to qualify for an exemption under Minnesota Statutes, section 272.02, subdivision 7, because the Tribe is not exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code. The standard against which effectiveness is to be measured is the reduction in property tax levied on Tribe-owned property.

(b) The provision in article 7, section 16, which sets the classification rate of all manufactured home park property at 0.75 percent is intended to reduce the tax burden on manufactured home parks and preserve manufactured home parks as an affordable housing option in Minnesota. The standard against which effectiveness is to be measured is the reduction in property tax burden on manufactured home parks and the number of manufactured home parks in Minnesota.

Sec. 11. **PURPOSE STATEMENTS; 2019 OMNIBUS TAX BILL.**

Subdivision 1. **Source of purpose statements.** The purpose statements in this section were originally included in the 2019 bill styled as House File 2125, the third engrossment, in the 91st Legislature. The tax expenditures referenced were enacted in Laws 2019, First Special Session chapter 6.

Subd. 2. **Sales tax purpose statements.** (a) The purpose of the exemption in Minnesota Statutes, section 297A.67, subdivision 37, is to level the playing field for costs between local governments and private entities of managing invasive species in lakes. The goal is an increase in the number of lakes where invasive species are being controlled.

(b) The purpose of the exemption in Minnesota Statutes, section 297A.70, subdivision 10, paragraph (c), is to reduce the cost of providing education on the state's farming history. The goal is to decrease the public cost of access to this facility.

(c) The purpose of the exemption in Minnesota Statutes, section 297A.70, subdivision 20, is to decrease maintenance costs for the ice arena. The goal is to increase local recreation opportunities and reduce local participation costs.

(d) The purpose of the exemption in Minnesota Statutes, section 297A.70, subdivision 21, is to help county agricultural societies maintain county fairgrounds. The goal is to increase spending on fairground maintenance and capital improvements.

(e) The purpose of the exemptions in Minnesota Statutes, section 297A.71, subdivision 50, is to encourage rebuilding in the damaged area of each city. The goal is to have these properties returned to the tax rolls at the same or greater value.

(f) The purpose of the exemptions in Minnesota Statutes, section 297A.71, subdivision 51, is to encourage rebuilding in the damaged area of each city. The goal is to have these properties returned to the tax rolls at the same or greater value.

(g) The purpose of the exemption in Minnesota Statutes, section 297A.71, subdivision 52, is to reduce the cost of providing local public services in these communities. The goal is to decrease the growth in local property taxes and service fees in these communities.

Subd. 3. **Income and corporate franchise tax purpose statements.** (a) The purpose and goal of the tax expenditure under Minnesota Statutes, sections 290.0132, subdivision 29; 290.0134, subdivision 18; 290.0921, subdivisions 2 and 3; relating to disallowed expenses under section 280E of the Internal Revenue Code, is to provide equitable state tax treatment between medical cannabis manufacturers that are not allowed to deduct their business expenses under the Internal Revenue Code and manufacturers of other goods who may deduct these expenses.

(b) The purpose of the tax expenditures under Minnesota Statutes, section 116J.8737, subdivision 1, relating to the minimum qualified investment threshold for minority-, veteran-, or women-owned businesses; subdivision 5, relating to the $10,000,000 allocation for taxable years beginning after December 31, 2018, and before January 1, 2020, and beginning after December 31, 2020, and before January 1, 2022; and subdivision 12, relating to the extension of the sunset date; is to encourage investment in innovative small businesses in Minnesota and the goal of the these expenditures is to increase the number of these businesses in the state, the number of people employed by these businesses in the state, the productivity of these businesses, or the sales of these businesses.

Sec. 12. **PURPOSE STATEMENTS; 2017 OMNIBUS TAX BILL.**

Subdivision 1. **Source of purpose statements.** The purpose statements in this section were originally included in the 2015 bill styled as House File 848, the third engrossment, in the 89th Legislature. The tax expenditures referenced were enacted in Laws 2017, First Special Session chapter 1.

Subd. 2. **Sales tax purpose statements.** (a) The provision of Minnesota Statutes, section 297A.67, subdivision 34, is intended to provide equitable tax treatment for different types of investments. The standard against which effectiveness is to be measured is the increase in precious metal bullion sold in the state and in number of coin and precious metal trade shows held in the state.

(b) The provisions of Minnesota Statutes, section 297A.70, subdivision 14, are intended to increase the ability of the nonprofit to provide opportunities for educating the public on the history of farming. The standard against which effectiveness is to be measured is an increase in the percent of the organization's budget being used for direct spending for its mission.

Subd. 3. **Income and corporate franchise tax purpose statements.** (a) The provisions of Minnesota Statutes, section 290.0132, subdivision 26, are intended to attract to Minnesota recipients of Social Security benefits and to retain those already present, by providing a phased-in subtraction of Social Security benefits. The standard against which effectiveness is to be measured is the change over time in the number of Social Security recipients in Minnesota, after adjusting for demographic changes.

(b) The provisions of Minnesota Statutes, section 290.0132, subdivision 23, and Minnesota Statutes, section 290.0684, are intended to increase saving for higher education expenses. The standard against which effectiveness is to be measured is the change over time, as tracked by the Minnesota Office of Higher Education, in: (1) the estimated number of Minnesota residents making contributions to the Minnesota College Savings Plan, and (2) the amount contributed.

(c) The modifications to Minnesota Dependent Care Credit amending Minnesota Statutes, section 290.067, subdivision 1, and repealing Minnesota Statutes, section 290.067, subdivision 2, modifying the limitations for claiming the credit, are intended to simplify the dependent care credit by tying it more closely to the federal credit and to recognize an increased burden in dependent care expenses as a cost of workforce participation for parents. The standard against which effectiveness is to be measured is the change in the error rate on claims for dependent care credits and the change in the average credit amount claimed by parents in the income range eligible for the credit under present law.

(d) The provisions of Minnesota Statutes, section 290.0686, are intended to improve the quality of teaching in Minnesota kindergarten through grade 12 schools by encouraging teachers to obtain master's degrees in the subject areas they teach. The standard against which effectiveness is to be measured is the change over time in the number of kindergarten through grade 12 classroom teachers with master's degrees in the subject area that they teach.

(e) The provisions of Minnesota Statutes, section 290.0682, are intended to reduce the debt burden of recent graduates of higher education programs and to reduce and potentially reverse the current net demographic loss of young adults in Minnesota. The standard against which effectiveness is to be measured is the change over time in the number of young adults choosing to move to or remain in Minnesota, as measured by the state demographer.

(f) The purpose of the tax expenditures under Minnesota Statutes, sections 290.01, subdivision 19; 289A.02, subdivision 7; 290.01, subdivision 31; and 290A.03, subdivision 15; conforming Minnesota individual income, corporate franchise, and estate taxes to changes in federal law through December 16, 2016, are intended to simplify compliance with and administration of those taxes. The standard against which effectiveness is to be measured is the reduction in the number of income tax forms and text in the instructions for taxpayers resulting from this provision.

Subd. 4. **Other purpose statements.** (a) The provisions in Minnesota Statutes, section 290.06, subdivision 38, are intended to reduce the effect of school bond referenda on owners of agricultural property. The standard against which the effectiveness of the credit is to be measured is the amount of property tax reductions provided to owners of agricultural land.

(b) The provisions in Minnesota Statutes, section 298.24, subdivision 1, are intended to encourage the production of direct reduced ore and the establishment of more direct reduced ore production facilities in Minnesota. The standard against which this effectiveness is to be measured is the amount of direct reduced ore produced and the number of producers of direct reduced ore before and after enactment.

Sec. 13. **PURPOSE STATEMENTS; 2017 TAX CONFORMITY BILL.**

Subdivision 1. **Source of purpose statements.** The purpose statements in this section were originally included in the 2015 bill styled as House File 848, the third engrossment, in the 89th Legislature. The tax expenditure referenced was enacted in Laws 2017, chapter 1.

Subd. 2. **Income and corporate franchise tax purpose statements.** The purpose of the tax expenditures under Minnesota Statutes, sections 290.01, subdivision 19; 289A.02, subdivision 7; 290.01, subdivision 31; and 290A.03, subdivision 15; conforming Minnesota individual income, corporate franchise, and estate taxes to changes in federal law through December 16, 2016, are intended to simplify compliance with and administration of those taxes. The standard against which effectiveness is to be measured is the reduction in the number of income tax forms and text in the instructions for taxpayers resulting from this provision.

Sec. 14. **PURPOSE STATEMENTS; 2016 OMNIBUS SUPPLEMENTAL SPENDING BILL.**

Subdivision 1. **Source of purpose statements.** The purpose statements in this section were originally included in the 2015 bill styled as House File 848, the third engrossment, in the 89th Legislature. The tax expenditure referenced was enacted in Laws 2016, chapter 189.

Subd. 2. **Income and corporate franchise tax purpose statements.** The provisions of Minnesota Statutes, section 290.0132, subdivision 21, are intended to attract to Minnesota military retirees, and to retain those already present, by allowing a subtraction from income tied to the number of years of military service provided. The standard against which effectiveness is to be measured is the change over time in the number of military retirees in Minnesota.

Sec. 15. **PURPOSE STATEMENTS; 2014 OMNIBUS TAX BILL.**

Subdivision 1. **Source of purpose statements.** The purpose statements in this section were originally included in the 2014 bill styled as House File 3167, the third engrossment, in the 89th Legislature. The tax expenditures referenced were enacted in Laws 2014, chapter 308.

Subd. 2. **Sales tax purpose statements.** (a) The provision of Minnesota Statutes, section 297A.68, subdivision 3a, defining certain coin-operated amusement devices as sales for resale is intended to reduce tax pyramiding by exempting an input to a taxable service.

(b) The provision of Minnesota Statutes, section 297A.70, subdivision 2, paragraph (b), clause (5), modifying the sales tax on certain local government purchases is intended to reduce the cost of providing local government services, remove a barrier for intergovernmental cooperation, and reduce existing compliance and administration costs for local governments.

(c) The provisions of Minnesota Statutes, section 297A.70, subdivision 13, raising the limit on tax exempt fund-raising by nonprofit organizations are intended to reflect the impact on inflation over time on the limit and reduce compliance costs for groups that exceed the limit.

(d) The provision of Minnesota Statutes, section 297G.03, subdivision 5, allowing a microdistillery credit is to relieve small distillers of the burden of paying excise tax on the distribution of free samples of their products and to encourage the development and marketing of products by niche distillers in the state.

Subd. 3. **Income and corporate franchise tax purpose statements.** The modifications to the National Guard subtraction contained in Laws 2014, chapter 308, article 4, section 12, are intended to provide equitable tax treatment to Minnesota residents who are members of the National Guard and serve full time in Active Guard/Reserve status by allowing an income tax subtraction for military pay equivalent to that allowed under Minnesota Statutes 2014, section 290.01, subdivision 19b, clause (11), now codified as Minnesota Statutes, section 290.0132, subdivision 11, for Minnesota residents who serve full time in the armed forces of the United States.

Subd. 4. **Other purpose statements.** The purpose of the tax expenditure under Minnesota Statutes, section 291.005, subdivision 1, clause (8), subclause (iii), deeming certain qualified art on loan to Minnesota nonprofit entities as property with a situs outside Minnesota under the estate tax is intended to prevent the Minnesota estate tax from discouraging nonresident owners of art from loaning it to Minnesota nonprofit museums.

Sec. 16. **APPROPRIATION; TAX EXPENDITURE REVIEW.**

(a) $36,000 in fiscal year 2022 and $766,000 in fiscal year 2023 are appropriated from the general fund to the Legislative Coordinating Commission for the Tax Expenditure Review Commission under Minnesota Statutes, section 3.8855. The base for this appropriation is $745,000 in fiscal year 2024 and $796,000 in fiscal year 2025.

(b) $148,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of revenue to provide research support to the Tax Expenditure Review Commission under Minnesota Statutes, section 3.8855.

ARTICLE 13
MISCELLANEOUS TAX PROVISIONS

Section 1. **[16A.067] TAXPAYER RECEIPT.**

(a) The commissioner, in consultation with the commissioner of revenue, must develop and publish on the Department of Management and Budget's website an interactive taxpayer receipt in accordance with this section. The receipt must describe the share of state general fund expenditures represented by major expenditure categories in the most recent fiscal year for which data is available. The receipt must show the approximate allocation of motor vehicle fuel taxes among eligible transportation purposes.

(b) For each expenditure category, the receipt must include select data on the performance goals and outcomes for the category, based on the goals and outcomes data required under section 16A.10, subdivision 1b.

(c) The website must allow a user to input an income amount, and must estimate the amount of major state taxes paid by the user. The website must allocate the user's estimated state tax liability to each major expenditure category based on the category's percentage share of total state general fund spending. For the purposes of this section, "major state taxes" means income, sales, alcohol, tobacco, and motor vehicle fuels taxes.

(d) Using the income amount entered by the user, the website must estimate the amount of income and direct sales taxes paid based upon the taxpayer's income. The website must allow a user to indicate whether the user used tobacco, consumed alcohol, or purchased motor vehicle fuel in the previous year, and provide a corresponding estimate of the cigarette, alcohol, and motor vehicle fuel taxes paid by the user.

(e) The commissioner, in consultation with the commissioner of revenue, must update the receipt by December 31 of each year, and must annually promote to the public the availability of the website.

Sec. 2. Minnesota Statutes 2020, section 16A.152, subdivision 2, is amended to read:

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

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

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

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

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

~~(5) the clean water fund established in section 114D.50 until $22,000,000 has been transferred into the fund; and~~

~~(6)~~ (5) the amount necessary to increase the Minnesota 21st century fund by not more than the difference between $5,000,000 and the sum of the amounts credited and canceled to it in the previous 12 months under Laws 2020, chapter 71, article 1, section 11, until the sum of all transfers under this section and all amounts credited or canceled under Laws 2020, chapter 71, article 1, section 11, equals $20,000,000~~.~~; and

(6) for a forecast in November only, the amount necessary to reduce the percentage of accelerated June liability tax payments required under sections 289A.20, subdivision 4, paragraph (b); 297F.09, subdivision 10; and 297G.09, subdivision 9, until the percentage equals zero, rounded to the nearest tenth of a percent with any remaining funds deposited in the budget reserve. By March 15 following the November forecast, the commissioner must provide the commissioner of revenue with the percentage of accelerated June liability owed based on the reduction required by this clause. By April 15 each year, the commissioner of revenue must certify that percentage to qualifying vendors and distributors.

(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.

~~(d) Paragraph (a), clause (5), expires after the entire amount of the transfer has been made.~~

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 3. Minnesota Statutes 2020, section 270A.03, subdivision 2, is amended to read:

Subd. 2. **Claimant agency.** "Claimant agency" means any state agency, as defined by section 14.02, subdivision 2, the regents of the University of Minnesota, any district court of the state, any county, any statutory or home rule charter city, including a city that is presenting a claim for a municipal hospital or a public library or a municipal ambulance service, a hospital district, ~~a private nonprofit hospital that leases its building from the county or city in which it is located,~~ any ambulance service licensed under chapter 144E, any public agency responsible for child support enforcement, any public agency responsible for the collection of court-ordered restitution, and any public agency established by general or special law that is responsible for the administration of a low-income housing program.

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

Sec. 4. Minnesota Statutes 2020, section 289A.08, is amended by adding a subdivision to read:

Subd. 18. **Taxpayer receipt.** (a) The commissioner must offer all individual income taxpayers the opportunity to elect to receive information about a taxpayer receipt via e-mail or United States mail. In the manner selected by the taxpayer, the commissioner must provide the taxpayer with information about how to access the taxpayer receipt website established under section 16A.067. The commissioner must allow a taxpayer to elect not to receive information about the receipt.

(b) Both the long and short forms described in subdivision 13 must include the opportunity to elect to receive information about the receipt.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 5. Minnesota Statutes 2020, section 289A.20, subdivision 4, is amended to read:

Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred, or following another reporting period as the commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f) or (g), except that use taxes due on an annual use tax return as provided under section 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

(b) A vendor having a liability of $250,000 or more during a fiscal year ending June 30 must remit the June liability for the next year in the following manner:

(1) Two business days before June 30 of calendar year 2020 and 2021, the vendor must remit 87.5 percent of the estimated June liability to the commissioner. Two business days before June 30 of calendar year 2022 and thereafter, the vendor must remit 84.5 percent, or a reduced percentage as certified by the commissioner under section 16A.152, subdivision 2, paragraph (a), clause (6), of the estimated June liability to the commissioner.

(2) On or before August 20 of the year, the vendor must pay any additional amount of tax not remitted in June.

(c) A vendor having a liability of:

(1) $10,000 or more, but less than $250,000, during a fiscal year ~~ending June 30, 2013, and fiscal years thereafter,~~ must remit by electronic means all liabilities on returns due for periods beginning in all subsequent calendar years on or before the 20th day of the month following the month in which the taxable event occurred, or on or before the 20th day of the month following the month in which the sale is reported under section 289A.18, subdivision 4; or

(2) $250,000 or more~~,~~ during a fiscal year ~~ending June 30, 2013, and fiscal years thereafter,~~ must remit by electronic means all liabilities in the manner provided in paragraph (a) on returns due for periods beginning in the subsequent calendar year, except for ~~90 percent of~~ the estimated June liability, which is due two business days before June 30. The remaining amount of the June liability is due on August 20.

(d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's religious beliefs from paying electronically shall be allowed to remit the payment by mail. The filer must notify the commissioner of revenue of the intent to pay by mail before doing so on a form prescribed by the commissioner. No extra fee may be charged to a person making payment by mail under this paragraph. The payment must be postmarked at least two business days before the due date for making the payment in order to be considered paid on a timely basis.

(e) Paragraph (b) expires after the percentage of estimated payment is reduced to zero in accordance with section 16A.152, subdivision 2, paragraph (a), clause (6).

EFFECTIVE DATE. This section is effective for estimate payments required to be made after July 1, 2021.

Sec. 6. Minnesota Statutes 2020, section 289A.60, subdivision 15, is amended to read:

Subd. 15. **Accelerated payment of June sales tax liability; penalty for underpayment.** (a) For payments made after December 31, 2019 and before December 31, 2021, if a vendor is required by law to submit an estimation of June sales tax liabilities and 87.5 percent payment by a certain date, the vendor shall pay a penalty equal to ten percent of the amount of actual June liability required to be paid in June less the amount remitted in June. The penalty must not be imposed, however, if the amount remitted in June equals the lesser of 87.5 percent of the preceding May's liability or 87.5 percent of the average monthly liability for the previous calendar year.

(b) For payments made after December 31, 2021, the penalty must not be imposed if the amount remitted in June equals the lesser of 84.5 percent, or a reduced percentage as certified by the commissioner under section 16A.152, subdivision 2, paragraph (a), clause (6), of the preceding May's liability or 84.5 percent of the average monthly liability for the previous calendar year.

(c) This subdivision expires after the percentage of estimated payment is reduced to zero in accordance with section 16A.152, subdivision 2, paragraph (a), clause (6).

EFFECTIVE DATE. This section is effective for estimate payments required to be made after July 1, 2021.

Sec. 7. Minnesota Statutes 2020, section 290A.04, subdivision 2, is amended to read:

Subd. 2. **Homeowners; homestead credit refund.** A claimant whose property taxes payable are in excess of the percentage of the household income stated below shall pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of property taxes payable. The state refund equals the amount of property taxes payable that remain, up to the state refund amount shown below.

~~Household Income~~	~~Percent of Income~~	~~Percent Paid by Claimant~~	~~Maximum State Refund~~
~~$0 to 1,739~~	~~1.0 percent~~	~~15 percent~~	~~$2,770~~
~~1,740 to 3,459~~	~~1.1 percent~~	~~15 percent~~	~~$2,770~~
~~3,460 to 5,239~~	~~1.2 percent~~	~~15 percent~~	~~$2,770~~
~~5,240 to 6,989~~	~~1.3 percent~~	~~20 percent~~	~~$2,770~~
~~6,990 to 8,719~~	~~1.4 percent~~	~~20 percent~~	~~$2,770~~
~~8,720 to 12,219~~	~~1.5 percent~~	~~20 percent~~	~~$2,770~~
~~12,220 to 13,949~~	~~1.6 percent~~	~~20 percent~~	~~$2,770~~
~~13,950 to 15,709~~	~~1.7 percent~~	~~20 percent~~	~~$2,770~~
~~15,710 to 17,449~~	~~1.8 percent~~	~~20 percent~~	~~$2,770~~
~~17,450 to 19,179~~	~~1.9 percent~~	~~25 percent~~	~~$2,770~~
~~19,180 to 24,429~~	~~2.0 percent~~	~~25 percent~~	~~$2,770~~
~~24,430 to 26,169~~	~~2.0 percent~~	~~30 percent~~	~~$2,770~~
~~26,170 to 29,669~~	~~2.0 percent~~	~~30 percent~~	~~$2,770~~
~~29,670 to 41,859~~	~~2.0 percent~~	~~35 percent~~	~~$2,770~~
~~41,860 to 61,049~~	~~2.0 percent~~	~~35 percent~~	~~$2,240~~
~~61,050 to 69,769~~	~~2.0 percent~~	~~40 percent~~	~~$1,960~~
~~69,770 to 78,499~~	~~2.1 percent~~	~~40 percent~~	~~$1,620~~
~~78,500 to 87,219~~	~~2.2 percent~~	~~40 percent~~	~~$1,450~~
~~87,220 to 95,939~~	~~2.3 percent~~	~~40 percent~~	~~$1,270~~
~~95,940 to 101,179~~	~~2.4 percent~~	~~45 percent~~	~~$1,070~~
~~101,180 to 104,689~~	~~2.5 percent~~	~~45 percent~~	~~$890~~
~~104,690 to 108,919~~	~~2.5 percent~~	~~50 percent~~	~~$730~~
~~108,920 to 113,149~~	~~2.5 percent~~	~~50 percent~~	~~$540~~

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
$0 to 1,820	1.0 percent	15 percent	$3,150
1,820 to 3,630	1.1 percent	15 percent	$3,150
3,630 to 5,490	1.2 percent	15 percent	$3,150
5,490 to 7,330	1.3 percent	20 percent	$3,150
7,330 to 9,140	1.4 percent	20 percent	$3,150
9,140 to 12,810	1.5 percent	20 percent	$3,150
12,810 to 14,630	1.6 percent	20 percent	$3,150
14,630 to 16,470	1.7 percent	20 percent	$3,150
16,470 to 18,300	1.8 percent	20 percent	$3,150
18,300 to 20,110	1.9 percent	25 percent	$3,150
20,110 to 25,620	2.0 percent	25 percent	$3,150
25,620 to 27,440	2.0 percent	30 percent	$3,150
27,440 to 31,110	2.0 percent	30 percent	$3,150
31,110 to 43,890	2.0 percent	35 percent	$3,150
43,890 to 64,020	2.0 percent	35 percent	$2,600

64,020 to 73,160	2.0 percent	40 percent	$2,310
73,160 to 82,320	2.1 percent	40 percent	$1,950
82,320 to 91,460	2.2 percent	40 percent	$1,770
91,460 to 100,600	2.3 percent	40 percent	$1,580
100,600 to 106,100	2.4 percent	45 percent	$1,320
106,100 to 109,780	2.5 percent	45 percent	$1,080
109,780 to 114,210	2.5 percent	50 percent	$870
114,210 to 118,650	2.5 percent	50 percent	$620

The payment made to a claimant shall be the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is ~~$113,150~~ $118,650 or more.

EFFECTIVE DATE. This section is effective for refunds based on property taxes payable after December 31, 2021.

Sec. 8. Minnesota Statutes 2020, section 290A.04, subdivision 2a, is amended to read:

Subd. 2a. **Renters.** A claimant whose rent constituting property taxes exceeds the percentage of the household income stated below must pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of rent constituting property taxes. The state refund equals the amount of rent constituting property taxes that remain, up to the maximum state refund amount shown below.

~~Household Income~~	~~Percent of Income~~	~~Percent Paid by Claimant~~	~~Maximum State Refund~~
~~$0 to 5,269~~	~~1.0 percent~~	~~5 percent~~	~~$2,150~~
~~5,270 to 6,999~~	~~1.0 percent~~	~~10 percent~~	~~$2,150~~
~~7,000 to 8,749~~	~~1.1 percent~~	~~10 percent~~	~~$2,090~~
~~8,750 to 12,269~~	~~1.2 percent~~	~~10 percent~~	~~$2,040~~
~~12,270 to 15,779~~	~~1.3 percent~~	~~15 percent~~	~~$1,980~~
~~15,780 to 17,519~~	~~1.4 percent~~	~~15 percent~~	~~$1,930~~
~~17,520 to 19,259~~	~~1.4 percent~~	~~20 percent~~	~~$1,880~~
~~19,260 to 22,779~~	~~1.5 percent~~	~~20 percent~~	~~$1,820~~
~~22,780 to 24,529~~	~~1.6 percent~~	~~20 percent~~	~~$1,770~~
~~24,530 to 26,279~~	~~1.7 percent~~	~~25 percent~~	~~$1,770~~
~~26,280 to 29,789~~	~~1.8 percent~~	~~25 percent~~	~~$1,770~~
~~29,790 to 31,529~~	~~1.9 percent~~	~~30 percent~~	~~$1,770~~
~~31,530 to 36,789~~	~~2.0 percent~~	~~30 percent~~	~~$1,770~~
~~36,790 to 42,039~~	~~2.0 percent~~	~~35 percent~~	~~$1,770~~
~~42,040 to 49,059~~	~~2.0 percent~~	~~40 percent~~	~~$1,770~~
~~49,060 to 50,799~~	~~2.0 percent~~	~~45 percent~~	~~$1,610~~
~~50,800 to 52,559~~	~~2.0 percent~~	~~45 percent~~	~~$1,450~~
~~52,560 to 54,319~~	~~2.0 percent~~	~~45 percent~~	~~$1,230~~
~~54,320 to 56,059~~	~~2.0 percent~~	~~50 percent~~	~~$1,070~~
~~56,060 to 57,819~~	~~2.0 percent~~	~~50 percent~~	~~$970~~
~~57,820 to 59,569~~	~~2.0 percent~~	~~50 percent~~	~~$540~~
~~59,570 to 61,319~~	~~2.0 percent~~	~~50 percent~~	~~$210~~

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
$0 to 5,530	1.0 percent	5 percent	$2,250
5,530 to 7,340	1.0 percent	5 percent	$2,250
7,340 to 9,180	1.1 percent	5 percent	$2,190

9,180 to 12,870	1.2 percent	5 percent	$2,140
12,870 to 16,550	1.3 percent	10 percent	$2,080
16,550 to 18,370	1.4 percent	10 percent	$2,020
18,370 to 20,200	1.4 percent	15 percent	$1,970
20,200 to 23,890	1.5 percent	15 percent	$1,910
23,890 to 25,720	1.6 percent	15 percent	$1,860
25,720 to 27,560	1.7 percent	20 percent	$1,860
27,560 to 31,240	1.8 percent	20 percent	$1,860
31,240 to 33,060	1.9 percent	25 percent	$1,860
33,060 to 38,580	2.0 percent	25 percent	$1,860
38,580 to 44,080	2.0 percent	30 percent	$1,860
44,080 to 51,440	2.0 percent	30 percent	$1,860
51,440 to 53,270	2.0 percent	30 percent	$1,690
53,270 to 55,100	2.0 percent	30 percent	$1,520
55,100 to 56,960	2.0 percent	30 percent	$1,290
56,960 to 58,780	2.0 percent	35 percent	$1,120
58,780 to 60,630	2.0 percent	35 percent	$1,020
60,630 to 62,470	2.0 percent	35 percent	$570
62,470 to 64,300	2.0 percent	35 percent	$220

The payment made to a claimant is the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is ~~$61,320~~ $64,300 or more.

EFFECTIVE DATE. This section is effective for refunds based on rent paid after December 31, 2020.

Sec. 9. Minnesota Statutes 2020, section 297E.021, subdivision 4, is amended to read:

Subd. 4. **Appropriation; general reserve account.** To the extent the commissioner determines that revenues are available under subdivision 3 for the fiscal year, those amounts are appropriated from the general fund for deposit in a general reserve account established by order of the commissioner of management and budget until the amount in the reserve is equal to $100,000,000. Amounts in this reserve are appropriated as necessary for application against any shortfall in the amounts deposited to the general fund under section 297A.994 or, after consultation with the Legislative Commission on Planning and Fiscal Policy, amounts in this reserve are appropriated to the commissioner of management and budget for other uses related to the stadium authorized under section 473J.03, subdivision 8, that the commissioner deems financially prudent including but not limited to reimbursements for capital and operating costs relating to the stadium, refundings, and prepayment of debt. In no event, shall available revenues be pledged, nor shall the appropriations of available revenues made by this section constitute a pledge of available revenues as security for the prepayment of principal and interest on the appropriation bonds under section 16A.965.

Sec. 10. Minnesota Statutes 2020, section 297F.09, subdivision 10, is amended to read:

Subd. 10. **Accelerated tax payment; cigarette or tobacco products distributor.** A cigarette or tobacco products distributor having a liability of $250,000 or more during a fiscal year ending June 30, shall remit the June liability for the next year in the following manner:

(a) Two business days before June 30 of calendar ~~years 2020 and~~ year 2021, the distributor shall remit the actual May liability and 87.5 percent of the estimated June liability to the commissioner and file the return in the form and manner prescribed by the commissioner. Two business days before June 30 of calendar year 2022 and each calendar year thereafter, the distributor must remit the actual May liability and 84.5 percent, or a reduced percentage as certified by the commissioner under section 16A.152, subdivision 2, paragraph (a), clause (6), of the estimated June liability to the commissioner and file the return in the form and manner prescribed by the commissioner.

(b) On or before August 18 of the year, the distributor shall submit a return showing the actual June liability and pay any additional amount of tax not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability required to be paid in June, less the amount remitted in June. However, the penalty is not imposed if the amount remitted in June equals the lesser of:

(1) for calendar year 2021, 87.5 percent of the actual June liability for ~~the~~ that calendar year ~~2020 and 2021 June liabilities and 84.5 of the actual June liability for June 2022 and thereafter~~ or 87.5 percent of the May liability for that calendar year; or

(2) ~~87.5 percent of the preceding May liability for the calendar year 2020 and 2021 June liabilities and 84.5 percent of the preceding May liability for June 2022 and thereafter.~~ for calendar year 2022 and each calendar year thereafter, 84.5 percent, or a reduced percentage as certified by the commissioner under section 16A.152, subdivision 2, paragraph (a), clause (6), of the actual June liability for that calendar year or 84.5 percent, or a reduced percentage as certified by the commissioner under section 16A.152, subdivision 2, paragraph (a), clause (6), of the May liability for that calendar year.

(c) ~~For calendar year 2022 and thereafter, the percent of the estimated June liability the vendor must remit by two business days before June 30 is 84.5 percent.~~ This subdivision expires after the percentage of estimated payment is reduced to zero in accordance with section 16A.152, subdivision 2, paragraph (a), clause (6).

EFFECTIVE DATE. This section is effective for estimate payments required to be made after July 1, 2021.

Sec. 11. Minnesota Statutes 2020, section 297F.10, subdivision 1, is amended to read:

Subdivision 1. **Tax and use tax on cigarettes.** Revenue received from cigarette taxes, as well as related penalties, interest, license fees, and miscellaneous sources of revenue shall be deposited by the commissioner in the state treasury and credited as follows:

(1) $22,250,000 each year must be credited to the Academic Health Center special revenue fund hereby created and is annually appropriated to the Board of Regents at the University of Minnesota for Academic Health Center funding at the University of Minnesota; and

(2) $3,937,000 each year must be credited to the medical education and research costs account hereby created in the special revenue fund and is annually appropriated to the commissioner of health for distribution under section 62J.692, subdivision 4; and

(3) $15,000,000 each year must be credited to the tobacco use prevention and cessation account hereby created in the special revenue fund and is annually appropriated to the commissioner of health for tobacco use prevention and cessation projects consistent with the duties specified in section 144.392; a public information program under section 144.393; the development of health promotion and health education materials about tobacco use prevention and cessation; tobacco use prevention activities under section 144.396; and statewide tobacco cessation services under section 144.397. In activities funded under this clause, the commissioner of health must prioritize preventing youth use of commercial tobacco and electronic delivery devices, must promote racial and health equity, and must use strategies that are evidence-based or based on promising practices. For purposes of this clause, "tobacco" and "electronic delivery device" have the meanings given in section 609.685, subdivision 1. This clause expires after the deposit made in fiscal year 2029; and

~~(3)~~ (4) the balance of the revenues derived from taxes, penalties, and interest (under this chapter) and from license fees and miscellaneous sources of revenue shall be credited to the general fund.

EFFECTIVE DATE. This section is effective for revenue received after June 30, 2021.

Sec. 12. Minnesota Statutes 2020, section 297G.09, subdivision 9, is amended to read:

Subd. 9. **Accelerated tax payment; penalty.** A person liable for tax under this chapter having a liability of $250,000 or more during a fiscal year ending June 30, shall remit the June liability for the next year in the following manner:

(a) Two business days before June 30 of calendar ~~years 2020 and~~ year 2021, the taxpayer shall remit the actual May liability and 87.5 percent of the estimated June liability to the commissioner and file the return in the form and manner prescribed by the commissioner. Two business days before June 30 of calendar year 2022 and each calendar year thereafter, the distributor must remit the actual May liability and 84.5 percent, or a reduced percentage as certified by the commissioner under section 16A.152, subdivision 2, paragraph (a), clause (6), of the estimated June liability to the commissioner and file the return in the form and manner prescribed by the commissioner.

(b) On or before August 18 of the year, the taxpayer shall submit a return showing the actual June liability and pay any additional amount of tax not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability required to be paid in June less the amount remitted in June. However, the penalty is not imposed if the amount remitted in June equals the lesser of:

(1) for calendar year 2021, 87.5 percent of the actual June liability for ~~the~~ that calendar year ~~2020 and 2021 June liabilities and 84.5 percent of the actual June liability for June 2022 and thereafter~~ or 87.5 percent of the May liability for that calendar year; or

(2) ~~87.5 percent of the preceding May liability for the calendar year 2020 and 2021 June liabilities and 84.5 percent of the preceding May liability for June 2022 and thereafter.~~ for calendar year 2022 and thereafter, 84.5 percent, or a reduced percentage as certified by the commissioner under section 16A.152, subdivision 2, paragraph (a), clause (6), of the actual June liability for that calendar year or 84.5 percent, or a reduced percentage as certified by the commissioner under section 16A.152, subdivision 2, paragraph (a), clause (6), of the May liability for that calendar year.

(c) ~~For calendar year 2022 and thereafter, the percent of the estimated June liability the vendor must remit by two business days before June 30 is 84.5 percent.~~ This subdivision expires after the percentage of estimated payment is reduced to zero in accordance with section 16A.152, subdivision 2, paragraph (a), clause (6).

EFFECTIVE DATE. This section is effective for estimate payments required to be made after July 1, 2021.

Sec. 13. **[428B.01] DEFINITIONS.**

Subdivision 1. **Applicability.** As used in sections 428B.01 to 428B.09, the terms in this section have the meanings given them.

Subd. 2. **Activity.** "Activity" means but is not limited to all of the following:

(1) promotion of tourism within the district;

(2) promotion of business activity, including but not limited to tourism, of businesses subject to the service charge within the tourism improvement district;

(3) marketing, sales, and economic development; and

(4) other services provided for the purpose of conferring benefits upon businesses located in the tourism improvement district that are subject to the tourism improvement district service charge.

Subd. 3. **Business.** "Business" means the type or class of lodging business that is described in the municipality's ordinance, which benefits from district activities, adopted under section 428B.02.

Subd. 4. **Business owner.** "Business owner" means a person recognized by a municipality as the owner of a business.

Subd. 5. **City.** "City" means a home rule charter or statutory city.

Subd. 6. **Clerk.** "Clerk" means the chief clerical officer of the municipality.

Subd. 7. **Governing body.** "Governing body" means, with respect to a city, a city council or other governing body of a city. With respect to a town, governing body means a town board or other governing body of a town. With respect to a county, governing body means a board of commissioners or other governing body of a county.

Subd. 8. **Impacted business owners.** "Impacted business owners" means a majority of business owners located within a tourism improvement district.

Subd. 9. **Municipality.** "Municipality" means a county, city, or town.

Subd. 10. **Tourism improvement association.** "Tourism improvement association" means a new or existing and tax-exempt nonprofit corporation, entity, or agency charged with promoting tourism within the tourism improvement district and that is under contract with the municipality to administer the tourism improvement district and implement the activities and improvements listed in the municipality's ordinance.

Subd. 11. **Tourism improvement district.** "Tourism improvement district" means a tourism improvement district established under this chapter.

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

Sec. 14. **[428B.02] ESTABLISHMENT OF TOURISM IMPROVEMENT DISTRICT.**

Subdivision 1. **Ordinance.** (a) Upon a petition by impacted business owners, a governing body of a municipality may adopt an ordinance establishing a tourism improvement district after holding a public hearing on the district. The ordinance must include:

(1) a map that identifies the tourism improvement district boundaries in sufficient detail to allow a business owner to reasonably determine whether a business is located within the tourism improvement district boundaries;

(2) the name of the tourism improvement association designated to administer the tourism improvement district and implement the approved activities and improvements;

(3) a list of the proposed activities and improvements in the tourism improvement district;

(4) the time and manner of collecting the service charge and any interest and penalties for nonpayment;

(5) a definition describing the type or class of businesses to be included in the tourism improvement district and subject to the service charge;

(6) the rate, method, and basis of the service charge for the district, including the portion dedicated to covering expenses listed in subdivision 4, paragraph (b); and

(7) the number of years the service charge will be in effect.

(b) If the boundaries of a proposed tourism improvement district overlap with the boundaries of an existing special service district, the tourism improvement district ordinance may list measures to avoid any impediments on the ability of the special service district to continue to provide its services to benefit its property owners.

Subd. 2. **Notice.** A municipality must provide notice of the hearing by publication in at least two issues of the official newspaper of the municipality. The two publications must be two weeks apart and the municipality must hold the hearing at least three days after the last publication. Not less than ten days before the hearing, the municipality must mail notice to the business owner of each business subject to the proposed service charge by the tourism improvement district. The notice must include:

(1) a map showing the boundaries of the proposed district;

(2) the time and place of the public hearing;

(3) a statement that all interested persons will be given an opportunity to be heard at the hearing regarding the proposed service charge; and

(4) a brief description of the proposed activities, improvements, and service charge.

Subd. 3. **Business owner determination.** A business must provide ownership information to the municipality. A municipality has no obligation to obtain other information regarding the ownership of businesses, and its determination of ownership shall be final for the purposes of this chapter. If this chapter requires the signature of a business owner, the signature of the authorized representative of a business owner is sufficient.

Subd. 4. **Service charges; relationship to services.** (a) A municipality may impose a service charge on a business pursuant to this chapter for the purpose of providing activities and improvements that will provide benefits to a business that is located within the tourism improvement district and subject to the tourism improvement district service charge. Each business paying a service charge within a district must benefit directly or indirectly from improvements provided by a tourism improvement association, provided, however, the business need not benefit equally. Service charges must be based on a percent of gross business revenue, a fixed dollar amount per transaction, or any other reasonable method based upon benefit and approved by the municipality.

(b) Service charges may be used to cover the costs of collections, as well as other administrative costs associated with operating, forming, or maintaining the district.

Subd. 5. **Public hearing.** At the public hearing regarding the adoption of the ordinance establishing a tourism improvement district, business owners and persons affected by the proposed district may testify on issues relevant to the proposed district. The hearing may be adjourned from time to time. 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 municipality.

Subd. 6. **Appeal to district court.** Within 45 days after the adoption of the ordinance establishing a tourism improvement district, a person aggrieved, who is not precluded by failure to object before or at the public hearing, may appeal to the district court by serving a notice on the clerk of the municipality or governing body. The validity of the tourism improvement district and the service charge imposed under this chapter shall not be contested in an action or proceeding unless the action or proceeding is commenced within 45 days after the adoption of the ordinance establishing a tourism improvement district. The petitioner must file notice with the court administrator of the district court within ten days after its service. The clerk of the municipality must provide the petitioner with a certified copy of the findings and determination of the governing body. The court may affirm the action objected to or, if the petitioner's objections have merit, modify or cancel it. If the petitioner does not prevail on the appeal, the costs incurred shall be taxed to the petitioner by the court and judgment entered for them. All objections shall be deemed waived unless presented on appeal.

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

Sec. 15. **[428B.03] SERVICE CHARGE AUTHORITY; NOTICE; HEARING REQUIREMENT.**

Subdivision 1. **Authority.** A municipality may impose service charges authorized under section 428B.02, subdivision 4, to finance an activity or improvement in the tourism improvement district that is provided by the municipality if the activity or improvement is provided in the tourism improvement district at an increased level of service. The service charges may be imposed in the amount needed to pay for the increased level of service provided by the activity or improvement.

Subd. 2. **Annual hearing requirement; notice.** Beginning one year after the establishment of the tourism improvement district, the municipality must hold an annual hearing regarding continuation of the service charges in the tourism improvement district. The municipality must provide notice of the hearing by publication in the official newspaper at least seven days before the hearing. The municipality must mail notice of the hearing to business owners subject to the service charge at least seven days before the hearing. At the public hearing, a person affected by the proposed district may testify on issues relevant to the proposed district. Within six months of the public hearing, the municipality may adopt a resolution to continue imposing service charges within the district not exceeding the amount or rate expressed in the notice. For purposes of this section, the notice must include:

(1) a map showing the boundaries of the district;

(2) the time and place of the public hearing;

(3) a statement that all interested persons will be given an opportunity to be heard at the hearing regarding the proposed service charge;

(4) a brief description of the proposed activities and improvements;

(5) the estimated annual amount of proposed expenditures for activities and improvements;

(6) the rate of the service charge for the district during the year and the nature and character of the proposed activities and improvements for the district during the year in which service charges are collected;

(7) the number of years the service charge will be in effect; and

(8) a statement that the petition requirement of section 428B.07 has either been met or does not apply to the proposed service charge.

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

Sec. 16. **[428B.04] MODIFICATION OF ORDINANCE.**

Subdivision 1. **Adoption of ordinance; request for modification.** Upon written request of the tourism improvement association, the governing body of a municipality may adopt an ordinance to modify the district after conducting a public hearing on the proposed modifications. If the modification includes a change to the rate, method, and basis of imposing the service charge or the expansion of the tourism improvement district's geographic boundaries, a petition as described in section 428B.07 must be submitted by impacted business owners to initiate proceedings for modification.

Subd. 2. **Notice of modification.** A municipality must provide notice of the hearing by publication in at least two issues of the municipality's official newspaper. The two publications must be two weeks apart and the municipality must hold a hearing at least three days after the last publication. Not less than ten days before the hearing, the municipality must mail notice to the business owner of each business subject to the service charge by the tourism improvement district. The notice must include:

(1) a map showing the boundaries of the district;

(2) the time and place of the public hearing;

(3) a statement that all interested persons will be given an opportunity to be heard at the hearing regarding the proposed service charge; and

(4) a brief description of the proposed modification to the ordinance.

Subd. 3. **Hearing on modification.** At the public hearing regarding modification to the ordinance, a person affected by the proposed modification may testify on issues relevant to the proposed modification. Within six months after the conclusion of the hearing, the municipality may adopt the ordinance modifying the district by a vote of the majority of the governing body in accordance with the request for modification by the tourism improvement association and as described in the notice.

Subd. 4. **Objection.** If the modification of the ordinance includes the expansion of the tourism improvement district's geographic boundaries, the ordinance modifying the district may be adopted after following the notice and veto requirements in section 428B.08; however, a successful objection will be determined based on a majority of business owners who will pay the service charge in the expanded area of the district. For all other modifications, the ordinance modifying the district may be adopted following the notice and veto requirements in section 428B.08.

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

Sec. 17. **[428B.05] COLLECTION OF SERVICE CHARGES; PENALTIES.**

The service charges imposed under this chapter may be collected by the municipality, tourism improvement association, or other designated agency or entity. Collection of the service charges must be made at the time and in the manner set forth in the ordinance. The entity collecting the service charges may charge interest and penalties on delinquent payments for service charges imposed under this chapter as set forth in the municipality's ordinance.

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

Sec. 18. **[428B.06] TOURISM IMPROVEMENT ASSOCIATION.**

Subdivision 1. **Composition and duties.** The tourism improvement association must be designated in the municipality's ordinance. The tourism improvement association shall appoint a governing board or committee composed of a majority of business owners who pay the tourism improvement district service charge, or the representatives of those business owners. The governing board or committee must manage the funds raised by the tourism improvement district and fulfill the obligations of the tourism improvement district. A tourism improvement association has full discretion to select the specific activities and improvements that are funded with tourism improvement district service charges within the authorized activities and improvements described in the ordinance.

Subd. 2. **Annual report.** The tourism improvement association must submit to the municipality an annual report for each year in which a service charge is imposed. The report must include a financial statement of revenue raised by the district. The municipality may also, as part of the enabling ordinance, require the submission of other relevant information related to the association.

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

Sec. 19. **[428B.07] PETITION REQUIRED.**

A municipality may not establish a tourism improvement district under section 428B.02 unless impacted business owners file a petition requesting a public hearing on the proposed action with the clerk of the municipality.

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

Sec. 20. **[428B.08] VETO POWER OF OWNERS.**

Subdivision 1. **Notice of right to file objections.** The effective date of an ordinance or resolution adopted under this chapter must be at least 45 days after it is adopted by the municipality. Within five days after the municipality adopts the ordinance or resolution, the municipality must mail a summary of the ordinance or resolution to each business owner subject to the service charge within the tourism improvement district in the same manner that notice is mailed under section 428B.02. The mailing must include a notice that business owners subject to the service charge have the right to veto, by a simple majority, the ordinance or resolution by filing the required number of objections with the clerk of the municipality before the effective date of the ordinance or resolution and include notice that a copy of the ordinance or resolution is available for public inspection with the clerk of the municipality.

Subd. 2. **Requirements for veto.** If impacted business owners file an objection to the ordinance or resolution before the effective date of the ordinance or resolution, the ordinance or resolution does not become effective.

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

Sec. 21. **[428B.09] DISESTABLISHMENT.**

Subdivision 1. **Procedure for disestablishment.** An ordinance adopted under this chapter must provide a 30-day period each year in which business owners subject to the service charge may request disestablishment of the district. Beginning one year after establishment of the tourism improvement district, an annual 30-day period of disestablishment begins with the anniversary of the date of establishment. Upon submission of a petition from impacted business owners, the municipality may disestablish a tourism improvement district by adopting an ordinance after holding a public hearing on the disestablishment. Prior to the public hearing, the municipality must publish notice of the public hearing on disestablishment in at least two issues of the municipality's official newspaper. The two publications must be two weeks apart and the municipality must hold the hearing at least three days after the last publication. Not less than ten days before the hearing, the municipality must mail notice to the business owner of each business subject to the service charge. The notice must include:

(1) the time and place of the public hearing;

(2) a statement that all interested persons will be given an opportunity to be heard at the hearing regarding disestablishment;

(3) the reason for disestablishment; and

(4) a proposal to dispose of any assets acquired with the revenues of the service charge imposed under the tourism improvement district.

Subd. 2. **Objection.** An ordinance disestablishing the tourism improvement district becomes effective following the notice and veto requirements in section 428B.08.

Subd. 3. **Refund to business owners.** (a) Upon the disestablishment of a tourism improvement district, any remaining revenues derived from the service charge, or any revenues derived from the sale of assets acquired with the service charge revenues, shall be refunded to business owners located and operating within the tourism improvement district in which service charges were imposed by applying the same method and basis that was used to calculate the service charges levied in the fiscal year in which the district is disestablished.

(b) If the disestablishment occurs before the service charge is imposed for the fiscal year, the method and basis that was used to calculate the service charge imposed in the immediate prior fiscal year shall be used to calculate the amount of a refund, if any.

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

Sec. 22. **[428B.10] COORDINATION OF DISTRICTS.**

If a county establishes a tourism improvement district in a city or town under this chapter, a city or town may not establish a tourism improvement district in the part of the city or town located in the county-established district. If a city or town establishes a tourism improvement district under this chapter, a county may not establish a tourism improvement district in the part of the city- or town-established district.

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

Sec. 23. Minnesota Statutes 2020, section 462A.38, is amended to read:

462A.38 WORKFORCE AND AFFORDABLE HOMEOWNERSHIP DEVELOPMENT PROGRAM.

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, 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.

Subd. 2. **Use of funds.** (a) Grant funds and loans awarded under this program may be used for:

(1) development costs;

(2) rehabilitation;

(3) land development; and

(4) residential housing, including storm shelters and related community facilities.

(b) A project funded through ~~the grant~~ this program shall serve households that meet the income limits as provided in section 462A.33, subdivision 5, unless a project is intended for the purpose outlined in section 462A.02, subdivision 6.

Subd. 3. **Application.** The commissioner shall develop forms and procedures for soliciting and reviewing applications for grants and loans under this section. The commissioner shall consult with interested stakeholders when developing the guidelines and procedures for the program. In making grants and loans, the commissioner shall establish semiannual application deadlines in which grants and loans will be authorized from all or part of the available appropriations.

Subd. 4. **Awarding grants and loans.** Among comparable proposals, preference must be given to proposals that include contributions from nonstate resources for the greatest portion of the total development cost.

Subd. 5. **Statewide program.** The agency shall attempt to make grants and loans in approximately equal amounts to applicants outside and within the metropolitan area, as defined in section 473.121, subdivision 2.

Subd. 6. **Report.** Beginning January 15, ~~2018~~ 2022, the commissioner must annually submit a report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over housing and workforce development specifying the projects that received grants and loans under this section and the specific purposes for which the grant or loan funds were used.

Subd. 7. **Workforce and affordable homeownership development account.** A workforce and affordable homeownership development account is established in the housing development fund. Money in the account, including interest, is appropriated to the commissioner of the Housing Finance Agency for the purposes of this section. The amount appropriated under this section must supplement traditional sources of funding for this purpose and must not be used as a substitute or to pay debt service on bonds.

Subd. 8. **Deposits; funding amount.** (a) In fiscal years 2022 to 2029, an amount equal to $15,000,000 of the state's portion of the proceeds derived from the mortgage registry tax imposed under section 287.035 and the deed tax imposed under section 287.21 is appropriated from the general fund to the commissioner of the Housing Finance Agency to transfer to the housing development fund for deposit into the workforce and affordable homeownership development account. The appropriation must be made annually by September 15.

(b) All loan repayments received under this section are to be deposited into the workforce and affordable homeownership development account in the housing development fund.

(c) This subdivision expires September 16, 2028.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 24. **4D AFFORDABLE HOUSING PROGRAMS REPORT.**

(a) No later than January 15, 2022, the commissioner of revenue, in consultation with the Minnesota Housing Finance Agency, must produce a report on class 4d property, as defined in Minnesota Statutes, section 273.13, subdivision 25, and on local 4d affordable housing programs. The commissioner must provide a copy of the report to the chairs and ranking minority members of the legislative committees with jurisdiction over property taxation. The report must comply with the requirements of Minnesota Statutes, sections 3.195 and 3.197. The report must include the following to the extent available:

(1) for properties classified in part or in whole as 4d qualifying under Minnesota Statutes, section 273.128, subdivision 1, clauses (1) to (4), with separate amounts given for properties under each clause:

(i) the number of units classified as 4d in each property in the previous assessment year as reported by each county;

(ii) the number of units not classified as 4d in each property in the previous assessment year;

(iii) the property tax paid in 2021;

(iv) the property tax reduction in 2021 resulting from the property being classified as 4d rather than 4a; and

(v) the total number of 4d units in each of the last ten years; and

(2) for properties classified in part or in whole as 4d qualifying under Minnesota Statutes, section 273.128, subdivision 1, clauses (1) to (4):

(i) the percent change in each political subdivision's net tax capacity if the first-tier class rate of the 4d classification was reduced from 0.75 percent to 0.25 percent;

(ii) the number of 4d properties located within tax increment financing districts, and the impact on increment generation in those districts as a result of these properties being classified as 4d rather than 4a;

(iii) the impact that a 4d class rate reduction from 0.75 percent to 0.25 percent for the entire valuation would have on the property tax burden for homestead property;

(iv) the total number of 4d units whose value qualifies for the second tier in each year since 2019;

(v) the impact that a reduction of the 4d class rate from 0.75 percent to 0.25 percent for the entire valuation would have on property tax refunds received by renters and on property tax refunds received by homeowners in jurisdictions that contain 4d property; and

(vi) a profile of income limits and area median incomes used in Minnesota by the United States Department of Housing and Urban Development to determine the eligibility for assisted housing programs.

(b) Counties must report to the commissioner of revenue any data required by paragraph (a), clauses (1) and (2), by November 1, 2021.

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

Sec. 25. **BUDGET RESERVE REDUCTION.**

On July 1, 2021, the balance of the budget reserve account established in Minnesota Statutes, section 16A.152, subdivision 1a, is reduced by $150,000,000. This reduction is in addition to the reduction authorized in Laws 2019, First Special Session chapter 6, article 11, section 17.

Sec. 26. **APPROPRIATIONS; FIRE REMEDIATION GRANTS.**

Subdivision 1. **City of Melrose.** $643,729 in fiscal year 2022 is appropriated from the general fund to the commissioner of revenue for a grant to the city of Melrose to remediate the effects of fires in the city on September 8, 2016. This appropriation represents the amounts that lapsed by the terms of the appropriation in Laws 2017, First Special Session chapter 1, article 4, section 31. The commissioner of revenue must remit the funds to the city of Melrose by July 20, 2021. The city must use the funds to administer grants to public or private entities for use in accordance with subdivision 3.

Subd. 2. **City of Alexandria.** $120,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of revenue for a grant to the city of Alexandria to remediate the effects of the fire in the city on February 25, 2020. The commissioner of revenue must remit the funds to the city of Alexandria by July 20, 2021. The city must use the funds to administer grants to public or private entities for use in accordance with subdivision 3.

Subd. 3. **Allowed use.** A grant recipient must use the money appropriated under this section for remediation costs, including disaster recovery, infrastructure, reimbursement for emergency personnel costs, reimbursement for equipment costs, and reimbursements for property tax abatements, incurred by public or private entities as a result of the fires. These appropriations are onetime and are available until June 30, 2023.

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

Sec. 27. **DEPARTMENT OF REVENUE FREE FILING REPORT.**

Subdivision 1. **Report required.** (a) By February 15, 2022, the commissioner of revenue must provide a written report to the chairs and ranking minority members of the legislative committees with jurisdiction over taxes. The report must comply with the requirements of Minnesota Statutes, sections 3.195 and 3.197, and must also provide information on free electronic filing options for preparing and filing Minnesota individual income tax returns.

(b) The commissioner must survey tax preparation software vendors for information on a free electronic preparation and filing option for taxpayers to file Minnesota individual income tax returns. The survey must request information from vendors that addresses the following concerns:

(1) system development, capability, security, and costs for consumer-based tax filing software;

(2) costs per return that would be charged to the state of Minnesota to provide an electronic individual income tax return preparation, submission, and payment remittance process;

(3) providing customer service and issue resolution to taxpayers using the software;

(4) providing and maintaining an appropriate link between the Department of Revenue and the Internal Revenue Service Modernized Electronic Filing Program;

(5) ensuring that taxpayer return information is maintained and protected as required by Minnesota Statutes, chapters 13 and 270B, Internal Revenue Service Publication 1075, and any other applicable requirements; and

(6) current availability of products for the free filing and submitting of both Minnesota and federal returns offered to customers and the income thresholds for using those products.

(c) The report by the commissioner must include at a minimum:

(1) a review of options that other states use for state electronic filing;

(2) an assessment of taxpayer needs for electronic filing, including current filing practices;

(3) an analysis of alternative options to provide free filing, such as tax credits, vendor incentives, or other benefits; and

(4) an analysis of the Internal Revenue Service Free File Program usage.

Subd. 2. **Appropriation.** $175,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of revenue for the free filing report required under this section. This is a onetime appropriation.

Sec. 28. **APPROPRIATION; TAXPAYER RECEIPT.**

(a) $100,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of management and budget to develop and publish the taxpayer receipt under Minnesota Statutes, section 16A.067. The base funding for this program is $47,000 in fiscal year 2023 and thereafter.

(b) $19,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of revenue to coordinate with the commissioner of management and budget to provide information that meets the requirements of the taxpayer receipt under Minnesota Statutes, section 16A.067. The base funding is $8,000 in fiscal year 2023 and thereafter.

ARTICLE 14
DEPARTMENT OF REVENUE POLICY AND TECHNICAL:
INCOME AND CORPORATE FRANCHISE TAXES

Section 1. Minnesota Statutes 2020, section 289A.08, subdivision 7, is amended to read:

Subd. 7. **Composite income tax returns for nonresident partners, shareholders, and beneficiaries.** (a) The commissioner may allow a partnership with nonresident partners to file a composite return and to pay the tax on behalf of nonresident partners who have no other Minnesota source income. This composite return must include the names, addresses, Social Security numbers, income allocation, and tax liability for the nonresident partners electing to be covered by the composite return.

(b) The computation of a partner's tax liability must be determined by multiplying the income allocated to that partner by the highest rate used to determine the tax liability for individuals under section 290.06, subdivision 2c. Nonbusiness deductions, standard deductions, or personal exemptions are not allowed.

(c) The partnership must submit a request to use this composite return filing method for nonresident partners. The requesting partnership must file a composite return in the form prescribed by the commissioner of revenue. The filing of a composite return is considered a request to use the composite return filing method.

(d) The electing partner must not have any Minnesota source income other than the income from the partnership and other electing partnerships. If it is determined that the electing partner has other Minnesota source income, the inclusion of the income and tax liability for that partner under this provision will not constitute a return to satisfy the requirements of subdivision 1. The tax paid for the individual as part of the composite return is allowed as a payment of the tax by the individual on the date on which the composite return payment was made. If the electing nonresident partner has no other Minnesota source income, filing of the composite return is a return for purposes of subdivision 1.

(e) This subdivision does not negate the requirement that an individual pay estimated tax if the individual's liability would exceed the requirements set forth in section 289A.25. The individual's liability to pay estimated tax is, however, satisfied when the partnership pays composite estimated tax in the manner prescribed in section 289A.25.

(f) If an electing partner's share of the partnership's gross income from Minnesota sources is less than the filing requirements for a nonresident under this subdivision, the tax liability is zero. However, a statement showing the partner's share of gross income must be included as part of the composite return.

(g) The election provided in this subdivision is only available to a partner who has no other Minnesota source income and who is either (1) a full-year nonresident individual or (2) a trust or estate that does not claim a deduction under either section 651 or 661 of the Internal Revenue Code.

(h) A corporation defined in section 290.9725 and its nonresident shareholders may make an election under this paragraph. The provisions covering the partnership apply to the corporation and the provisions applying to the partner apply to the shareholder.

(i) Estates and trusts distributing current income only and the nonresident individual beneficiaries of the estates or trusts may make an election under this paragraph. The provisions covering the partnership apply to the estate or trust. The provisions applying to the partner apply to the beneficiary.

(j) For the purposes of this subdivision, "income" means the partner's share of federal adjusted gross income from the partnership modified by the additions provided in section 290.0131, subdivisions 8 to 10 ~~and~~, 16, and 17, and the subtractions provided in: (1) section 290.0132, ~~subdivision~~ subdivisions 9, 27, and 28, to the extent the

amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent the electing partner would have been allowed the subtraction.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2015.

Sec. 2. Minnesota Statutes 2020, section 289A.09, subdivision 2, is amended to read:

Subd. 2. **Withholding statement.** (a) A person required to deduct and withhold from an employee a tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, or who would have been required to deduct and withhold a tax under section 290.92, subdivision 2a or 3, or persons required to withhold tax under section 290.923, subdivision 2, determined without regard to section 290.92, subdivision 19, if the employee or payee had claimed no more than one withholding ~~exemption~~ allowance, or who paid wages or made payments not subject to withholding under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, to an employee or person receiving royalty payments in excess of $600, or who has entered into a voluntary withholding agreement with a payee under section 290.92, subdivision 20, must give every employee or person receiving royalty payments in respect to the remuneration paid by the person to the employee or person receiving royalty payments during the calendar year, on or before January 31 of the succeeding year, or, if employment is terminated before the close of the calendar year, within 30 days after the date of receipt of a written request from the employee if the 30-day period ends before January 31, a written statement showing the following:

(1) name of the person;

(2) the name of the employee or payee and the employee's or payee's Social Security account number;

(3) the total amount of wages as that term is defined in section 290.92, subdivision 1, paragraph (1); the total amount of remuneration subject to withholding under section 290.92, subdivision 20; the amount of sick pay as required under section 6051(f) of the Internal Revenue Code; and the amount of royalties subject to withholding under section 290.923, subdivision 2; and

(4) the total amount deducted and withheld as tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2.

(b) The statement required to be furnished by paragraph (a) with respect to any remuneration must be furnished at those times, must contain the information required, and must be in the form the commissioner prescribes.

(c) The commissioner may prescribe rules providing for reasonable extensions of time, not in excess of 30 days, to employers or payers required to give the statements to their employees or payees under this subdivision.

(d) A duplicate of any statement made under this subdivision and in accordance with rules prescribed by the commissioner must be filed with the commissioner on or before January 31 of the year after the payments were made.

(e) If an employer cancels the employer's Minnesota withholding account number required by section 290.92, subdivision 24, the information required by paragraph (d), must be filed with the commissioner within 30 days of the end of the quarter in which the employer cancels its account number.

(f) The employer must submit the statements required to be sent to the commissioner. The commissioner shall prescribe the content, format, and manner of the statement pursuant to section 270C.30.

(g) A "third-party bulk filer" as defined in section 290.92, subdivision 30, paragraph (a), clause (2), must submit the returns required by this subdivision and subdivision 1, paragraph (a), with the commissioner by electronic means.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 3. Minnesota Statutes 2020, section 290.0121, subdivision 3, is amended to read:

Subd. 3. **Inflation adjustment.** For taxable years beginning after December 31, 2019, the commissioner must adjust for inflation the exemption amount in subdivision 1, paragraph (b), and the threshold amounts in subdivision 2, as provided in section 270C.22. The statutory year is taxable year 2019. The amounts as adjusted must be rounded down to the nearest $50 amount. ~~If the amount ends in $25, the amount is rounded down to the nearest $50 amount.~~ The threshold amount for married individuals filing separate returns must be one-half of the adjusted amount for married individuals filing joint returns.

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

Sec. 4. Minnesota Statutes 2020, section 290.92, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (1) **Wages.** For purposes of this section, the term "wages" means the same as that term is defined in section 3401(a), (f), and (i) of the Internal Revenue Code.

(2) **Payroll period.** For purposes of this section the term "payroll period" means a period for which a payment of wages is ordinarily made to the employee by the employee's employer, and the term "miscellaneous payroll period" means a payroll period other than a daily, weekly, biweekly, semimonthly, monthly, quarterly, semiannual, or annual payroll period.

(3) **Employee.** For purposes of this section the term "employee" means any resident individual performing services for an employer, either within or without, or both within and without the state of Minnesota, and every nonresident individual performing services within the state of Minnesota, the performance of which services constitute, establish, and determine the relationship between the parties as that of employer and employee. As used in the preceding sentence, the term "employee" includes an officer of a corporation, and an officer, employee, or elected official of the United States, a state, or any political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing.

(4) **Employer.** For purposes of this section the term "employer" means any person, including individuals, fiduciaries, estates, trusts, partnerships, limited liability companies, and corporations transacting business in or deriving any income from sources within the state of Minnesota for whom an individual performs or performed any service, of whatever nature, as the employee of such person, except that if the person for whom the individual performs or performed the services does not have control of the payment of the wages for such services, the term "employer," except for purposes of paragraph (1), means the person having control of the payment of such wages. As used in the preceding sentence, the term "employer" includes any corporation, individual, estate, trust, or organization which is exempt from taxation under section 290.05 and further includes, but is not limited to, officers of corporations who have control, either individually or jointly with another or others, of the payment of the wages.

(5) **Number of withholding ~~exemptions~~ allowances claimed.** For purposes of this section, the term "number of withholding ~~exemptions~~ allowances claimed" means the number of withholding ~~exemptions~~ allowances claimed in a withholding ~~exemption~~ allowances certificate in effect under subdivision 5, except that if no such certificate is in effect, the number of withholding ~~exemptions~~ allowances claimed shall be considered to be zero.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 5. Minnesota Statutes 2020, section 290.92, subdivision 2a, is amended to read:

Subd. 2a. **Collection at source.** (1) **Deductions.** Every employer making payment of wages shall deduct and withhold upon such wages a tax as provided in this section.

(2) **Withholding on payroll period.** The employer shall withhold the tax on the basis of each payroll period or as otherwise provided in this section.

(3) **Withholding tables.** Unless the amount of tax to be withheld is determined as provided in subdivision 3, the amount of tax to be withheld for each individual shall be based upon tables to be prepared and distributed by the commissioner. The tables shall be computed for the several permissible withholding periods and shall take account of ~~exemptions~~ allowances allowed under this section; and the amounts computed for withholding shall be such that the amount withheld for any individual during the individual's taxable year shall approximate in the aggregate as closely as possible the tax which is levied and imposed under this chapter for that taxable year, upon the individual's salary, wages, or compensation for personal services of any kind for the employer.

(4) **Miscellaneous payroll period.** If wages are paid with respect to a period which is not a payroll period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period containing a number of days, including Sundays and holidays, equal to the number of days in the period with respect to which such wages are paid.

(5) **Miscellaneous payroll period.** (a) In any case in which wages are paid by an employer without regard to any payroll period or other period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period containing a number of days equal to the number of days, including Sundays and holidays, which have elapsed since the date of the last payment of such wages by such employer during the calendar year, or the date of commencement of employment with such employer during such year, or January 1 of such year, whichever is the later.

(b) In any case in which the period, or the time described in clause (a), in respect of any wages is less than one week, the commissioner, under rules prescribed by the commissioner, may authorize an employer to determine the amount to be deducted and withheld under the tables applicable in the case of a weekly payroll period, in which case the aggregate of the wages paid to the employee during the calendar week shall be considered the weekly wages.

(6) **Wages computed to nearest dollar.** If the wages exceed the highest bracket, in determining the amount to be deducted and withheld under this subdivision, the wages may, at the election of the employer, be computed to the nearest dollar.

(7) **Rules on withholding.** The commissioner may, by rule, authorize employers:

(a) to estimate the wages which will be paid to any employee in any quarter of the calendar year;

(b) to determine the amount to be deducted and withheld upon each payment of wages to such employee during such quarter as if the appropriate average of the wages so estimated constituted the actual wages paid; and

(c) to deduct and withhold upon any payment of wages to such employee during such quarter such amount as may be necessary to adjust the amount actually deducted and withheld upon wages of such employee during such quarter to the amount required to be deducted and withheld during such quarter without regard to this paragraph (7).

(8) **Additional withholding.** The commissioner is authorized to provide by rule for increases or decreases in the amount of withholding otherwise required under this section in cases where the employee requests the changes. Such additional withholding shall for all purposes be considered tax required to be deducted and withheld under this section.

(9) **Tips.** In the case of tips which constitute wages, this subdivision shall be applicable only to such tips as are included in a written statement furnished to the employer pursuant to section 6053 of the Internal Revenue Code and only to the extent that the tax can be deducted and withheld by the employer, at or after the time such statement is so furnished and before the close of the calendar year in which such statement is furnished, from such wages of the employee (excluding tips, but including funds turned over by the employee to the employer for the purpose of such deduction and withholding) as are under the control of the employer; and an employer who is furnished by an

employee a written statement of tips (received in a calendar month) pursuant to section 6053 of the Internal Revenue Code to which subdivision 1 is applicable may deduct and withhold the tax with respect to such tips from any wages of the employee (excluding tips) under the employer's control, even though at the time such statement is furnished the total amount of the tips included in statements furnished to the employer as having been received by the employee in such calendar month in the course of employment by such employer is less than $20. Such tax shall not at any time be deducted and withheld in an amount which exceeds the aggregate of such wages and funds as are under the control of the employer minus any tax required by other provisions of state or federal law to be collected from such wages and funds.

(10) **Vehicle fringe benefits.** An employer shall not deduct and withhold any tax under this section with respect to any vehicle fringe benefit provided to an employee if the employer has so elected for federal purposes and the requirement of and the definition contained in section 3402(s) of the Internal Revenue Code are complied with.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 6. Minnesota Statutes 2020, section 290.92, subdivision 3, is amended to read:

Subd. 3. **Withholding, irregular period.** If payment of wages is made to an employee by an employer

(a) With respect to a payroll period or other period, any part of which is included in a payroll period or other period with respect to which wages are also paid to such employees by such employer, or

(b) Without regard to any payroll period or other period, but on or prior to the expiration of a payroll period or other period with respect to which wages are also paid to such employee by such employer, or

(c) With respect to a period beginning in one and ending in another calendar year, or

(d) Through an agent, fiduciary, or other person who also has the control, receipt, custody, or disposal of or pays, the wages payable by another employer to such employee.

The manner of withholding and the amount to be deducted and withheld under subdivision 2a shall be determined in accordance with rules prescribed by the commissioner under which the withholding ~~exemption~~ allowance allowed to the employee in any calendar year shall approximate the withholding ~~exemption~~ allowance allowable with respect to an annual payroll period, except that if supplemental wages are not paid concurrent with a payroll period the employer shall withhold tax on the supplemental payment at the rate of 6.25 percent as if no ~~exemption~~ allowance had been claimed.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 7. Minnesota Statutes 2020, section 290.92, subdivision 4b, is amended to read:

Subd. 4b. **Withholding by partnerships.** (a) A partnership shall deduct and withhold a tax as provided in paragraph (b) for nonresident individual partners based on their distributive shares of partnership income for a taxable year of the partnership.

(b) The amount of tax withheld is determined by multiplying the partner's distributive share allocable to Minnesota under section 290.17, paid or credited during the taxable year by the highest rate used to determine the income tax liability for an individual under section 290.06, subdivision 2c, except that the amount of tax withheld may be determined by the commissioner if the partner submits a withholding ~~exemption~~ allowance certificate under subdivision 5.

(c) The commissioner may reduce or abate the tax withheld under this subdivision if the partnership had reasonable cause to believe that no tax was due under this section.

(d) Notwithstanding paragraph (a), a partnership is not required to deduct and withhold tax for a nonresident partner if:

(1) the partner elects to have the tax due paid as part of the partnership's composite return under section 289A.08, subdivision 7;

(2) the partner has Minnesota assignable federal adjusted gross income from the partnership of less than $1,000; or

(3) the partnership is liquidated or terminated, the income was generated by a transaction related to the termination or liquidation, and no cash or other property was distributed in the current or prior taxable year;

(4) the distributive shares of partnership income are attributable to:

(i) income required to be recognized because of discharge of indebtedness;

(ii) income recognized because of a sale, exchange, or other disposition of real estate, depreciable property, or property described in section 179 of the Internal Revenue Code; or

(iii) income recognized on the sale, exchange, or other disposition of any property that has been the subject of a basis reduction pursuant to section 108, 734, 743, 754, or 1017 of the Internal Revenue Code

to the extent that the income does not include cash received or receivable or, if there is cash received or receivable, to the extent that the cash is required to be used to pay indebtedness by the partnership or a secured debt on partnership property; or

(5) the partnership is a publicly traded partnership, as defined in section 7704(b) of the Internal Revenue Code.

(e) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2, paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a partnership is considered an employer.

(f) To the extent that income is exempt from withholding under paragraph (d), clause (4), the commissioner has a lien in an amount up to the amount that would be required to be withheld with respect to the income of the partner attributable to the partnership interest, but for the application of paragraph (d), clause (4). The lien arises under section 270C.63 from the date of assessment of the tax against the partner, and attaches to that partner's share of the profits and any other money due or to become due to that partner in respect of the partnership. Notice of the lien may be sent by mail to the partnership, without the necessity for recording the lien. The notice has the force and effect of a levy under section 270C.67, and is enforceable against the partnership in the manner provided by that section. Upon payment in full of the liability subsequent to the notice of lien, the partnership must be notified that the lien has been satisfied.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 8. Minnesota Statutes 2020, section 290.92, subdivision 4c, is amended to read:

Subd. 4c. **Withholding by S corporations.** (a) A corporation having a valid election in effect under section 290.9725 shall deduct and withhold a tax as provided in paragraph (b) for nonresident individual shareholders their share of the corporation's income for the taxable year.

(b) The amount of tax withheld is determined by multiplying the amount of income allocable to Minnesota under section 290.17 by the highest rate used to determine the income tax liability of an individual under section 290.06, subdivision 2c, except that the amount of tax withheld may be determined by the commissioner if the shareholder submits a withholding ~~exemption~~ allowance certificate under subdivision 5.

(c) Notwithstanding paragraph (a), a corporation is not required to deduct and withhold tax for a nonresident shareholder, if:

(1) the shareholder elects to have the tax due paid as part of the corporation's composite return under section 289A.08, subdivision 7;

(2) the shareholder has Minnesota assignable federal adjusted gross income from the corporation of less than $1,000; or

(3) the corporation is liquidated or terminated, the income was generated by a transaction related to the termination or liquidation, and no cash or other property was distributed in the current or prior taxable year.

(d) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2, paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a corporation is considered an employer.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 9. Minnesota Statutes 2020, section 290.92, subdivision 5, is amended to read:

Subd. 5. **~~Exemptions~~ Allowances.** (1) **~~Entitlement.~~** An employee receiving wages shall on any day be entitled to claim withholding ~~exemptions~~ allowances in a number not to exceed the number of withholding ~~exemptions~~ allowances that the employee claims and that are allowable pursuant to section 3402(f)(1)~~, (m), and (n)~~ of the Internal Revenue Code for federal withholding purposes, except:

(i) the standard deduction amount for the purposes of section 3402(f)(1)(E) of the Internal Revenue Code shall be the amount calculated under section 290.0123~~, subdivision 1~~; ~~and~~

(ii) the ~~exemption~~ allowance amount for the purposes of section 3402(f)(1)(A) of the Internal Revenue Code shall be the amount calculated under section 290.0121, subdivision 1~~.~~;

(iii) withholding allowances under sections 3402(f)(1)(C) and (D) of the Internal Revenue Code are not allowed;

(iv) estimated itemized deductions allowable under section 290.0122, but only if the employee's spouse does not have in effect a withholding certificate electing this allowance; and

(v) any additional allowances, at the discretion of the commissioner, that are in the best interests of determining the proper amount to withhold for the payment of taxes under this chapter.

(2) **Withholding ~~exemption~~ allowance certificate.** The provisions concerning ~~exemption~~ allowance certificates contained in section 3402(f)(2) and (3) of the Internal Revenue Code shall apply.

(3) **Form of certificate.** Withholding ~~exemption~~ allowance certificates shall be in such form and contain such information as the commissioner may by rule prescribe.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 10. Minnesota Statutes 2020, section 290.92, subdivision 5a, is amended to read:

Subd. 5a. **Verification of withholding ~~exemptions~~ allowances; appeal.** (a) An employer shall submit to the commissioner a copy of any withholding ~~exemption~~ allowance certificate or any affidavit of residency received from an employee on which the employee claims any of the following:

(1) a total number of withholding ~~exemptions~~ allowances in excess of ten or a number prescribed by the commissioner, or

(2) a status that would exempt the employee from Minnesota withholding, including where the employee is a nonresident exempt from withholding under subdivision 4a, clause (3), except where the employer reasonably expects, at the time that the certificate is received, that the employee's wages under subdivision 1 from the employer will not then usually exceed $200 per week, or

(3) any number of withholding ~~exemptions~~ allowances which the employer has reason to believe is in excess of the number to which the employee is entitled.

(b) Copies of ~~exemption~~ allowance certificates and affidavits of residency required to be submitted by paragraph (a) shall be submitted to the commissioner within 30 days after receipt by the employer unless the employer is also required by federal law to submit copies to the Internal Revenue Service, in which case the employer may elect to submit the copies to the commissioner at the same time that the employer is required to submit them to the Internal Revenue Service.

(c) An employer who submits a copy of a withholding ~~exemption~~ allowance certificate in accordance with paragraph (a) shall honor the certificate until notified by the commissioner that the certificate is invalid. The commissioner shall mail a copy of any such notice to the employee. Upon notification that a particular certificate is invalid, the employer shall not honor that certificate or any subsequent certificate unless instructed to do so by the commissioner. The employer shall allow the employee the number of ~~exemptions~~ allowances and compute the withholding tax as instructed by the commissioner in accordance with paragraph (d).

(d) The commissioner may require an employee to verify entitlement to the number of ~~exemptions~~ allowances or to the exempt status claimed on the withholding ~~exemption~~ allowance certificate or, to verify nonresidency. The employee shall be allowed at least 30 days to submit the verification, after which time the commissioner shall, on the basis of the best information available to the commissioner, determine the employee's status and allow the employee the maximum number of withholding ~~exemptions~~ allowances allowable under this chapter. The commissioner shall mail a notice of this determination to the employee at the address listed on the ~~exemption~~ allowance certificate in question or to the last known address of the employee. Pursuant to section 270B.06, the commissioner may notify the employer of this determination and instruct the employer to withhold tax in accordance with the determination.

However, where the commissioner has reasonable grounds for believing that the employee is about to leave the state or that the collection of any tax due under this chapter will be jeopardized by delay, the commissioner may immediately notify the employee and the employer, pursuant to section 270B.06, that the certificate is invalid, and the employer must not honor that certificate or any subsequent certificate unless instructed to do so by the commissioner. The employer shall allow the employee the number of ~~exemptions~~ allowances and compute the withholding tax as instructed by the commissioner.

(e) The commissioner's determination under paragraph (d) shall be appealable to Tax Court in accordance with section 271.06, and shall remain in effect for withholding tax purposes pending disposition of any appeal.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 11. Minnesota Statutes 2020, section 290.92, subdivision 19, is amended to read:

Subd. 19. **Employees incurring no income tax liability.** Notwithstanding any other provision of this section, except the provisions of subdivision 5a, an employer is not required to deduct and withhold any tax under this chapter from wages paid to an employee if:

(1) the employee furnished the employer with a withholding ~~exemption~~ allowance certificate that:

(i) certifies the employee incurred no liability for income tax imposed under this chapter for the employee's preceding taxable year;

(ii) certifies the employee anticipates incurring no liability for income tax imposed under this chapter for the current taxable year; and

(iii) is in a form and contains any other information prescribed by the commissioner; or

(2)(i) the employee is not a resident of Minnesota when the wages were paid; and

(ii) the employer reasonably expects that the employer will not pay the employee enough wages assignable to Minnesota under section 290.17, subdivision 2, paragraph (a)(1), to meet the nonresident requirement to file a Minnesota individual income tax return for the taxable year under section 289A.08, subdivision 1, paragraph (a).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 12. Minnesota Statutes 2020, section 290.92, subdivision 20, is amended to read:

Subd. 20. ~~**Voluntary withholding agreements**~~ **Miscellaneous withholding arrangements.** (a) For purposes of this section, any payment ~~of an annuity to an individual, if at the time the payment is made a request that such annuity be subject to withholding under this section is in effect,~~ or distribution to an individual as defined under section 3405(e)(2) or (3) of the Internal Revenue Code shall be treated as if it were a payment of wages by an employer to an employee for a payroll period. Any payment to an individual of sick pay which does not constitute wages, determined without regard to this subdivision, shall be treated as if it were a payment of wages by an employer to an employee for a payroll period, if, at the time the payment is made a request that such sick pay be subject to withholding under this section is in effect. Sick pay means any amount which:

(1) is paid to an employee pursuant to a plan to which the employer is a party, and

(2) constitutes remuneration or a payment in lieu of remuneration for any period during which the employee is temporarily absent from work on account of sickness or personal injuries.

(b) A request for withholding, the amount withheld, and sick pay paid pursuant to certain collective bargaining agreements shall conform with the provisions of section 3402(o)(3), (4), and (5) of the Internal Revenue Code.

(c) The commissioner is authorized by rules to provide for withholding:

(1) from remuneration for services performed by an employee for the employer which, without regard to this subdivision, does not constitute wages, and

(2) from any other type of payment with respect to which the commissioner finds that withholding would be appropriate under the provisions of this section, if the employer and the employee, or in the case of any other type of payment the person making and the person receiving the payment, agree to such withholding. Such agreement shall be made in such form and manner as the commissioner may by rules provide. For purposes of this section remuneration or other payments with respect to which such agreement is made shall be treated as if they were wages paid by an employer to an employee to the extent that such remuneration is paid or other payments are made during the period for which the agreement is in effect.

(d) An individual receiving a payment or distribution under paragraph (a) may elect to have paragraph (a) not apply to the payment or distribution as follows.

(1) For payments defined under section 3405(e)(2) of the Internal Revenue Code, an election remains in effect until revoked by such individual.

(2) For distributions defined under section 3405(e)(3) of the Internal Revenue Code, the election is on a distribution-by-distribution basis.

EFFECTIVE DATE. This section is effective for payments and distributions made after December 31, 2021.

Sec. 13. Minnesota Statutes 2020, section 290.923, subdivision 9, is amended to read:

Subd. 9. **Payees incurring no income tax liability.** Notwithstanding any other provision of this section a payor shall not be required to deduct and withhold any tax under this chapter upon a payment of royalties to a payee if there is in effect with respect to the payment a withholding ~~exemption~~ allowance certificate, in the form and containing the information prescribed by the commissioner, furnished to the payor by the payee certifying that the payee:

(1) incurred no liability for income tax imposed under this chapter for the payee's preceding taxable year; and

(2) anticipates incurring no liability for income tax under this chapter for the current taxable year.

The commissioner shall provide by rule for the coordination of the provisions of this subdivision with the provisions of subdivision 4.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 14. Minnesota Statutes 2020, section 290.993, is amended to read:

290.993 SPECIAL LIMITED ADJUSTMENT.

(a) For an individual ~~income taxpayer subject to tax under section 290.06, subdivision 2c~~, estate, or trust, or a partnership that elects to file a composite return under section 289A.08, subdivision 7, for taxable years beginning after December 31, 2017, and before January 1, 2019, the following special rules apply:

(1) an individual income taxpayer may: (i) take the standard deduction; or (ii) make an election under section 63(e) of the Internal Revenue Code to itemize, for Minnesota individual income tax purposes, regardless of the choice made on their federal return; and

(2) there is an adjustment to tax equal to the difference between the tax calculated under this chapter using the Internal Revenue Code as amended through December 16, 2016, and the tax calculated under this chapter using the Internal Revenue Code amended through December 31, 2018, before the application of credits. The end result must be zero additional tax due or refund.

(b) The adjustment in paragraph (a), clause (2), does not apply to any changes due to sections 11012, 13101, 13201, 13202, 13203, 13204, 13205, 13207, 13301, 13302, 13303, 13313, 13502, 13503, 13801, 14101, 14102, 14211 through 14215, and 14501 of Public Law 115-97; and section 40411 of Public Law 115-123.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, and before January 1, 2019.

ARTICLE 15
DEPARTMENT OF REVENUE POLICY AND TECHNICAL:
PROPERTY TAXES AND LOCAL GOVERNMENT AIDS

Section 1. Minnesota Statutes 2020, section 270.41, subdivision 3a, is amended to read:

Subd. 3a. **Report on disciplinary actions.** ~~Each odd-numbered year,~~ When issuing the report required under section 214.07, the board must ~~publish a report detailing~~ include the number and types of disciplinary actions recommended by the commissioner of revenue under section 273.0645, subdivision 2, and the disposition of those recommendations by the board. The report must be presented to the house of representatives and senate committees with jurisdiction over property taxes ~~by February 1 of each odd-numbered year~~ in addition to the recipients required under section 214.07.

EFFECTIVE DATE. This section is effective for reports issued in 2022 and thereafter.

Sec. 2. Minnesota Statutes 2020, section 270.44, is amended to read:

270.44 CHARGES FOR COURSES, EXAMINATIONS OR MATERIALS.

The board shall charge the following fees:

(1) $150 for a senior accredited Minnesota assessor license;

(2) $125 for an accredited Minnesota assessor license;

(3) $95 for a certified Minnesota assessor specialist license;

(4) $85 for a certified Minnesota assessor license;

(5) $85 for a temporary license;

(6) $50 for a trainee registration;

(7) $80 for grading a form appraisal;

(8) $140 for grading a narrative appraisal; and

(9) $50 for reinstatement~~; and~~.

~~(10) $20 for record retention.~~

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

Sec. 3. Minnesota Statutes 2020, section 272.029, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For the purposes of this section:

(1) "wind energy conversion system" has the meaning given in section 216C.06, subdivision 19, and also includes a substation that is used and owned by one or more wind energy conversion facilities;

(2) "large scale wind energy conversion system" means a wind energy conversion system of more than 12 megawatts, as measured by the nameplate capacity of the system or as combined with other systems as provided in paragraph (b);

(3) "medium scale wind energy conversion system" means a wind energy conversion system of over two and not more than 12 megawatts, as measured by the nameplate capacity of the system or as combined with other systems as provided in paragraph (b); and

(4) "small scale wind energy conversion system" means a wind energy conversion system of two megawatts and under, as measured by the nameplate capacity of the system or as combined with other systems as provided in paragraph (b).

(b) For systems installed and contracted for after January 1, 2002, the total size of a wind energy conversion system under this subdivision shall be determined according to this paragraph. Unless the systems are interconnected with different distribution systems, the nameplate capacity of one wind energy conversion system shall be combined with the nameplate capacity of any other wind energy conversion system that is:

(1) located within five miles of the wind energy conversion system;

(2) constructed within the same 12-month period as the wind energy conversion system; and

(3) under common ownership.

In the case of a dispute, the commissioner of commerce shall determine the total size of the system, and shall draw all reasonable inferences in favor of combining the systems.

For the purposes of making a determination under this paragraph, the original construction date of an existing wind energy conversion system is not changed if the system is replaced, repaired, or otherwise maintained or altered.

(c) In making a determination under paragraph (b), the commissioner of commerce may determine that two wind energy conversion systems are under common ownership when the underlying ownership structure contains similar persons or entities, even if the ownership shares differ between the two systems. Wind energy conversion systems are not under common ownership solely because the same person or entity provided equity financing for the systems.

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

Sec. 4. Minnesota Statutes 2020, section 272.0295, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For the purposes of this section, the term "solar energy generating system" means a set of devices whose primary purpose is to produce electricity by means of any combination of collecting, transferring, or converting solar generated energy.

(b) The total size of a solar energy generating system under this subdivision shall be determined according to this paragraph. Unless the systems are interconnected with different distribution systems, the nameplate capacity of a solar energy generating system shall be combined with the nameplate capacity of any other solar energy generating system that:

(1) is constructed within the same 12-month period as the solar energy generating 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.

In the case of a dispute, the commissioner of commerce shall determine the total size of the system and shall draw all reasonable inferences in favor of combining the systems.

For the purposes of making a determination under this paragraph, the original construction date of an existing solar energy conversion system is not changed if the system is replaced, repaired, or otherwise maintained or altered.

(c) In making a determination under paragraph (b), the commissioner of commerce may determine that two solar energy generating systems are under common ownership when the underlying ownership structure contains similar persons or entities, even if the ownership shares differ between the two systems. Solar energy generating systems are not under common ownership solely because the same person or entity provided equity financing for the systems.

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

Sec. 5. Minnesota Statutes 2020, section 272.0295, subdivision 5, is amended to read:

Subd. 5. **Notification of tax.** (a) On or before February 28, the commissioner of revenue shall notify the owner of each solar energy generating system of the tax due to each county for the current year and shall certify to the county auditor of each county in which the system is located the tax due from each owner for the current year.

(b) If the commissioner of revenue determines that the amount of production tax has been erroneously calculated, the commissioner may correct the error. The commissioner must notify the owner of the solar energy generating system of the correction and the amount of tax due to each county and must certify the correction to the county auditor of each county in which the system is located on or before April 1 of the current year. The commissioner may correct errors that are clerical in nature until December 31.

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

Sec. 6. Minnesota Statutes 2020, section 273.063, is amended to read:

273.063 APPLICATION; LIMITATIONS.

The provisions of sections 272.161, 273.061, 273.062, 273.063, 273.072, 273.08, 273.10, 274.01, and 375.192 shall apply to all counties except Ramsey County. The following limitations shall apply as to the extent of the county assessors jurisdiction:

In counties having a city of the first class, the powers and duties of the county assessor within such city shall be performed by the duly appointed city assessor. In all other cities having a population of 30,000 persons or more, according to the last preceding federal census, except in counties having a county assessor on January 1, 1967, the powers and duties of the county assessor within such cities shall be performed by the duly appointed city assessor, provided that the county assessor shall retain the supervisory duties contained in section 273.061, subdivision 8. For purposes of this section, "powers and duties" means the powers and duties identified in section 273.061, subdivision 8, clauses (5) to (16).

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

Sec. 7. Minnesota Statutes 2020, section 273.0755, is amended to read:

273.0755 TRAINING AND EDUCATION OF PROPERTY TAX PERSONNEL.

(a) Beginning with the four-year period starting on July 1, ~~2000~~ 2020, every person licensed by the state Board of Assessors at the Accredited Minnesota Assessor level or higher, shall successfully complete ~~a weeklong Minnesota laws course~~ 30 hours of educational coursework on Minnesota laws, assessment administration, and administrative procedures sponsored by the Department of Revenue ~~at least once~~ in every four-year period. ~~An assessor need not attend the course if they successfully pass the test for the course.~~

(b) The commissioner of revenue may require that each county, and each city for which the city assessor performs the duties of county assessor, have (1) a person on the assessor's staff who is certified by the Department of Revenue in sales ratio calculations, (2) an officer or employee who is certified by the Department of Revenue in tax calculations, and (3) an officer or employee who is certified by the Department of Revenue in the proper preparation of information reported to the commissioner under section 270C.85, subdivision 2, clause (4). Certifications under this paragraph expire after four years.

(c) Beginning with the four-year educational licensing period starting on July 1, 2004, every Minnesota assessor licensed by the State Board of Assessors must attend and participate in a seminar that focuses on ethics, professional conduct and the need for standardized assessment practices developed and presented by the commissioner of revenue. This requirement must be met at least once in every subsequent four-year period. This requirement applies to all assessors licensed for one year or more in the four-year period.

(d) When the commissioner of revenue determines that an individual or board that performs functions related to property tax administration has performed those functions in a manner that is not uniform or equitable, the commissioner may require that the individual or members of the board complete supplemental training. The commissioner may not require that an individual complete more than 32 hours of supplemental training pursuant to this paragraph. If the individual is required to complete supplemental training due to that individual's membership on a local or county board of appeal and equalization, the commissioner may not require that the individual complete more than two hours of supplemental training.

EFFECTIVE DATE. This section is effective retroactively for the four-year licensing period starting on July 1, 2020, and thereafter.

Sec. 8. Minnesota Statutes 2020, section 273.124, subdivision 14, is amended to read:

Subd. 14. **Agricultural homesteads; special provisions.** (a) Real estate of less than ten acres that is the homestead of its owner must be classified as class 2a under section 273.13, subdivision 23, paragraph (a), if:

(1) the parcel on which the house is located is contiguous on at least two sides to (i) agricultural land, (ii) land owned or administered by the United States Fish and Wildlife Service, or (iii) land administered by the Department of Natural Resources on which in lieu taxes are paid under sections 477A.11 to 477A.14 or section 477A.17;

(2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20 acres;

(3) the noncontiguous land is located not farther than four townships or cities, or a combination of townships or cities from the homestead; and

(4) the agricultural use value of the noncontiguous land and farm buildings is equal to at least 50 percent of the market value of the house, garage, and one acre of land.

Homesteads initially classified as class 2a under the provisions of this paragraph shall remain classified as class 2a, irrespective of subsequent changes in the use of adjoining properties, as long as the homestead remains under the same ownership, the owner owns a noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use value qualifies under clause (4). Homestead classification under this paragraph is limited to property that qualified under this paragraph for the 1998 assessment.

(b)(i) Agricultural property shall be classified as the owner's homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

(1) the agricultural property consists of at least 40 acres including undivided government lots and correctional 40's;

(2) the owner, the owner's spouse, or a grandchild, child, sibling, or parent of the owner or of the owner's spouse, is actively farming the agricultural property, either on the person's own behalf as an individual or on behalf of a partnership operating a family farm, family farm corporation, joint family farm venture, or limited liability company of which the person is a partner, shareholder, or member;

(3) both the owner of the agricultural property and the person who is actively farming the agricultural property under clause (2), are Minnesota residents;

(4) neither the owner nor the spouse of the owner claims another agricultural homestead in Minnesota; and

(5) neither the owner nor the person actively farming the agricultural property lives farther than four townships or cities, or a combination of four townships or cities, from the agricultural property, except that if the owner or the owner's spouse is required to live in employer-provided housing, the owner or owner's spouse, whichever is actively farming the agricultural property, may live more than four townships or cities, or combination of four townships or cities from the agricultural property.

The relationship under this paragraph may be either by blood or marriage.

(ii) Property containing the residence of an owner who owns qualified property under clause (i) shall be classified as part of the owner's agricultural homestead, if that property is also used for noncommercial storage or drying of agricultural crops.

(iii) As used in this paragraph, "agricultural property" means class 2a property and any class 2b property that is contiguous to and under the same ownership as the class 2a property.

(c) Noncontiguous land shall be included as part of a homestead under section 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached land is located in the same township or city, or not farther than four townships or cities or combination thereof from the homestead. Any taxpayer of these noncontiguous lands must notify the county assessor that the noncontiguous land is part of the taxpayer's homestead, and, if the homestead is located in another county, the taxpayer must also notify the assessor of the other county.

(d) Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified as a homestead under section 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other dwellings on the land used for purposes of a homestead by persons holding vested remainder interests who are actively engaged in farming the property, and up to one acre of the land surrounding each homestead and reasonably necessary for the use of the dwelling as a home, must also be assessed class 2a.

(e) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of the April 1997 floods;

(2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or Wilkin;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1997 assessment year and continue to be used for agricultural purposes;

(4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the 1997 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in dwelling. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(f) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by a March 29, 1998, tornado;

(2) the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur, Nicollet, Nobles, or Rice;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1998 assessment year;

(4) the dwelling occupied by the owner is located in this state and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to a March 29, 1998, tornado, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the owner must notify the assessor by December 1, 1998. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(g) Agricultural property of a family farm corporation, joint family farm venture, family farm limited liability company, or partnership operating a family farm as described under subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

(1) the property consists of at least 40 acres including undivided government lots and correctional 40's;

(2) a shareholder, member, or partner of that entity is actively farming the agricultural property;

(3) that shareholder, member, or partner who is actively farming the agricultural property is a Minnesota resident;

(4) neither that shareholder, member, or partner, nor the spouse of that shareholder, member, or partner claims another agricultural homestead in Minnesota; and

(5) that shareholder, member, or partner does not live farther than four townships or cities, or a combination of four townships or cities, from the agricultural property.

Homestead treatment applies under this paragraph even if:

(i) the shareholder, member, or partner of that entity is actively farming the agricultural property on the shareholder's, member's, or partner's own behalf; or

(ii) the family farm is operated by a family farm corporation, joint family farm venture, partnership, or limited liability company other than the family farm corporation, joint family farm venture, partnership, or limited liability company that owns the land, provided that:

(A) the shareholder, member, or partner of the family farm corporation, joint family farm venture, partnership, or limited liability company that owns the land who is actively farming the land is a shareholder, member, or partner of the family farm corporation, joint family farm venture, partnership, or limited liability company that is operating the farm; and

(B) more than half of the shareholders, members, or partners of each family farm corporation, joint family farm venture, partnership, or limited liability company are persons or spouses of persons who are a qualifying relative under section 273.124, subdivision 1, paragraphs (c) and (d).

Homestead treatment applies under this paragraph for property leased to a family farm corporation, joint farm venture, limited liability company, or partnership operating a family farm if legal title to the property is in the name of an individual who is a member, shareholder, or partner in the entity.

(h) To be eligible for the special agricultural homestead under this subdivision, an initial full application must be submitted to the county assessor where the property is located. Owners and the persons who are actively farming the property shall be required to complete only a one-page abbreviated version of the application in each subsequent year provided that none of the following items have changed since the initial application:

(1) the day-to-day operation, administration, and financial risks remain the same;

(2) the owners and the persons actively farming the property continue to live within the four townships or city criteria and are Minnesota residents;

(3) the same operator of the agricultural property is listed with the Farm Service Agency;

(4) a Schedule F or equivalent income tax form was filed for the most recent year;

(5) the property's acreage is unchanged; and

(6) none of the property's acres have been enrolled in a federal or state farm program since the initial application.

The owners and any persons who are actively farming the property must include the appropriate Social Security numbers, and sign and date the application. If any of the specified information has changed since the full application was filed, the owner must notify the assessor, and must complete a new application to determine if the property continues to qualify for the special agricultural homestead. The commissioner of revenue shall prepare a standard reapplication form for use by the assessors.

(i) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by the August 2007 floods;

(2) the property is located in the county of Dodge, Fillmore, Houston, Olmsted, Steele, Wabasha, or Winona;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 2007 assessment year;

(4) the dwelling occupied by the owner is located in this state and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the August 2007 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the owner must notify the assessor by December 1, 2008. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(j) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of the March 2009 floods;

(2) the property is located in the county of Marshall;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 2008 assessment year and continue to be used for agricultural purposes;

(4) the dwelling occupied by the owner is located in Minnesota and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the 2009 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in dwelling. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

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

Sec. 9. Minnesota Statutes 2020, section 273.18, is amended to read:

273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT PROPERTY BY COUNTY AUDITORS.

(a) In every sixth year after the year 2010, the county auditor shall enter the description of each tract of real property exempt by law from taxation, with the name of the owner, and the assessor shall value and assess the same in the same manner that other real property is valued and assessed, and shall designate in each case the purpose for which the property is used.

(b) The county auditor shall include in the exempt property information that the commissioner may require under section 270C.85, subdivision 2, clause (4), the total number of acres of all natural resources lands for which in lieu payments are made under sections 477A.11 to 477A.14 and 477A.17. The assessor shall estimate its market value, provided that if the assessor is not able to estimate the market value of the land on a per parcel basis, the assessor shall furnish the commissioner of revenue with an estimate of the average value per acre of this land within the county.

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

Sec. 10. Minnesota Statutes 2020, section 287.04, is amended to read:

287.04 EXEMPTIONS.

The tax imposed by section 287.035 does not apply to:

~~(a)~~ (1) a decree of marriage dissolution or an instrument made pursuant to it~~.~~;

~~(b)~~ (2) a mortgage given to correct a misdescription of the mortgaged property~~.~~;

~~(c)~~ (3) a mortgage or other instrument that adds additional security for the same debt for which mortgage registry tax has been paid~~.~~;

~~(d)~~ (4) a contract for the conveyance of any interest in real property, including a contract for deed~~.~~;

~~(e)~~ (5) a mortgage secured by real property subject to the minerals production tax of sections 298.24 to 298.28~~.~~;

~~(f) The principal amount of~~ (6) a mortgage loan made under a low and moderate income housing program, or other affordable housing program, if: (i) the mortgagee is a federal, state, or local government agency~~.~~; or (ii) the assignee is a federal, state, or local government agency;

~~(g)~~ (7) mortgages granted by fraternal benefit societies subject to section 64B.24~~.~~;

~~(h)~~ (8) a mortgage amendment or extension, as defined in section 287.01~~.~~;

~~(i)~~ (9) an agricultural mortgage if the proceeds of the loan secured by the mortgage are used to acquire or improve real property classified under section 273.13, subdivision 23, paragraph (a) or (b)~~.~~; and

~~(j)~~ (10) a mortgage on an armory building as set forth in section 193.147.

EFFECTIVE DATE. This section is effective for mortgages recorded after June 30, 2021.

Sec. 11. Minnesota Statutes 2020, section 477A.10, is amended to read:

477A.10 NATURAL RESOURCES LAND PAYMENTS IN LIEU; PURPOSE.

The purposes of sections 477A.11 to 477A.14 and 477A.17 are:

(1) to compensate local units of government for the loss of tax base from state ownership of land and the need to provide services for state land;

(2) to address the disproportionate impact of state land ownership on local units of government with a large proportion of state land; and

(3) to address the need to manage state lands held in trust for the local taxing districts.

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

ARTICLE 16
DEPARTMENT OF REVENUE POLICY AND TECHNICAL:
SALES AND USE TAXES

Section 1. Minnesota Statutes 2020, section 289A.20, subdivision 4, is amended to read:

Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred, or following another reporting period as the commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f) or (g), except that use taxes due on an annual use tax return as provided under section 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

(b) A vendor having a liability of $250,000 or more during a fiscal year ending June 30 must remit the June liability for the next year in the following manner:

(1) Two business days before June 30 of calendar year 2020 and 2021, the vendor must remit 87.5 percent of the estimated June liability to the commissioner. Two business days before June 30 of calendar year 2022 and thereafter, the vendor must remit 84.5 percent of the estimated June liability to the commissioner.

(2) On or before August 20 of the year, the vendor must pay any additional amount of tax not remitted in June.

(c) A vendor having a liability of:

(1) $10,000 or more, but less than $250,000 during a fiscal year ending June 30, 2013, and fiscal years thereafter, must remit by electronic means all liabilities on returns due for periods beginning in all subsequent calendar years on or before the 20th day of the month following the month in which the taxable event occurred, or on or before the 20th day of the month following the month in which the sale is reported under section 289A.18, subdivision 4; or

(2) $250,000 or more, during a fiscal year ending June 30, 2013, and fiscal years thereafter, must remit by electronic means all liabilities in the manner provided in paragraph (a) on returns due for periods beginning in the subsequent calendar year, except for ~~90 percent~~ the percentage of the estimated June liability, as provided in paragraph (b), clause (1), which is due two business days before June 30. The remaining amount of the June liability is due on August 20.

(d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's religious beliefs from paying electronically shall be allowed to remit the payment by mail. The filer must notify the commissioner of revenue of the intent to pay by mail before doing so on a form prescribed by the commissioner. No extra fee may be charged to a person making payment by mail under this paragraph. The payment must be postmarked at least two business days before the due date for making the payment in order to be considered paid on a timely basis.

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

Sec. 2. Minnesota Statutes 2020, section 295.75, subdivision 2, is amended to read:

Subd. 2. **Gross receipts tax imposed.** A tax is imposed on each liquor retailer equal to 2.5 percent of gross receipts from retail sales in Minnesota of liquor. The liquor retailer may, but is not required to, collect the tax from the purchaser. If separately stated on the invoice, bill of sale, or similar document given to the purchaser, the tax is excluded from the sales price for purposes of the tax imposed under chapter 297A.

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

Sec. 3. Minnesota Statutes 2020, 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 the day following final enactment.

Sec. 4. **REPEALER.**

Minnesota Statutes 2020, section 270C.17, subdivision 2, is repealed.

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

ARTICLE 17
DEPARTMENT OF REVENUE POLICY AND TECHNICAL:
SPECIAL TAXES

Section 1. Minnesota Statutes 2020, section 296A.06, subdivision 2, is amended to read:

Subd. 2. **Suspension of license.** (a) Notwithstanding subdivision 1, the license of a distributor, special fuel dealer, or bulk purchaser that has not filed a tax return or report or paid a delinquent tax or fee within five days after notice and demand by the commissioner is suspended. The suspension remains in effect until the demanded tax return or report has been filed and the tax and fees shown on that return or report have been paid. If the commissioner determines that the failure to file or failure to pay is due to reasonable cause, then a license must not be suspended, or if suspended, must be reinstated.

(b) A licensee whose license is suspended under this subdivision may request a contested case hearing under chapter 14. Any such hearing must be held within 20 days of the issuance of the notice and demand issued under paragraph (a), unless the parties agree to a later hearing date. The administrative law judge's report must be issued within 20 days after the close of the hearing record, unless the parties agree to a later report issuance date. The commissioner must issue a final decision within 30 days after receipt of the report of the administrative law judge and subsequent exceptions and argument under section 14.61. The suspension imposed under paragraph (a) remains in effect during any contested case hearing process requested pursuant to this paragraph.

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

Sec. 2. Minnesota Statutes 2020, section 297F.04, subdivision 2, is amended to read:

Subd. 2. **Refusal to issue or renew; revocation.** The commissioner must not issue or renew a license under this chapter, and may revoke a license under this chapter, if the applicant or licensee:

(1) owes $500 or more in delinquent taxes as defined in section 270C.72, subdivision 2;

(2) after demand, has not filed tax returns required by the commissioner;

(3) had a cigarette or tobacco license revoked by the commissioner within the past two years;

(4) had a sales and use tax permit revoked by the commissioner within the past two years; or

(5) has been convicted of a crime involving cigarettes or tobacco products, including but not limited to: selling stolen cigarettes or tobacco products, receiving stolen cigarettes or tobacco products, or involvement in the smuggling of cigarettes or tobacco products.

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

Sec. 3. Minnesota Statutes 2020, section 297F.09, subdivision 10, is amended to read:

Subd. 10. **Accelerated tax payment; cigarette or tobacco products distributor.** A cigarette or tobacco products distributor having a liability of $250,000 or more during a fiscal year ending June 30, shall remit the June liability for the next year in the following manner:

(a) Two business days before June 30 of calendar ~~years 2020 and~~ year 2021, the distributor shall remit the actual May liability and 87.5 percent of the estimated June liability to the commissioner and file the return in the form and manner prescribed by the commissioner. Two business days before June 30 of calendar year 2022 and each calendar year thereafter, the distributor must remit the actual May liability and 84.5 percent of the estimated June liability to the commissioner and file the return in the form and manner prescribed by the commissioner.

(b) On or before August 18 of the year, the distributor shall submit a return showing the actual June liability and pay any additional amount of tax not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability required to be paid in June, less the amount remitted in June. However, the penalty is not imposed if the amount remitted in June equals ~~the lesser of~~:

(1) for calendar year 2021, the lesser of 87.5 percent of the actual June liability for ~~the~~ that calendar year ~~2020 and 2021 June liabilities and 84.5 of the actual June liability for June 2022 and thereafter~~ or 87.5 percent of the May liability for that calendar year; or

(2) ~~87.5~~ for calendar year 2022 and each calendar year thereafter, the lesser of 84.5 percent of the ~~preceding~~ actual June liability for that calendar year or 84.5 percent of the May liability ~~for the calendar year 2020 and 2021 June liabilities and 84.5 percent of the preceding May liability for June 2022 and thereafter~~ for that calendar year.

~~(c) For calendar year 2022 and thereafter, the percent of the estimated June liability the vendor must remit by two business days before June 30 is 84.5 percent.~~

EFFECTIVE DATE. This section is effective for estimated payments required to be made after the date following final enactment.

Sec. 4. Minnesota Statutes 2020, section 297F.13, subdivision 4, is amended to read:

Subd. 4. **Retailer and subjobber to preserve purchase invoices.** Every retailer and subjobber shall procure itemized invoices of all cigarettes or tobacco products purchased.

The retailer and subjobber shall preserve a legible copy of each invoice for one year from the date of the invoice or as long as the cigarette or tobacco product listed on the invoice is available for sale or in their possession, whichever period is longer. The retailer and subjobber shall preserve copies of the invoices at each retail location or at a central location provided that the invoice must be produced and made available at a retail location within one hour when requested by the commissioner or duly authorized agents and employees. Copies should be numbered and kept in chronological order.

To determine whether the business is in compliance with the provisions of this chapter, at any time during usual business hours, the commissioner, or duly authorized agents and employees, may enter any place of business of a retailer or subjobber without a search warrant and inspect the premises, the records required to be kept under this chapter, and the packages of cigarettes, tobacco products, and vending devices contained on the premises.

EFFECTIVE DATE. This section is effective for all cigarette and tobacco products available for sale or in a retailer or subjobber's possession after December 31, 2021.

Sec. 5. Minnesota Statutes 2020, section 297F.17, subdivision 1, is amended to read:

Subdivision 1. **General rule.** Except as otherwise provided in this chapter, the amount of any tax due must be assessed within 3-1/2 years after a return is filed. ~~The taxes are considered assessed within the meaning of this section when the commissioner has prepared a notice of tax assessment and mailed it to the person required to file a~~

~~return to the post office address given in the return. The notice of tax assessment must be sent by mail to the post office address given in the return and the record of the mailing is presumptive evidence of the giving of such notice, and such records must be preserved by the commissioner.~~

EFFECTIVE DATE. This section is effective for notices of tax assessment issued after the date of final enactment.

Sec. 6. Minnesota Statutes 2020, section 297G.09, subdivision 9, is amended to read:

Subd. 9. **Accelerated tax payment; penalty.** A person liable for tax under this chapter having a liability of $250,000 or more during a fiscal year ending June 30, shall remit the June liability for the next year in the following manner:

(a) Two business days before June 30 of calendar ~~years 2020 and~~ year 2021, the taxpayer shall remit the actual May liability and 87.5 percent of the estimated June liability to the commissioner and file the return in the form and manner prescribed by the commissioner. Two business days before June 30 of calendar year 2022 and each calendar year thereafter, the distributor must remit the actual May liability and 84.5 percent of the estimated June liability to the commissioner and file the return in the form and manner prescribed by the commissioner.

(b) On or before August 18 of the year, the taxpayer shall submit a return showing the actual June liability and pay any additional amount of tax not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability required to be paid in June less the amount remitted in June. However, the penalty is not imposed if the amount remitted in June equals ~~the lesser of~~:

(1) for calendar year 2021, the lesser of 87.5 percent of the actual June liability for ~~the~~ that calendar year ~~2020 and 2021 June liabilities and 84.5 percent of the actual June liability for June 2022 and thereafter~~ or 87.5 percent of the May liability for that calendar year; or

(2) ~~87.5~~ for calendar year 2022 and each calendar year thereafter, the lesser of 84.5 percent of the ~~preceding~~ actual June liability for that calendar year or 84.5 percent of the May liability ~~for the calendar year 2020 and 2021 June liabilities and 84.5 percent of the preceding May liability for June 2022 and thereafter~~ for that calendar year.

~~(c) For calendar year 2022 and thereafter, the percent of the estimated June liability the vendor must remit by two business days before June 30 is 84.5 percent.~~

EFFECTIVE DATE. This section is effective for estimated payments required to be made after the date following final enactment.

Sec. 7. Minnesota Statutes 2020, section 609B.153, is amended to read:

609B.153 CIGARETTE AND TOBACCO DISTRIBUTOR OR SUBJOBBER LICENSE; SUSPENSION OR REVOCATION.

Under section 297F.04, the commissioner of revenue must not issue or renew a license issued under chapter 297F, and may revoke a license issued under chapter 297F, if the applicant has been convicted of a crime involving cigarettes or tobacco products.

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

ARTICLE 18
DEPARTMENT OF REVENUE POLICY AND TECHNICAL:
MISCELLANEOUS

Section 1. Minnesota Statutes 2020, section 270C.22, subdivision 1, is amended to read:

Subdivision 1. **Adjustment; definition; period; rounding.** (a) The commissioner shall annually make a cost of living adjustment to the dollar amounts noted in sections that reference this section. The commissioner shall adjust the amounts based on the index as provided in this section. For purposes of this section, "index" means the Chained Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics. The values of the index used to determine the adjustments under this section are the latest published values when the Bureau of Labor Statistics publishes the initial value of the index for August of the year preceding the year to which the adjustment applies.

(b) For the purposes of this section, "statutory year" means the year preceding the first year for which dollar amounts are to be adjusted for inflation under sections that reference this section. For adjustments under chapter 290A, the statutory year refers to the year in which a taxpayer's household income used to calculate refunds under chapter 290A was earned and not the year in which refunds are payable. For all other adjustments, the statutory year refers to the taxable year unless otherwise specified.

(c) To determine the dollar amounts for taxable year 2020, the commissioner shall determine the percentage change in the index for the 12-month period ending on August 31, 2019, and increase each of the unrounded dollar amounts in the sections referencing this section by that percentage change. For each subsequent taxable year, the commissioner shall increase the dollar amounts by the percentage change in the index from August 31 of the year preceding the statutory year to August 31 of the year preceding the taxable year.

(d) To determine the dollar amounts for refunds payable in 2020 under chapter 290A, the commissioner shall determine the percentage change in the index for the 12-month period ending on August 31, 2019, and increase each of the unrounded dollar amounts in the sections referencing this section by that percentage change. For each subsequent year, the commissioner shall increase the dollar amounts by the percentage change in the index from August 31 of the ~~year preceding the~~ statutory year to August 31 of the year preceding the year in which refunds are payable.

(e) Unless otherwise provided, the commissioner shall round the amounts as adjusted to the nearest $10 amount. If an amount ends in $5, the amount is rounded up to the nearest $10 amount.

EFFECTIVE DATE. This section is effective retroactively for property tax refunds based on property taxes payable in 2020, and rent paid in 2019.

Sec. 2. Minnesota Statutes 2020, section 270C.445, subdivision 3, is amended to read:

Subd. 3. **Standards of conduct.** No tax preparer shall:

(1) without good cause fail to promptly, diligently, and without unreasonable delay complete a client's return;

(2) obtain the signature of a client to a return or authorizing document that contains blank spaces to be filled in after it has been signed;

(3) fail to sign a client's return when compensation for services rendered has been made;

(4) fail to provide on a client's return the preparer tax identification number when required under section 6109(a)(4) of the Internal Revenue Code or section 289A.60, subdivision 28;

(5) fail or refuse to give a client a copy of any document requiring the client's signature within a reasonable time after the client signs the document;

(6) fail to retain for at least four years a copy of a client's returns;

(7) fail to maintain a confidential relationship with clients or former clients;

(8) fail to take commercially reasonable measures to safeguard a client's nonpublic personal information;

(9) make, authorize, publish, disseminate, circulate, or cause to make, either directly or indirectly, any false, deceptive, or misleading statement or representation relating to or in connection with the offering or provision of tax preparation services;

(10) require a client to enter into a loan arrangement in order to complete a client's return;

(11) claim credits or deductions on a client's return for which the tax preparer knows or reasonably should know the client does not qualify;

(12) report a household income on a client's claim filed under chapter 290A that the tax preparer knows or reasonably should know is not accurate;

(13) engage in any conduct that is subject to a penalty under section 289A.60, subdivision 13, 20, 20a, 26, or 28;

(14) whether or not acting as a taxpayer representative, fail to conform to the standards of conduct required by Minnesota Rules, part 8052.0300, subpart 4;

(15) whether or not acting as a taxpayer representative, engage in any conduct that is incompetent conduct under Minnesota Rules, part 8052.0300, subpart 5;

(16) whether or not acting as a taxpayer representative, engage in any conduct that is disreputable conduct under Minnesota Rules, part 8052.0300, subpart 6;

(17) charge, offer to accept, or accept a fee based upon a percentage of an anticipated refund for tax preparation services;

(18) under any circumstances, withhold or fail to return to a client a document provided by the client for use in preparing the client's return;

(19) ~~establish~~ take control or ownership of a client's refund by any means, including:

(i) directly or indirectly endorsing or otherwise negotiating a check or other refund instrument, including an electronic version of a check;

(ii) directing an electronic or direct deposit of the refund into an account unless the client's name is on the account; and

(iii) establishing or using an account in the preparer's name to receive a client's refund through a direct deposit or any other instrument unless the client's name is also on the account, except that a taxpayer may assign the portion of a refund representing the Minnesota education credit available under section 290.0674 to a bank account without the client's name, as provided under section 290.0679;

(20) fail to act in the best interests of the client;

(21) fail to safeguard and account for any money handled for the client;

(22) fail to disclose all material facts of which the preparer has knowledge which might reasonably affect the client's rights and interests;

(23) violate any provision of section 332.37;

(24) include any of the following in any document provided or signed in connection with the provision of tax preparation services:

(i) a hold harmless clause;

(ii) a confession of judgment or a power of attorney to confess judgment against the client or appear as the client in any judicial proceeding;

(iii) a waiver of the right to a jury trial, if applicable, in any action brought by or against a debtor;

(iv) an assignment of or an order for payment of wages or other compensation for services;

(v) a provision in which the client agrees not to assert any claim or defense otherwise available;

(vi) a waiver of any provision of this section or a release of any obligation required to be performed on the part of the tax preparer; or

(vii) a waiver of the right to injunctive, declaratory, or other equitable relief or relief on a class basis; or

(25) if making, providing, or facilitating a refund anticipation loan, fail to provide all disclosures required by the federal Truth in Lending Act, United States Code, title 15, in a form that may be retained by the client.

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

Delete the title and insert:

"A bill for an act relating to financing and operation of state and local government; providing conformity and nonconformity to certain federal tax law changes; modifying individual income and corporate franchise taxes, sales and use taxes, partnership taxes, special and excise taxes, property taxes, local government aids, provisions related to local taxes, tax increment financing, public finance, and other miscellaneous taxes and tax provisions; providing for various individual and corporate additions and subtractions to income; modifying certain income tax credits and authorizing new credits; providing for a pass-through entity tax; modifying definitions for resident trusts; modifying existing and providing new sales tax exemptions; modifying vapor and tobacco tax provisions; modifying and providing certain property tax exemptions; modifying property classification provisions; allowing for certain special assessments; modifying local government aid appropriations; modifying existing local taxes and authorizing new local taxes; modifying property tax homeowners' and renters' refunds; authorizing and modifying certain tax increment financing provisions; providing for a tax expenditure review commission and the required expiration of tax expenditures; making appointments; requiring reports; appropriating money; amending Minnesota Statutes 2020, sections 3.192; 3.8853, subdivision 2; 16A.152, subdivision 2; 41B.0391, subdivisions 2, 4; 116J.8737, subdivisions 5, 12; 270.41, subdivision 3a; 270.44; 270A.03, subdivision 2; 270B.12, subdivisions 8, 9; 270B.14, by adding a subdivision; 270C.11, subdivisions 2, 4, 6; 270C.13, subdivision 1; 270C.22, subdivision 1; 270C.445, subdivisions 3, 6; 272.02, by adding a subdivision; 272.029, subdivision 2; 272.0295, subdivisions 2, 5; 272.115, subdivision 1; 273.063; 273.0755; 273.124, subdivisions 1, 3a, 6, 9, 13, 13a, 13c, 13d, 14; 273.1245, subdivision 1; 273.13,

subdivisions 23, 25, 34; 273.1315, subdivision 2; 273.18; 275.025, subdivisions 1, 2; 275.065, subdivisions 1, 3, by adding subdivisions; 275.066; 287.04; 289A.02, subdivision 7; 289A.08, subdivisions 7, 11, by adding subdivisions; 289A.09, subdivision 2; 289A.20, subdivision 4; 289A.31, subdivision 1; 289A.37, subdivision 2; 289A.38, subdivisions 7, 8, 9, 10; 289A.42; 289A.60, subdivisions 15, 24; 290.01, subdivisions 19, 31, by adding a subdivision; 290.0121, subdivision 3; 290.0122, subdivisions 4, 8; 290.0131, by adding subdivisions; 290.0132, subdivision 27, by adding subdivisions; 290.0133, subdivision 6, by adding subdivisions; 290.0134, subdivision 18, by adding a subdivision; 290.06, subdivisions 2c, 2d, 22, by adding subdivisions; 290.0671, subdivisions 1, 1a, 7; 290.0674, subdivision 2a; 290.0681, subdivision 10; 290.0682; 290.0685, subdivision 1, by adding a subdivision; 290.091, subdivision 2; 290.17, by adding subdivisions; 290.21, subdivision 9, by adding a subdivision; 290.31, subdivision 1; 290.92, subdivisions 1, 2a, 3, 4b, 4c, 5, 5a, 19, 20; 290.923, subdivision 9; 290.993; 290A.03, subdivisions 3, 15; 290A.04, subdivisions 2, 2a; 290A.25; 291.005, subdivision 1; 295.75, subdivision 2; 296A.06, subdivision 2; 297A.66, subdivision 3; 297A.67, by adding a subdivision; 297A.70, subdivision 13, by adding a subdivision; 297A.71, subdivision 52, by adding a subdivision; 297A.75, subdivisions 1, 2, 3; 297A.993, subdivision 2; 297E.021, subdivision 4; 297F.01, subdivisions 19, 22b, 23, by adding subdivisions; 297F.031; 297F.04, subdivision 2; 297F.05, by adding a subdivision; 297F.09, subdivisions 3, 4a, 7, 10; 297F.10, subdivision 1; 297F.13, subdivision 4; 297F.17, subdivisions 1, 6; 297G.09, subdivision 9; 297G.16, subdivision 7; 297H.04, subdivision 2; 297H.05; 297I.05, subdivision 7; 297I.20, by adding a subdivision; 298.001, by adding a subdivision; 298.24, subdivision 1; 298.405, subdivision 1; 325F.781, subdivisions 1, 5, 6; 429.021, subdivision 1; 429.031, subdivision 3; 453A.04, subdivision 21, by adding a subdivision; 462A.38; 465.71; 469.176, by adding a subdivision; 469.1763, subdivisions 2, 3, 4; 469.319, subdivision 4; 475.56; 475.58, subdivision 3b; 475.60, subdivision 1; 475.67, subdivision 8; 477A.013, subdivision 13; 477A.03, subdivisions 2a, 2b; 477A.10; 609B.153; Laws 2009, chapter 88, article 2, section 46, subdivision 3, as amended; Laws 2017, First Special Session chapter 1, article 3, section 32, as amended; Laws 2019, First Special Session chapter 6, article 6, sections 25; 27; proposing coding for new law in Minnesota Statutes, chapters 3; 16A; 116U; 289A; 477A; proposing coding for new law as Minnesota Statutes, chapters 299O; 428B; repealing Minnesota Statutes 2020, sections 270C.17, subdivision 2; 290.01, subdivisions 7b, 19i; 290.0131, subdivision 18; 327C.01, subdivision 13; 327C.16; 469.055, subdivision 7."

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

The report was adopted.

Stephenson from the Committee on Commerce Finance and Policy to which was referred:

H. F. No. 1031, A bill for an act relating to commerce; establishing the Governor's budget for Department of Commerce and Public Utilities Commission activities; modifying various provisions governing commerce and energy policy; appropriating money; amending Minnesota Statutes 2020, sections 60A.14, subdivision 1; 115C.094; 216B.62, subdivision 3b; 332.31, subdivisions 3, 6, by adding subdivisions; 332.311; 332.32; 332.33, subdivisions 1, 2, 5, 5a, 7, 8, by adding a subdivision; 332.34; 332.345; 332.355; 332.37; 332.385; 332.40, subdivision 3; 332.42, subdivisions 1, 2; repealing Minnesota Statutes 2020, section 115C.13.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
COMMERCE FINANCE

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 "2022" and "2023" used in this article mean that the

appropriations listed under them are available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively. "The first year" is fiscal year 2022. "The second year" is fiscal year 2023. "The biennium" is fiscal years 2022 and 2023. If an appropriation in this act is enacted more than once in the 2021 legislative session, the appropriation must be given effect only once.

	APPROPRIATIONS Available for the Year Ending June 30	
	2022	**2023**
Sec. 2. **DEPARTMENT OF COMMERCE**		
Subdivision 1. **Total Appropriation**	**$27,603,000**	**$26,920,000**

Appropriations by Fund

	2022	2023
General	24,267,000	24,061,000
Special Revenue	2,570,000	2,093,000
Workers' Compensation Fund	766,000	766,000

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

Subd. 2. **Financial Institutions**	1,923,000	1,941,000

Appropriations by Fund

General	1,923,000	1,941,000

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

(b) $254,000 each year is to administer the requirements of Minnesota Statutes, chapter 58B.

Subd. 3. **Administrative Services**	9,346,000	8,821,000

(a) $392,000 in the first year and $401,000 in the second year are for additional compliance efforts with unclaimed property. The commissioner may issue contracts for these services.

(b) $5,000 each year is for Real Estate Appraisal Advisory Board compensation pursuant to Minnesota Statutes, section 82B.073, subdivision 2a.

(c) $353,000 each year is for system modernization and cybersecurity upgrades for the unclaimed property program.

(d) $564,000 each year is for additional operations of the unclaimed property program.

(e) $832,000 in the first year and $208,000 in the second year are for IT system modernization. The base in fiscal year 2024 and beyond is $0.

Subd. 4. **Telecommunications** 3,443,000 3,183,000

Appropriations by Fund

General	1,073,000	1,090,000
Special Revenue	2,370,000	2,093,000

$2,370,000 in the first year and $2,093,000 in the second year are from the telecommunications access Minnesota fund account in the special revenue fund for the following transfers:

(1) $1,620,000 each year is to the commissioner of human services to supplement the ongoing operational expenses of the Commission of Deaf, DeafBlind, and Hard-of-Hearing Minnesotans. This transfer is subject to Minnesota Statutes, section 16A.281;

(2) $290,000 each year is to the chief information officer to coordinate technology accessibility and usability;

(3) $410,000 in the first year and $133,000 in the second year are to the Legislative Coordinating Commission for captioning legislative coverage. This transfer is subject to Minnesota Statutes, section 16A.281. Notwithstanding any law to the contrary, the commissioner of management and budget must determine whether $310,000 of the expenditures authorized under this clause for the first year are eligible uses of federal funding received under the Coronavirus State Fiscal Recovery Fund or any other federal funds received by the state under the American Rescue Plan Act, Public Law 117-2. If the commissioner of management and budget determines an expenditure is eligible for funding under Public Law 117-2, the amount of the eligible expenditure is appropriated from the account where the federal funds have been deposited and the corresponding Telecommunications Access Minnesota Fund amounts appropriated under this clause cancel to the Telecommunications Access Minnesota Fund; and

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

Subd. 5. **Enforcement** 6,231,000 5,632,000

Appropriations by Fund

General	5,825,000	5,426,000
Workers' Compensation	206,000	206,000
Special Revenue Fund	200,000	-0-

(a) $283,000 in the first year and $286,000 in the second year are for health care enforcement.

(b) $201,000 each year is from the workers' compensation fund.

(c) $5,000 each year is from the workers' compensation fund for insurance fraud specialist salary increases.

(d) Notwithstanding Minnesota Statutes, section 297I.11, subdivision 2, $200,000 in the first year is from the auto theft prevention account in the special revenue fund for the catalytic converter theft prevention pilot project. This balance does not cancel but is available in the second year.

(e) $190,000 in the first year is from the general fund for the catalytic converter theft prevention pilot project. This balance does not cancel but is available in the second year. The general fund base for the catalytic converter theft prevention pilot project in fiscal year 2024 and fiscal year 2025 is $92,000.

(f) $300,000 in the first year is transferred from the consumer education account in the special revenue fund to the general fund. $300,000 in the first year is to the commissioner of education to issue grants of $150,000 each year to the Minnesota Council on Economic Education. This balance does not cancel but is available in the second year.

Subd. 6. **Insurance** 6,660,000 7,343,000

Appropriations by Fund

General	6,100,000	6,783,000
Workers' Compensation	560,000	560,000

(a) $656,000 in the first year and $671,000 in the second year are for health insurance rate review staffing.

(b) $421,000 in the first year and $431,000 in the second year are for actuarial work to prepare for implementation of principle-based reserves.

(c) $30,000 in the first year is to pay for two years of membership dues for Minnesota to the National Conference of Insurance Legislators.

(d) $428,000 in the first year and $432,000 in the second year are for licensing activities under Minnesota Statutes, chapter 62W. Of this amount, $246,000 each year must be used only for staff costs associated with two enforcement investigators to enforce Minnesota Statutes, chapter 62W.

(e) $560,000 each year is from the workers' compensation fund.

(f) $197,000 in the first year is to establish the Prescription Drug Affordability Board under Minnesota Statutes, section 62J.87. Following the first meeting of the board and prior to June 30, 2022, the commissioner shall transfer any funds remaining from this appropriation to the board.

(g) $358,000 in the second year is to the Prescription Drug Affordability Board established under Minnesota Statutes, section 62J.87, to implement the Prescription Drug Affordability Act.

(h) $456,000 in the second year is to the attorney general's office to enforce the Prescription Drug Affordability Act.

Sec. 3. **CANCELLATION; FISCAL YEAR 2021.**

$1,220,000 of the fiscal year 2021 general fund appropriation under Laws 2019, First Special Session chapter 7, article 1, section 6, subdivision 3, is canceled.

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

Sec. 4. **DEPARTMENT OF COMMERCE; APPROPRIATION.**

(a) $4,000 in fiscal year 2021 is appropriated from the workers' compensation fund to the commissioner of commerce for insurance fraud specialist salary increases.

(b) $97,000 in fiscal year 2021 is appropriated from the general fund to the commissioner of commerce for enforcement.

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

ARTICLE 2
PRESCRIPTION DRUG AFFORDABILITY BOARD

Section 1. **[62J.85] CITATION.**

Sections 62J.85 to 62J.95 may be cited as the "Prescription Drug Affordability Act."

Sec. 2. **[62J.86] DEFINITIONS.**

Subdivision 1. **Definitions.** For the purposes of sections 62J.85 to 62J.95, the following terms have the meanings given them.

Subd. 2. **Advisory council.** "Advisory council" means the Prescription Drug Affordability Advisory Council established under section 62J.88.

Subd. 3. **Biologic.** "Biologic" means a drug that is produced or distributed in accordance with a biologics license application approved under Code of Federal Regulations, title 42, section 447.502.

Subd. 4. **Biosimilar.** "Biosimilar" has the meaning given in section 62J.84, subdivision 2, paragraph (b).

Subd. 5. **Board.** "Board" means the Prescription Drug Affordability Board established under section 62J.87.

Subd. 6. **Brand name drug.** "Brand name drug" has the meaning given in section 62J.84, subdivision 2, paragraph (c).

Subd. 7. **Generic drug.** "Generic drug" has the meaning given in section 62J.84, subdivision 2, paragraph (e).

Subd. 8. **Group purchaser.** "Group purchaser" has the meaning given in section 62J.03, subdivision 6, and includes pharmacy benefit managers, as defined in section 62W.02, subdivision 15.

Subd. 9. **Manufacturer.** "Manufacturer" means an entity that:

(1) engages in the manufacture of a prescription drug product or enters into a lease with another manufacturer to market and distribute a prescription drug product under the entity's own name; and

(2) sets or changes the wholesale acquisition cost of the prescription drug product it manufacturers or markets.

Subd. 10. **Prescription drug product.** "Prescription drug product" means a brand name drug, a generic drug, a biologic, or a biosimilar.

Subd. 11. **Wholesale acquisition cost or WAC.** "Wholesale acquisition cost" or "WAC" has the meaning given in United States Code, title 42, section 1395W-3a(c)(6)(B).

Sec. 3. **[62J.87] PRESCRIPTION DRUG AFFORDABILITY BOARD.**

Subdivision 1. **Establishment.** The commissioner of commerce shall establish the Prescription Drug Affordability Board, which shall be governed as a board under section 15.012, paragraph (a), to protect consumers, state and local governments, health plan companies, providers, pharmacies, and other health care system stakeholders from unaffordable costs of certain prescription drugs.

Subd. 2. **Membership.** (a) The Prescription Drug Affordability Board consists of nine members appointed as follows:

(1) seven voting members appointed by the governor;

(2) one nonvoting member appointed by the majority leader of the senate; and

(3) one nonvoting member appointed by the speaker of the house.

(b) All members appointed must have knowledge and demonstrated expertise in pharmaceutical economics and finance or health care economics and finance. A member must not be an employee of, a board member of, or a consultant to a manufacturer or trade association for manufacturers or a pharmacy benefit manager or trade association for pharmacy benefit managers.

(c) Initial appointments shall be made by January 1, 2022.

Subd. 3. **Terms.** (a) Board appointees shall serve four-year terms, except that initial appointees shall serve staggered terms of two, three, or four years as determined by lot by the secretary of state. A board member shall serve no more than two consecutive terms.

(b) A board member may resign at any time by giving written notice to the board.

Subd. 4. **Chair; other officers.** (a) The governor shall designate an acting chair from the members appointed by the governor. The acting chair shall convene the first meeting of the board.

(b) The board shall elect a chair to replace the acting chair at the first meeting of the board by a majority of the members. The chair shall serve for one year.

(c) The board shall elect a vice-chair and other officers from the board's membership as the board deems necessary.

Subd. 5. **Staff; technical assistance.** (a) The board shall hire an executive director and other staff, who shall serve in the unclassified service. The executive director must have knowledge and demonstrated expertise in pharmacoeconomics, pharmacology, health policy, health services research, medicine, or a related field or discipline. The board may employ or contract for professional and technical assistance as the board deems necessary to perform the board's duties.

(b) The attorney general shall provide legal services to the board.

Subd. 6. **Compensation.** The board members shall not receive compensation but may receive reimbursement for expenses as authorized under section 15.059, subdivision 3.

Subd. 7. **Meetings.** (a) Meetings of the board are subject to chapter 13D. The board shall meet publicly at least every three months to review prescription drug product information submitted to the board under section 62J.90. If there are no pending submissions, the chair of the board may cancel or postpone the required meeting. The board may meet in closed session when reviewing proprietary information, as determined under the standards developed in accordance with section 62J.91, subdivision 4.

(b) The board shall announce each public meeting at least two weeks prior to the scheduled date of the meeting. Any materials for the meeting shall be made public at least one week prior to the scheduled date of the meeting.

(c) At each public meeting, the board shall provide the opportunity for comments from the public, including the opportunity for written comments to be submitted to the board prior to a decision by the board.

Sec. 4. **[62J.88] PRESCRIPTION DRUG AFFORDABILITY ADVISORY COUNCIL.**

Subdivision 1. **Establishment.** The governor shall appoint a 12-member stakeholder advisory council to provide advice to the board on drug cost issues and to represent stakeholders' views. The members of the advisory council shall be appointed based on the members' knowledge and demonstrated expertise in one or more of the following areas: the pharmaceutical business; practice of medicine; patient perspectives; health care cost trends and drivers; clinical and health services research; and the health care marketplace.

Subd. 2. **Membership.** The council's membership shall consist of the following:

(1) two members representing patients and health care consumers;

(2) two members representing health care providers;

(3) one member representing health plan companies;

(4) two members representing employers, with one member representing large employers and one member representing small employers;

(5) one member representing government employee benefit plans;

(6) one member representing pharmaceutical manufacturers;

(7) one member who is a health services clinical researcher;

(8) one member who is a pharmacologist; and

(9) one member with expertise in health economics representing the commissioner of health.

Subd. 3. **Terms.** (a) The initial appointments to the advisory council shall be made by January 1, 2022. The initial appointed advisory council members shall serve staggered terms of two, three, or four years determined by lot by the secretary of state. Following the initial appointments, the advisory council members shall serve four-year terms.

(b) Removal and vacancies of advisory council members is governed by section 15.059.

Subd. 4. **Compensation.** Advisory council members may be compensated according to section 15.059.

Subd. 5. **Meetings.** Meetings of the advisory council are subject to chapter 13D. The advisory council shall meet publicly at least every three months to advise the board on drug cost issues related to the prescription drug product information submitted to the board under section 62J.90.

Subd. 6. **Exemption.** Notwithstanding section 15.059, the advisory council does not expire.

Sec. 5. **[62J.89] CONFLICTS OF INTEREST.**

Subdivision 1. **Definition.** For purposes of this section, "conflict of interest" means a financial or personal association that has the potential to bias or have the appearance of biasing a person's decisions in matters related to the board, the advisory council, or in the conduct of the board's or council's activities. A conflict of interest includes any instance in which a person, a person's immediate family member, including a spouse, parent, child, or other legal dependent, or an in-law of any of the preceding individuals has received or could receive a direct or indirect financial benefit of any amount deriving from the result or findings of a decision or determination of the board. For purposes of this section, a financial benefit includes honoraria, fees, stock, the value of the member's, immediate family member's, or in-law's stock holdings, and any direct financial benefit deriving from the finding of a review conducted under sections 62J.85 to 62J.95. Ownership of securities is not a conflict of interest if the securities are: (1) part of a diversified mutual or exchange traded fund; or (2) in a tax-deferred or tax-exempt retirement account that is administered by an independent trustee.

Subd. 2. **General.** (a) Prior to the acceptance of an appointment or employment, or prior to entering into a contractual agreement, a board or advisory council member, board staff member, or third-party contractor must disclose to the appointing authority or the board any conflicts of interest. The information disclosed shall include the type, nature, and magnitude of the interests involved.

(b) A board member, board staff member, or third-party contractor with a conflict of interest with regard to any prescription drug product under review must recuse themselves from any discussion, review, decision, or determination made by the board relating to the prescription drug product.

(c) Any conflict of interest must be disclosed in advance of the first meeting after the conflict is identified or within five days after the conflict is identified, whichever is earlier.

Subd. 3. **Prohibitions.** Board members, board staff, or third-party contractors are prohibited from accepting gifts, bequeaths, or donations of services or property that raise the specter of a conflict of interest or have the appearance of injecting bias into the activities of the board.

Sec. 6. **[62J.90] PRESCRIPTION DRUG PRICE INFORMATION; DECISION TO CONDUCT COST REVIEW.**

Subdivision 1. **Drug price information from the commissioner of health and other sources.** (a) The commissioner of health shall provide to the board the information reported to the commissioner by drug manufacturers under section 62J.84, subdivisions 3, 4, and 5. The commissioner shall provide this information to the board within 30 days of the date the information is received from drug manufacturers.

(b) The board shall subscribe to one or more prescription drug pricing files, such as Medispan or FirstDatabank, or as otherwise determined by the board.

Subd. 2. **Identification of certain prescription drug products.** (a) The board, in consultation with the advisory council, shall identify the following prescription drug products:

(1) brand name drugs or biologics for which the WAC increases by more than ten percent or by more than $10,000 during any 12-month period or course of treatment if less than 12 months, after adjusting for changes in the Consumer Price Index (CPI);

(2) brand name drugs or biologics that have been introduced at a WAC of $30,000 or more per calendar year or per course of treatment;

(3) biosimilar drugs that have been introduced at a WAC that is not at least 15 percent lower than the referenced brand name biologic at the time the biosimilar is introduced; and

(4) generic drugs for which the WAC:

(i) is $100 or more, after adjusting for changes in the Consumer Price Index (CPI), for:

(A) a 30-day supply lasting a patient for a period of 30 consecutive days based on the recommended dosage approved for labeling by the United States Food and Drug Administration (FDA);

(B) a supply lasting a patient for fewer than 30 days based on recommended dosage approved for labeling by the FDA; or

(C) one unit of the drug if the labeling approved by the FDA does not recommend a finite dosage; and

(ii) is increased by 200 percent or more during the immediate preceding 12-month period, as determined by the difference between the resulting WAC and the average of the WAC reported over the preceding 12 months, after adjusting for changes in the Consumer Price Index (CPI).

(b) The board, in consultation with the advisory council, shall identify prescription drug products not described in paragraph (a) that may impose costs that create significant affordability challenges for the state health care system or for patients, including but not limited to drugs to address public health emergencies.

(c) The board shall make available to the public the names and related price information of the prescription drug products identified under this subdivision, with the exception of information determined by the board to be proprietary under the standards developed by the board under section 62J.91, subdivision 4.

Subd. 3. **Determination to proceed with review.** (a) The board may initiate a cost review of a prescription drug product identified by the board under this section.

(b) The board shall consider requests by the public for the board to proceed with a cost review of any prescription drug product identified under this section.

(c) If there is no consensus among the members of the board with respect to whether or not to initiate a cost review of a prescription drug product, any member of the board may request a vote to determine whether or not to review the cost of the prescription drug product.

Sec. 7. **[62J.91] PRESCRIPTION DRUG PRODUCT REVIEWS.**

Subdivision 1. **General.** Once a decision by the board has been made to proceed with a cost review of a prescription drug product, the board shall conduct the review and make a determination as to whether appropriate utilization of the prescription drug under review, based on utilization that is consistent with the United States Food and Drug Administration (FDA) label or standard medical practice, has led or will lead to affordability challenges for the state health care system or for patients.

Subd. 2. **Review considerations.** In reviewing the cost of a prescription drug product, the board may consider the following factors:

(1) the price at which the prescription drug product has been and will be sold in the state;

(2) the average monetary price concession, discount, or rebate the manufacturer provides to a group purchaser in this state as reported by the manufacturer and the group purchaser expressed as a percent of the WAC for prescription drug product under review;

(3) the price at which therapeutic alternatives have been or will be sold in the state;

(4) the average monetary price concession, discount, or rebate the manufacturer provides or is expected to provide to a group purchaser in the state or is expected to provide to group purchasers in the state for therapeutic alternatives;

(5) the cost to group purchasers based on patient access consistent with the United States Food and Drug Administration (FDA) labeled indications;

(6) the impact on patient access resulting from the cost of the prescription drug product relative to insurance benefit design;

(7) the current or expected dollar value of drug-specific patient access programs that are supported by manufacturers;

(8) the relative financial impacts to health, medical, or other social services costs that can be quantified and compared to baseline effects of existing therapeutic alternatives;

(9) the average patient co-pay or other cost-sharing for the prescription drug product in the state;

(10) any information a manufacturer chooses to provide; and

(11) any other factors as determined by the board.

Subd. 3. **Further review factors.** If, after considering the factors described in subdivision 2, the board is unable to determine whether a prescription drug product will produce or has produced an affordability challenge, the board may consider:

(1) manufacturer research and development costs, as indicated on the manufacturer's federal tax filing for the most recent tax year in proportion to the manufacturer's sales in the state;

(2) that portion of direct-to-consumer marketing costs eligible for favorable federal tax treatment in the most recent tax year that are specific to the prescription drug product under review and that are multiplied by the ratio of total manufacturer in-state sales to total manufacturer sales in the United States for the product under review;

(3) gross and net manufacturer revenues for the most recent tax year;

(4) any information and research related to the manufacturer's selection of the introductory price or price increase, including but not limited to:

(i) life cycle management;

(ii) market competition and context; and

(iii) projected revenue; and

(5) any additional factors determined by the board to be relevant.

Subd. 4. **Public data; proprietary information.** (a) Any submission made to the board related to a drug cost review shall be made available to the public, with the exception of information determined by the board to be proprietary.

(b) The board shall establish the standards for the information to be considered proprietary under paragraph (a) and section 62J.90, subdivision 2, including standards for heightened consideration of proprietary information for submissions for a cost review of a drug that is not yet approved by the FDA.

(c) Prior to the board establishing the standards under paragraph (b), the public shall be provided notice and the opportunity to submit comments.

Sec. 8. **[62J.92] DETERMINATIONS; COMPLIANCE; REMEDIES.**

Subdivision 1. **Upper payment limit.** (a) In the event the board finds that the spending on a prescription drug product reviewed under section 62J.91 creates an affordability challenge for the state health care system or for patients, the board shall establish an upper payment limit after considering:

(1) the cost to administer the drug;

(2) the cost to deliver the drug to consumers;

(3) the range of prices at which the drug is sold in the United States according to one or more pricing files accessed under section 62J.90, subdivision 1, and the range at which pharmacies are reimbursed in Canada; and

(4) any other relevant pricing and administrative cost information for the drug.

(b) The upper payment limit shall apply to all public and private purchases, payments, and payer reimbursements for the prescription drug product that is intended for individuals in the state in person, by mail, or by other means.

Subd. 2. **Noncompliance.** (a) The failure of an entity to comply with an upper payment limit established by the board under this section shall be referred to the Office of the Attorney General.

(b) If the Office of the Attorney General finds that an entity was noncompliant with the upper payment limit requirements, the attorney general may pursue remedies consistent with chapter 8 or appropriate criminal charges if there is evidence of intentional profiteering.

(c) An entity who obtains price concessions from a drug manufacturer that result in a lower net cost to the stakeholder than the upper payment limit established by the board shall not be considered to be in noncompliance.

(d) The Office of the Attorney General may provide guidance to stakeholders concerning activities that could be considered noncompliant.

Subd. 3. **Appeals.** (a) A person affected by a decision of the board may request an appeal of the board's decision within 30 days of the date of the decision. The board shall hear the appeal and render a decision within 60 days of the hearing.

(b) All appeal decisions are subject to judicial review in accordance with chapter 14.

Sec. 9. **[62J.93] REPORTS.**

Beginning March 1, 2022, and each March 1 thereafter, the board shall submit a report to the governor and legislature on general price trends for prescription drug products and the number of prescription drug products that were subject to the board's cost review and analysis, including the result of any analysis as well as the number and disposition of appeals and judicial reviews.

Sec. 10. **[62J.94] ERISA PLANS AND MEDICARE DRUG PLANS.**

(a) Nothing in sections 62J.85 to 62J.95 shall be construed to require ERISA plans or Medicare Part D plans to comply with decisions of the board, but are free to choose to exceed the upper payment limit established by the board under section 62J.92.

(b) Providers who dispense and administer drugs in the state must bill all payers no more than the upper payment limit without regard to whether or not an ERISA plan or Medicare Part D plan chooses to reimburse the provider in an amount greater than the upper payment limit established by the board.

(c) For purposes of this section, an ERISA plan or group health plan is an employee welfare benefit plan established by or maintained by an employer or an employee organization, or both, that provides employer sponsored health coverage to employees and the employee's dependents and is subject to the Employee Retirement Income Security Act of 1974 (ERISA).

Sec. 11. **[62J.95] SEVERABILITY.**

If any provision of sections 62J.85 to 62J.94 or the application of sections 62J.85 to 62J.94 to any person or circumstance is held invalid for any reason in a court of competent jurisdiction, the invalidity does not affect other provisions or any other application of sections 62J.85 to 62J.94 that can be given effect without the invalid provision or application.

ARTICLE 3
INSURANCE

Section 1. Minnesota Statutes 2020, section 60A.092, subdivision 10a, is amended to read:

Subd. 10a. **Other jurisdictions.** The reinsurance is ceded and credit allowed to an assuming insurer not meeting the requirements of subdivision 2, 3, 4, 5, ~~or~~ 10, or 10b, but only with respect to the insurance of risks located in jurisdictions where the reinsurance is required by applicable law or regulation of that jurisdiction.

EFFECTIVE DATE. This section is effective January 1, 2022, and applies to reinsurance contracts entered into or renewed on or after that date.

Sec. 2. Minnesota Statutes 2020, section 60A.092, is amended by adding a subdivision to read:

Subd. 10b. **Credit allowed; reciprocal jurisdiction.** (a) Credit shall be allowed when the reinsurance is ceded to an assuming insurer meeting each of the following conditions:

(1) the assuming insurer must have its head office in or be domiciled in, as applicable, and be licensed in a reciprocal jurisdiction. A "reciprocal jurisdiction" means a jurisdiction that is:

(i) a non-United States jurisdiction that is subject to an in-force covered agreement with the United States, each within its legal authority, or, in the case of a covered agreement between the United States and the European Union, is a member state of the European Union. For purposes of this subdivision, a "covered agreement" means an agreement entered into pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, United States Code, title 31, sections 313 and 314, that is currently in effect or in a period of provisional application and addresses the elimination, under specified conditions, of collateral requirements as a condition for entering into any reinsurance agreement with a ceding insurer domiciled in Minnesota or for allowing the ceding insurer to recognize credit for reinsurance;

(ii) a United States jurisdiction that meets the requirements for accreditation under the National Association of Insurance Commissioners (NAIC) financial standards and accreditation program; or

(iii) a qualified jurisdiction, as determined by the commissioner, which is not otherwise described in item (i) or (ii) and which meets the following additional requirements, consistent with the terms and conditions of in-force covered agreements:

(A) provides that an insurer which has its head office or is domiciled in such qualified jurisdiction shall receive credit for reinsurance ceded to a United States-domiciled assuming insurer in the same manner as credit for reinsurance is received for reinsurance assumed by insurers domiciled in such qualified jurisdiction;

(B) does not require a United States-domiciled assuming insurer to establish or maintain a local presence as a condition for entering into a reinsurance agreement with any ceding insurer subject to regulation by the non-United States jurisdiction or as a condition to allow the ceding insurer to recognize credit for such reinsurance;

(C) recognizes the United States state regulatory approach to group supervision and group capital, by providing written confirmation by a competent regulatory authority, in such qualified jurisdiction, that insurers and insurance groups that are domiciled or maintain their headquarters in this state or another jurisdiction accredited by the NAIC shall be subject only to worldwide prudential insurance group supervision including worldwide group governance, solvency and capital, and reporting, as applicable, by the commissioner or the commissioner of the domiciliary state and will not be subject to group supervision at the level of the worldwide parent undertaking of the insurance or reinsurance group by the qualified jurisdiction; and

(D) provides written confirmation by a competent regulatory authority in such qualified jurisdiction that information regarding insurers and their parent, subsidiary, or affiliated entities, if applicable, shall be provided to the commissioner in accordance with a memorandum of understanding or similar document between the commissioner and such qualified jurisdiction, including but not limited to the International Association of Insurance Supervisors Multilateral Memorandum of Understanding or other multilateral memoranda of understanding coordinated by the NAIC;

(2) the assuming insurer must have and maintain, on an ongoing basis, minimum capital and surplus, or its equivalent, calculated according to the methodology of its domiciliary jurisdiction, on at least an annual basis as of the preceding December 31 or on the date otherwise statutorily reported to the reciprocal jurisdiction, in the following amounts:

(i) no less than $250,000,000; or

(ii) if the assuming insurer is an association, including incorporated and individual unincorporated underwriters:

(A) minimum capital and surplus equivalents, net of liabilities, or own funds of the equivalent of at least $250,000,000; and

(B) a central fund containing a balance of the equivalent of at least $250,000,000;

(3) the assuming insurer must have and maintain, on an ongoing basis, a minimum solvency or capital ratio, as applicable, as follows:

(i) if the assuming insurer has its head office or is domiciled in a reciprocal jurisdiction defined in clause (1), item (i), the ratio specified in the applicable covered agreement;

(ii) if the assuming insurer is domiciled in a reciprocal jurisdiction defined in clause (1), item (ii), a risk-based capital ratio of 300 percent of the authorized control level, calculated in accordance with the formula developed by the NAIC; or

(iii) if the assuming insurer is domiciled in a Reciprocal Jurisdiction defined in clause (1), item (iii), after consultation with the reciprocal jurisdiction and considering any recommendations published through the NAIC Committee Process, such solvency or capital ratio as the commissioner determines to be an effective measure of solvency;

(4) the assuming insurer must agree and provide adequate assurance in the form of a properly executed Form AR-1, Form CR-1, and Form RJ-1 of its agreement to the following:

(i) the assuming insurer must provide prompt written notice and explanation to the commissioner if it falls below the minimum requirements set forth in clause (2) or (3), or if any regulatory action is taken against the assuming insurer for serious noncompliance with applicable law;

(ii) the assuming insurer must consent in writing to the jurisdiction of the courts of Minnesota and to the appointment of the commissioner as agent for service of process. The commissioner may require that consent for service of process be provided to the commissioner and included in each reinsurance agreement. Nothing in this subdivision shall limit or in any way alter the capacity of parties to a reinsurance agreement to agree to alternative dispute resolution mechanisms, except to the extent such agreements are unenforceable under applicable insolvency or delinquency laws;

(iii) the assuming insurer must consent in writing to pay all final judgments, wherever enforcement is sought, obtained by a ceding insurer or its legal successor, that have been declared enforceable in the jurisdiction where the judgment was obtained;

(iv) each reinsurance agreement must include a provision requiring the assuming insurer to provide security in an amount equal to 100 percent of the assuming insurer's liabilities attributable to reinsurance ceded pursuant to that agreement if the assuming insurer resists enforcement of a final judgment that is enforceable under the law of the jurisdiction in which it was obtained or a properly enforceable arbitration award, whether obtained by the ceding insurer or by its legal successor on behalf of its resolution estate;

(v) the assuming insurer must confirm that it is not presently participating in any solvent scheme of arrangement which involves this state's ceding insurers, and agree to notify the ceding insurer and the commissioner and to provide security in an amount equal to 100 percent of the assuming insurer's liabilities to the ceding insurer, should the assuming insurer enter into such a solvent scheme of arrangement. The security shall be in a form consistent with sections 60A.092, subdivision 10, 60A.093, 60A.096, and 60A.097. For purposes of this section, the term "solvent scheme of arrangement" means a foreign or alien statutory or regulatory compromise procedure subject to requisite majority creditor approval and judicial sanction in the assuming insurer's home jurisdiction either to finally commute liabilities of duly noticed classed members or creditors of a solvent debtor, or to reorganize or restructure the debts and obligations of a solvent debtor on a final basis, and which may be subject to judicial recognition and enforcement of the arrangement by a governing authority outside the ceding insurer's home jurisdiction; and

(vi) the assuming insurer must agree in writing to meet the applicable information filing requirements set forth in clause (5);

(5) the assuming insurer or its legal successor must provide, if requested by the commissioner, on behalf of itself and any legal predecessors, the following documentation to the commissioner:

(i) for the two years preceding entry into the reinsurance agreement and on an annual basis thereafter, the assuming insurer's annual audited financial statements, in accordance with the applicable law of the jurisdiction of its head office or domiciliary jurisdiction, as applicable, including the external audit report;

(ii) for the two years preceding entry into the reinsurance agreement, the solvency and financial condition report or actuarial opinion, if filed with the assuming insurer's supervisor;

(iii) prior to entry into the reinsurance agreement and not more than semiannually thereafter, an updated list of all disputed and overdue reinsurance claims outstanding for 90 days or more, regarding reinsurance assumed from ceding insurers domiciled in the United States; and

(iv) prior to entry into the reinsurance agreement and not more than semiannually thereafter, information regarding the assuming insurer's assumed reinsurance by ceding insurer, ceded reinsurance by the assuming insurer, and reinsurance recoverable on paid and unpaid losses by the assuming insurer to allow for the evaluation of the criteria set forth in clause (6);

(6) the assuming insurer must maintain a practice of prompt payment of claims under reinsurance agreements. The lack of prompt payment will be evidenced if any of the following criteria is met:

(i) more than 15 percent of the reinsurance recoverables from the assuming insurer are overdue and in dispute as reported to the commissioner;

(ii) more than 15 percent of the assuming insurer's ceding insurers or reinsurers have overdue reinsurance recoverable on paid losses of 90 days or more which are not in dispute and which exceed for each ceding insurer $100,000, or as otherwise specified in a covered agreement; or

(iii) the aggregate amount of reinsurance recoverable on paid losses which are not in dispute, but are overdue by 90 days or more, exceeds $50,000,000, or as otherwise specified in a covered agreement;

(7) the assuming insurer's supervisory authority must confirm to the commissioner by December 31, 2021, and annually thereafter, or at the annual date otherwise statutorily reported to the reciprocal jurisdiction, that the assuming insurer complies with the requirements set forth in clauses (2) and (3); and

(8) nothing in this subdivision precludes an assuming insurer from providing the commissioner with information on a voluntary basis.

(b) The commissioner shall timely create and publish a list of reciprocal jurisdictions. The commissioner's list shall include any reciprocal jurisdiction as defined under paragraph (a), clause (1), items (i) and (ii), and shall consider any other reciprocal jurisdiction included on the NAIC list. The commissioner may approve a jurisdiction that does not appear on the NAIC list of reciprocal jurisdictions in accordance with criteria developed under rules issued by the commissioner. The commissioner may remove a jurisdiction from the list of reciprocal jurisdictions upon a determination that the jurisdiction no longer meets the requirements of a reciprocal jurisdiction, in accordance with a process set forth in rules issued by the commissioner, except that the commissioner shall not remove from the list a reciprocal jurisdiction as defined under paragraph (a), clause (1), items (i) and (ii). Upon removal of a reciprocal jurisdiction from the list, credit for reinsurance ceded to an assuming insurer which has its home office or is domiciled in that jurisdiction shall be allowed, if otherwise allowed pursuant to law.

(c) The commissioner shall timely create and publish a list of assuming insurers that have satisfied the conditions set forth in this subdivision and to which cessions shall be granted credit in accordance with this subdivision. The commissioner may add an assuming insurer to the list if an NAIC accredited jurisdiction has added the assuming insurer to a list of assuming insurers or if, upon initial eligibility, the assuming insurer submits the information to the commissioner as required under paragraph (a), clause (4), and complies with any additional requirements that the commissioner may impose by rule, except to the extent that they conflict with an applicable covered agreement.

(i) If an NAIC-accredited jurisdiction has determined that the conditions set forth in paragraph (a), clause (2), have been met, the commissioner has the discretion to defer to that jurisdiction's determination, and add such assuming insurer to the list of assuming insurers to which cessions shall be granted credit in accordance with this paragraph. The commissioner may accept financial documentation filed with another NAIC-accredited jurisdiction or with the NAIC in satisfaction of the requirements of paragraph (a), clause (2);

(ii) When requesting that the commissioner defer to another NAIC-accredited jurisdiction's determination, an assuming insurer must submit a properly executed Form RJ-1 and additional information as the commissioner may require. A state that has received such a request will notify other states through the NAIC Committee Process and provide relevant information with respect to the determination of eligibility.

(d) If the commissioner determines that an assuming insurer no longer meets one or more of the requirements under this subdivision, the commissioner may revoke or suspend the eligibility of the assuming insurer for recognition under this subdivision in accordance with procedures set forth in rule. While an assuming insurer's eligibility is suspended, no reinsurance agreement issued, amended, or renewed after the effective date of the suspension qualifies for credit, except to the extent that the assuming insurer's obligations under the contract are secured in accordance with this section. If an assuming insurer's eligibility is revoked, no credit for reinsurance may be granted after the effective date of the revocation with respect to any reinsurance agreements entered into by the assuming insurer, including reinsurance agreements entered into prior to the date of revocation, except to the extent that the assuming insurer's obligations under the contract are secured in a form acceptable to the commissioner and consistent with the provisions of this section.

(e) Before denying statement credit or imposing a requirement to post security with respect to paragraph (d) or adopting any similar requirement that will have substantially the same regulatory impact as security, the commissioner shall:

(1) communicate with the ceding insurer, the assuming insurer, and the assuming insurer's supervisory authority that the assuming insurer no longer satisfies one of the conditions listed in paragraph (a), clause (2);

(2) provide the assuming insurer with 30 days from the initial communication to submit a plan to remedy the defect, and 90 days from the initial communication to remedy the defect, except in exceptional circumstances in which a shorter period is necessary for policyholder and other consumer protection;

(3) after the expiration of 90 days or less, as set out in clause (2), if the commissioner determines that no or insufficient action was taken by the assuming insurer, the commissioner may impose any of the requirements as set out in this paragraph; and

(4) provide a written explanation to the assuming insurer of any of the requirements set out in this paragraph.

(f) If subject to a legal process of rehabilitation, liquidation, or conservation, as applicable, the ceding insurer, or its representative, may seek and, if determined appropriate by the court in which the proceedings are pending, may obtain an order requiring that the assuming insurer post security for all outstanding ceded liabilities.

(g) Nothing in this subdivision limits or in any way alters the capacity of parties to a reinsurance agreement to agree on requirements for security or other terms in the reinsurance agreement, except as expressly prohibited by applicable law or rule.

(h) Credit may be taken under this subdivision only for reinsurance agreements entered into, amended, or renewed on or after the effective date of this subdivision, and only with respect to losses incurred and reserves reported on or after the later of: (1) the date on which the assuming insurer has met all eligibility requirements pursuant to this subdivision; and (2) the effective date of the new reinsurance agreement, amendment, or renewal. This paragraph does not alter or impair a ceding insurer's right to take credit for reinsurance, to the extent that credit is not available under this subdivision, as long as the reinsurance qualifies for credit under any other applicable provision of law. Nothing in this subdivision shall authorize an assuming insurer to withdraw or reduce the security provided under any reinsurance agreement, except as permitted by the terms of the agreement. Nothing in this subdivision shall limit, or in any way alter, the capacity of parties to any reinsurance agreement to renegotiate the agreement.

EFFECTIVE DATE. This section is effective January 1, 2022, and applies to reinsurance contracts entered into or renewed on or after that date.

Sec. 3. Minnesota Statutes 2020, section 60A.0921, subdivision 2, is amended to read:

Subd. 2. **Certification procedure.** (a) The commissioner shall post notice on the department's website promptly upon receipt of any application for certification, including instructions on how members of the public may respond to the application. The commissioner may not take final action on the application until at least 30 days after posting the notice.

(b) The commissioner shall issue written notice to an assuming insurer that has applied and been approved as a certified reinsurer. The notice must include the rating assigned the certified reinsurer in accordance with subdivision 1. The commissioner shall publish a list of all certified reinsurers and their ratings.

(c) In order to be eligible for certification, the assuming insurer must:

(1) be domiciled and licensed to transact insurance or reinsurance in a qualified jurisdiction, as determined by the commissioner under subdivision 3;

(2) maintain capital and surplus, or its equivalent, of no less than $250,000,000 calculated in accordance with paragraph (d), clause (8). This requirement may also be satisfied by an association including incorporated and individual unincorporated underwriters having minimum capital and surplus equivalents net of liabilities of at least $250,000,000 and a central fund containing a balance of at least $250,000,000;

(3) maintain financial strength ratings from two or more rating agencies acceptable to the commissioner. These ratings shall be based on interactive communication between the rating agency and the assuming insurer and shall not be based solely on publicly available information. These financial strength ratings shall be one factor used by the commissioner in determining the rating that is assigned to the assuming insurer. Acceptable rating agencies include the following:

(i) Standard & Poor's;

(ii) Moody's Investors Service;

(iii) Fitch Ratings;

(iv) A.M. Best Company; or

(v) any other nationally recognized statistical rating organization; and

(4) ensure that the certified reinsurer complies with any other requirements reasonably imposed by the commissioner.

(d) Each certified reinsurer shall be rated on a legal entity basis, with due consideration being given to the group rating where appropriate, except that an association including incorporated and individual unincorporated underwriters that has been approved to do business as a single certified reinsurer may be evaluated on the basis of its group rating. Factors that may be considered as part of the evaluation process include, but are not limited to:

(1) certified reinsurer's financial strength rating from an acceptable rating agency. The maximum rating that a certified reinsurer may be assigned will correspond to its financial strength rating as outlined in the table below. The commissioner shall use the lowest financial strength rating received from an approved rating agency in establishing the maximum rating of a certified reinsurer. A failure to obtain or maintain at least two financial strength ratings from acceptable rating agencies will result in loss of eligibility for certification;

Ratings	Best	S&P	Moody's	Fitch
Secure - 1	A++	AAA	Aaa	AAA
Secure - 2	A+	AA+, AA, AA-	Aa1, Aa2, Aa3	AA+, AA, AA-
Secure - 3	A	A+, A	A1, A2	A+, A
Secure - 4	A-	A-	A3	A-
Secure - 5	B++, B-	BBB+, BBB, BBB-	Baa1, Baa2, Baa3	BBB+, BBB, BBB-
Vulnerable - 6	B, B-C++, C+, C, C-, D, E, F	BB+, BB, BB-, B+, B, B-, CCC, CC, C, D, R	Ba1, Ba2, Ba3, B1, B2, B3, Caa, Ca, C	BB+, BB, BB-, B+, B, B-, CCC+, CC, CCC-, DD

(2) the business practices of the certified reinsurer in dealing with its ceding insurers, including its record of compliance with reinsurance contractual terms and obligations;

(3) for certified reinsurers domiciled in the United States, a review of the most recent applicable NAIC annual statement;

(4) for certified reinsurers not domiciled in the United States, a review annually of such forms as may be required by the commissioner;

(5) the reputation of the certified reinsurer for prompt payment of claims under reinsurance agreements, based on an analysis of ceding insurers' reporting of overdue reinsurance recoverables, including the proportion of obligations that are more than 90 days past due or are in dispute, with specific attention given to obligations payable to companies that are in administrative supervision or receivership;

(6) regulatory actions against the certified reinsurer;

(7) the report of the independent auditor on the financial statements of the insurance enterprise, on the basis described in clause (8);

(8) for certified reinsurers not domiciled in the United States, audited financial statements (audited United States GAAP basis if available, audited IFRS basis statements are allowed, but must include an audited footnote reconciling equity and net income to a United States GAAP basis, or, with permission of the commissioner, audited IFRS statements with reconciliation to United States GAAP certified by an officer of the company). Upon the initial application for certification, the commissioner will consider audited financial statements for the last ~~three~~ two years filed with its non-United States jurisdiction supervisor;

(9) the liquidation priority of obligations to a ceding insurer in the certified reinsurer's domiciliary jurisdiction in the context of an insolvency proceeding;

(10) a certified reinsurer's participation in any solvent scheme of arrangement, or similar procedure, which involves United States ceding insurers. The commissioner must receive prior notice from a certified reinsurer that proposes participation by the certified reinsurer in a solvent scheme of arrangement; and

(11) other information as determined by the commissioner.

(e) Based on the analysis conducted under paragraph (d), clause (5), of a certified reinsurer's reputation for prompt payment of claims, the commissioner may make appropriate adjustments in the security the certified reinsurer is required to post to protect its liabilities to United States ceding insurers, provided that the commissioner shall, at a minimum, increase the security the certified reinsurer is required to post by one rating level under paragraph (d), clause (1), if the commissioner finds that:

(1) more than 15 percent of the certified reinsurer's ceding insurance clients have overdue reinsurance recoverables on paid losses of 90 days or more which are not in dispute and which exceed $100,000 for each cedent; or

(2) the aggregate amount of reinsurance recoverables on paid losses which are not in dispute that are overdue by 90 days or more exceeds $50,000,000.

(f) The assuming insurer must submit such forms as required by the commissioner as evidence of its submission to the jurisdiction of this state, appoint the commissioner as an agent for service of process in this state, and agree to provide security for 100 percent of the assuming insurer's liabilities attributable to reinsurance ceded by United States ceding insurers if it resists enforcement of a final United States judgment. The commissioner shall not certify an assuming insurer that is domiciled in a jurisdiction that the commissioner has determined does not adequately and promptly enforce final United States judgments or arbitration awards.

(g) The certified reinsurer must agree to meet filing requirements as determined by the commissioner, both with respect to an initial application for certification and on an ongoing basis. All data submitted by certified reinsurers to the commissioner is nonpublic under section 13.02, subdivision 9. The certified reinsurer must file with the commissioner:

(1) a notification within ten days of any regulatory actions taken against the certified reinsurer, any change in the provisions of its domiciliary license, or any change in rating by an approved rating agency, including a statement describing such changes and the reasons therefore;

(2) an annual report regarding reinsurance assumed, in a form determined by the commissioner;

(3) an annual report of the independent auditor on the financial statements of the insurance enterprise, on the basis described in clause (4);

(4) an annual audited financial statement, regulatory filings, and actuarial opinion filed with the certified reinsurer's supervisor. Upon the initial certification, audited financial statements for the last ~~three~~ two years filed with the certified reinsurer's supervisor;

(5) at least annually, an updated list of all disputed and overdue reinsurance claims regarding reinsurance assumed from United States domestic ceding insurers;

(6) a certification from the certified reinsurer's domestic regulator that the certified reinsurer is in good standing and maintains capital in excess of the jurisdiction's highest regulatory action level; and

(7) any other relevant information as determined by the commissioner.

EFFECTIVE DATE. This section is effective January 1, 2022, and applies to reinsurance contracts entered into or renewed on or after that date.

Sec. 4. Minnesota Statutes 2020, section 60A.14, subdivision 1, is amended to read:

Subdivision 1. **Fees other than examination fees.** In addition to the fees and charges provided for examinations, the following fees must be paid to the commissioner for deposit in the general fund:

(a) by township mutual fire insurance companies:

(1) for filing certificate of incorporation $25 and amendments thereto, $10;

(2) for filing annual statements, $15;

(3) for each annual certificate of authority, $15;

(4) for filing bylaws $25 and amendments thereto, $10;

(b) by other domestic and foreign companies including fraternals and reciprocal exchanges:

(1) for filing an application for an initial certification of authority to be admitted to transact business in this state, $1,500;

(2) for filing certified copy of certificate of articles of incorporation, $100;

(3) for filing annual statement, ~~$225~~ $300;

(4) for filing certified copy of amendment to certificate or articles of incorporation, $100;

(5) for filing bylaws, $75 or amendments thereto, $75;

(6) for each company's certificate of authority, ~~$575~~ $750, annually;

(c) the following general fees apply:

(1) for each certificate, including certified copy of certificate of authority, renewal, valuation of life policies, corporate condition or qualification, $25;

(2) for each copy of paper on file in the commissioner's office 50 cents per page, and $2.50 for certifying the same;

(3) for license to procure insurance in unadmitted foreign companies, $575;

(4) for valuing the policies of life insurance companies, ~~one cent~~ two cents per $1,000 of insurance so valued, provided that the fee shall not exceed ~~$13,000~~ $26,000 per year for any company. The commissioner may, in lieu of a valuation of the policies of any foreign life insurance company admitted, or applying for admission, to do business in this state, accept a certificate of valuation from the company's own actuary or from the commissioner of insurance of the state or territory in which the company is domiciled;

(5) for receiving and filing certificates of policies by the company's actuary, or by the commissioner of insurance of any other state or territory, $50;

(6) for each appointment of an agent filed with the commissioner, $30;

(7) for filing forms, rates, and compliance certifications under section 60A.315, $140 per filing, or $125 per filing when submitted via electronic filing system. Filing fees may be paid on a quarterly basis in response to an invoice. Billing and payment may be made electronically;

(8) for annual renewal of surplus lines insurer license, ~~$300~~ $400.

The commissioner shall adopt rules to define filings that are subject to a fee.

Sec. 5. **[60A.985] DEFINITIONS.**

Subdivision 1. **Terms.** As used in sections 60A.985 to 60A.9857, the following terms have the meanings given.

Subd. 2. **Authorized individual.** "Authorized individual" means an individual known to and screened by the licensee and determined to be necessary and appropriate to have access to the nonpublic information held by the licensee and its information systems.

Subd. 3. **Consumer.** "Consumer" means an individual, including but not limited to an applicant, policyholder, insured, beneficiary, claimant, and certificate holder who is a resident of this state and whose nonpublic information is in a licensee's possession, custody, or control.

Subd. 4. **Cybersecurity event.** "Cybersecurity event" means an event resulting in unauthorized access to, or disruption or misuse of, an information system or nonpublic information stored on an information system.

Cybersecurity event does not include the unauthorized acquisition of encrypted nonpublic information if the encryption, process, or key is not also acquired, released, or used without authorization.

Cybersecurity event does not include an event with regard to which the licensee has determined that the nonpublic information accessed by an unauthorized person has not been used or released and has been returned or destroyed.

Subd. 5. **Encrypted.** "Encrypted" means the transformation of data into a form which results in a low probability of assigning meaning without the use of a protective process or key.

Subd. 6. **Information security program.** "Information security program" means the administrative, technical, and physical safeguards that a licensee uses to access, collect, distribute, process, protect, store, use, transmit, dispose of, or otherwise handle nonpublic information.

Subd. 7. **Information system.** "Information system" means a discrete set of electronic information resources organized for the collection, processing, maintenance, use, sharing, dissemination, or disposition of nonpublic electronic information, as well as any specialized system such as industrial or process controls systems, telephone switching and private branch exchange systems, and environmental control systems.

Subd. 8. **Licensee.** "Licensee" means any person licensed, authorized to operate, or registered, or required to be licensed, authorized, or registered by the Department of Commerce or the Department of Health under chapters 59A to 62M and 62Q to 79A.

Subd. 9. **Multifactor authentication.** "Multifactor authentication" means authentication through verification of at least two of the following types of authentication factors:

(1) knowledge factors, such as a password;

(2) possession factors, such as a token or text message on a mobile phone; or

(3) inherence factors, such as a biometric characteristic.

Subd. 10. **Nonpublic information.** "Nonpublic information" means electronic information that is not publicly available information and is:

(1) any information concerning a consumer which because of name, number, personal mark, or other identifier can be used to identify the consumer, in combination with any one or more of the following data elements:

(i) Social Security number;

(ii) driver's license number or nondriver identification card number;

(iii) financial account number, credit card number, or debit card number;

(iv) any security code, access code, or password that would permit access to a consumer's financial account; or

(v) biometric records; or

(2) any information or data, except age or gender, in any form or medium created by or derived from a health care provider or a consumer that can be used to identify a particular consumer and that relates to:

(i) the past, present, or future physical, mental, or behavioral health or condition of any consumer or a member of the consumer's family;

(ii) the provision of health care to any consumer; or

(iii) payment for the provision of health care to any consumer.

Subd. 11. **Person.** "Person" means any individual or any nongovernmental entity, including but not limited to any nongovernmental partnership, corporation, branch, agency, or association.

Subd. 12. **Publicly available information.** "Publicly available information" means any information that a licensee has a reasonable basis to believe is lawfully made available to the general public from: federal, state, or local government records; widely distributed media; or disclosures to the general public that are required to be made by federal, state, or local law.

For the purposes of this definition, a licensee has a reasonable basis to believe that information is lawfully made available to the general public if the licensee has taken steps to determine:

(1) that the information is of the type that is available to the general public; and

(2) whether a consumer can direct that the information not be made available to the general public and, if so, that such consumer has not done so.

Subd. 13. **Risk assessment.** "Risk assessment" means the risk assessment that each licensee is required to conduct under section 60A.9853, subdivision 3.

Subd. 14. **State.** "State" means the state of Minnesota.

Subd. 15. **Third-party service provider.** "Third-party service provider" means a person, not otherwise defined as a licensee, that contracts with a licensee to maintain, process, or store nonpublic information, or is otherwise permitted access to nonpublic information through its provision of services to the licensee.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 6. **[60A.9851] INFORMATION SECURITY PROGRAM.**

Subdivision 1. **Implementation of an information security program.** Commensurate with the size and complexity of the licensee, the nature and scope of the licensee's activities, including its use of third-party service providers, and the sensitivity of the nonpublic information used by the licensee or in the licensee's possession, custody, or control, each licensee shall develop, implement, and maintain a comprehensive written information security program based on the licensee's risk assessment and that contains administrative, technical, and physical safeguards for the protection of nonpublic information and the licensee's information system.

Subd. 2. **Objectives of an information security program.** A licensee's information security program shall be designed to:

(1) protect the security and confidentiality of nonpublic information and the security of the information system;

(2) protect against any threats or hazards to the security or integrity of nonpublic information and the information system;

(3) protect against unauthorized access to, or use of, nonpublic information, and minimize the likelihood of harm to any consumer; and

(4) define and periodically reevaluate a schedule for retention of nonpublic information and a mechanism for its destruction when no longer needed.

Subd. 3. **Risk assessment.** The licensee shall:

(1) designate one or more employees, an affiliate, or an outside vendor authorized to act on behalf of the licensee who is responsible for the information security program;

(2) identify reasonably foreseeable internal or external threats that could result in unauthorized access, transmission, disclosure, misuse, alteration, or destruction of nonpublic information, including threats to the security of information systems and nonpublic information that are accessible to, or held by, third-party service providers;

(3) assess the likelihood and potential damage of the threats identified pursuant to clause (2), taking into consideration the sensitivity of the nonpublic information;

(4) assess the sufficiency of policies, procedures, information systems, and other safeguards in place to manage these threats, including consideration of threats in each relevant area of the licensee's operations, including:

(i) employee training and management;

(ii) information systems, including network and software design, as well as information classification, governance, processing, storage, transmission, and disposal; and

(iii) detecting, preventing, and responding to attacks, intrusions, or other systems failures; and

(5) implement information safeguards to manage the threats identified in its ongoing assessment, and no less than annually, assess the effectiveness of the safeguards' key controls, systems, and procedures.

Subd. 4. **Risk management.** Based on its risk assessment, the licensee shall:

(1) design its information security program to mitigate the identified risks, commensurate with the size and complexity of the licensee, the nature and scope of the licensee's activities, including its use of third-party service providers, and the sensitivity of the nonpublic information used by the licensee or in the licensee's possession, custody, or control;

(2) determine which of the following security measures are appropriate and implement any appropriate security measures:

(i) place access controls on information systems, including controls to authenticate and permit access only to authorized individuals, to protect against the unauthorized acquisition of nonpublic information;

(ii) identify and manage the data, personnel, devices, systems, and facilities that enable the organization to achieve business purposes in accordance with their relative importance to business objectives and the organization's risk strategy;

(iii) restrict physical access to nonpublic information to authorized individuals only;

(iv) protect, by encryption or other appropriate means, all nonpublic information while being transmitted over an external network and all nonpublic information stored on a laptop computer or other portable computing or storage device or media;

(v) adopt secure development practices for in-house developed applications utilized by the licensee;

(vi) modify the information system in accordance with the licensee's information security program;

(vii) utilize effective controls, which may include multifactor authentication procedures for any authorized individual accessing nonpublic information;

(viii) regularly test and monitor systems and procedures to detect actual and attempted attacks on, or intrusions into, information systems;

(ix) include audit trails within the information security program designed to detect and respond to cybersecurity events and designed to reconstruct material financial transactions sufficient to support normal operations and obligations of the licensee;

(x) implement measures to protect against destruction, loss, or damage of nonpublic information due to environmental hazards, such as fire and water damage, other catastrophes, or technological failures; and

(xi) develop, implement, and maintain procedures for the secure disposal of nonpublic information in any format;

(3) include cybersecurity risks in the licensee's enterprise risk management process;

(4) stay informed regarding emerging threats or vulnerabilities and utilize reasonable security measures when sharing information relative to the character of the sharing and the type of information shared; and

(5) provide its personnel with cybersecurity awareness training that is updated as necessary to reflect risks identified by the licensee in the risk assessment.

Subd. 5. **Oversight by board of directors.** If the licensee has a board of directors, the board or an appropriate committee of the board shall, at a minimum:

(1) require the licensee's executive management or its delegates to develop, implement, and maintain the licensee's information security program;

(2) require the licensee's executive management or its delegates to report in writing, at least annually, the following information:

(i) the overall status of the information security program and the licensee's compliance with this act; and

(ii) material matters related to the information security program, addressing issues such as risk assessment, risk management and control decisions, third-party service provider arrangements, results of testing, cybersecurity events or violations and management's responses thereto, and recommendations for changes in the information security program; and

(3) if executive management delegates any of its responsibilities under this section, it shall oversee the development, implementation, and maintenance of the licensee's information security program prepared by the delegate and shall receive a report from the delegate complying with the requirements of the report to the board of directors.

Subd. 6. **Oversight of third-party service provider arrangements.** (a) A licensee shall exercise due diligence in selecting its third-party service provider.

(b) A licensee shall require a third-party service provider to implement appropriate administrative, technical, and physical measures to protect and secure the information systems and nonpublic information that are accessible to, or held by, the third-party service provider.

Subd. 7. **Program adjustments.** The licensee shall monitor, evaluate, and adjust, as appropriate, the information security program consistent with any relevant changes in technology, the sensitivity of its nonpublic information, internal or external threats to information, and the licensee's own changing business arrangements, such as mergers and acquisitions, alliances and joint ventures, outsourcing arrangements, and changes to information systems.

Subd. 8. **Incident response plan.** (a) As part of its information security program, each licensee shall establish a written incident response plan designed to promptly respond to, and recover from, any cybersecurity event that compromises the confidentiality, integrity, or availability of nonpublic information in its possession, the licensee's information systems, or the continuing functionality of any aspect of the licensee's business or operations.

(b) The incident response plan shall address the following areas:

(1) the internal process for responding to a cybersecurity event;

(2) the goals of the incident response plan;

(3) the definition of clear roles, responsibilities, and levels of decision-making authority;

(4) external and internal communications and information sharing;

(5) identification of requirements for the remediation of any identified weaknesses in information systems and associated controls;

(6) documentation and reporting regarding cybersecurity events and related incident response activities; and

(7) the evaluation and revision, as necessary, of the incident response plan following a cybersecurity event.

Subd. 9. **Annual certification to commissioner.** (a) Subject to paragraph (b), by April 15 of each year, an insurer domiciled in this state shall certify in writing to the commissioner that the insurer is in compliance with the requirements set forth in this section. Each insurer shall maintain all records, schedules, and data supporting this certificate for a period of five years and shall permit examination by the commissioner. To the extent an insurer has identified areas, systems, or processes that require material improvement, updating, or redesign, the insurer shall document the identification and the remedial efforts planned and underway to address such areas, systems, or processes. Such documentation must be available for inspection by the commissioner.

(b) The commissioner must post on the department's website, no later than 60 days prior to the certification required by paragraph (a), the form and manner of submission required and any instructions necessary to prepare the certification.

EFFECTIVE DATE. This section is effective August 1, 2021. Licensees have one year from the effective date to implement subdivisions 1 to 5 and 7 to 9, and two years from the effective date to implement subdivision 6.

Sec. 7. **[60A.9852] INVESTIGATION OF A CYBERSECURITY EVENT.**

Subdivision 1. **Prompt investigation.** If the licensee learns that a cybersecurity event has or may have occurred, the licensee, or an outside vendor or service provider designated to act on behalf of the licensee, shall conduct a prompt investigation.

Subd. 2. **Investigation contents.** During the investigation, the licensee, or an outside vendor or service provider designated to act on behalf of the licensee, shall, at a minimum and to the extent possible:

(1) determine whether a cybersecurity event has occurred;

(2) assess the nature and scope of the cybersecurity event, if any;

(3) identify whether any nonpublic information was involved in the cybersecurity event and, if so, what nonpublic information was involved; and

(4) perform or oversee reasonable measures to restore the security of the information systems compromised in the cybersecurity event in order to prevent further unauthorized acquisition, release, or use of nonpublic information in the licensee's possession, custody, or control.

Subd. 3. **Third-party systems.** If the licensee learns that a cybersecurity event has or may have occurred in a system maintained by a third-party service provider, the licensee will complete the steps listed in subdivision 2 or confirm and document that the third-party service provider has completed those steps.

Subd. 4. **Records.** The licensee shall maintain records concerning all cybersecurity events for a period of at least five years from the date of the cybersecurity event and shall produce those records upon demand of the commissioner.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 8. **[60A.9853] NOTIFICATION OF A CYBERSECURITY EVENT.**

Subdivision 1. **Notification to the commissioner.** Each licensee shall notify the commissioner of commerce or commissioner of health, whichever commissioner otherwise regulates the licensee, without unreasonable delay but in no event later than three business days from a determination that a cybersecurity event has occurred when either of the following criteria has been met:

(1) this state is the licensee's state of domicile, in the case of an insurer, or this state is the licensee's home state, in the case of a producer, as those terms are defined in chapter 60K and the cybersecurity event has a reasonable likelihood of materially harming:

(i) any consumer residing in this state; or

(ii) any part of the normal operations of the licensee; or

(2) the licensee reasonably believes that the nonpublic information involved is of 250 or more consumers residing in this state and that is either of the following:

(i) a cybersecurity event impacting the licensee of which notice is required to be provided to any government body, self-regulatory agency, or any other supervisory body pursuant to any state or federal law; or

(ii) a cybersecurity event that has a reasonable likelihood of materially harming:

(A) any consumer residing in this state; or

(B) any part of the normal operations of the licensee.

Subd. 2. **Information; notification.** A licensee making the notification required under subdivision 1 shall provide the information in electronic form as directed by the commissioner. The licensee shall have a continuing obligation to update and supplement initial and subsequent notifications to the commissioner concerning material changes to previously provided information relating to the cybersecurity event. The licensee shall provide as much of the following information as possible:

(1) date of the cybersecurity event;

(2) description of how the information was exposed, lost, stolen, or breached, including the specific roles and responsibilities of third-party service providers, if any;

(3) how the cybersecurity event was discovered;

(4) whether any lost, stolen, or breached information has been recovered and, if so, how this was done;

(5) the identity of the source of the cybersecurity event;

(6) whether the licensee has filed a police report or has notified any regulatory, government, or law enforcement agencies and, if so, when such notification was provided;

(7) description of the specific types of information acquired without authorization. Specific types of information means particular data elements including, for example, types of medical information, types of financial information, or types of information allowing identification of the consumer;

(8) the period during which the information system was compromised by the cybersecurity event;

(9) the number of total consumers in this state affected by the cybersecurity event. The licensee shall provide the best estimate in the initial report to the commissioner and update this estimate with each subsequent report to the commissioner pursuant to this section;

(10) the results of any internal review identifying a lapse in either automated controls or internal procedures, or confirming that all automated controls or internal procedures were followed;

(11) description of efforts being undertaken to remediate the situation which permitted the cybersecurity event to occur;

(12) a copy of the licensee's privacy policy and a statement outlining the steps the licensee will take to investigate and notify consumers affected by the cybersecurity event; and

(13) name of a contact person who is familiar with the cybersecurity event and authorized to act for the licensee.

Subd. 3. **Notification to consumers.** (a) If a licensee is required to submit a report to the commissioner under subdivision 1, the licensee shall notify any consumer residing in Minnesota if, as a result of the cybersecurity event reported to the commissioner, the consumer's nonpublic information was or is reasonably believed to have been acquired by an unauthorized person, and there is a reasonable likelihood of material harm to the consumer as a result of the cybersecurity event. Consumer notification is not required for a cybersecurity event resulting from the good faith acquisition of nonpublic information by an employee or agent of the licensee for the purposes of the licensee's business, provided the nonpublic information is not used for a purpose other than the licensee's business or subject to further unauthorized disclosure. The notification must be made in the most expedient time possible and without unreasonable delay, consistent with the legitimate needs of law enforcement or with any measures necessary to determine the scope of the breach, identify the individuals affected, and restore the reasonable integrity of the data system. The notification may be delayed to a date certain if the commissioner determines that providing the notice impedes a criminal investigation. The licensee shall provide a copy of the notice to the commissioner.

(b) For purposes of this subdivision, notice required under paragraph (a) must be provided by one of the following methods:

(1) written notice to the consumer's most recent address in the licensee's records;

(2) electronic notice, if the licensee's primary method of communication with the consumer is by electronic means or if the notice provided is consistent with the provisions regarding electronic records and signatures in United States Code, title 15, section 7001; or

(3) if the cost of providing notice exceeds $250,000, the affected class of consumers to be notified exceeds 500,000, or the licensee does not have sufficient contact information for the subject consumers, notice as follows:

(i) e-mail notice when the licensee has an e-mail address for the subject consumers;

(ii) conspicuous posting of the notice on the website page of the licensee; and

(iii) notification to major statewide media.

(c) Notwithstanding paragraph (b), a licensee that maintains its own notification procedure as part of its information security program that is consistent with the timing requirements of this subdivision is deemed to comply with the notification requirements if the licensee notifies subject consumers in accordance with its program.

(d) A waiver of the requirements under this subdivision is contrary to public policy, and is void and unenforceable.

Subd. 4. **Notice regarding cybersecurity events of third-party service providers.** (a) In the case of a cybersecurity event in a system maintained by a third-party service provider, of which the licensee has become aware, the licensee shall treat such event as it would under subdivision 1 unless the third-party service provider provides the notice required under subdivision 1.

(b) The computation of a licensee's deadlines shall begin on the day after the third-party service provider notifies the licensee of the cybersecurity event or the licensee otherwise has actual knowledge of the cybersecurity event, whichever is sooner.

(c) Nothing in this act shall prevent or abrogate an agreement between a licensee and another licensee, a third-party service provider, or any other party to fulfill any of the investigation requirements imposed under section 60A.9854 or notice requirements imposed under this section.

Subd. 5. **Notice regarding cybersecurity events of reinsurers to insurers.** (a) In the case of a cybersecurity event involving nonpublic information that is used by the licensee that is acting as an assuming insurer or in the possession, custody, or control of a licensee that is acting as an assuming insurer and that does not have a direct contractual relationship with the affected consumers, the assuming insurer shall notify its affected ceding insurers and the commissioner of its state of domicile within three business days of making the determination that a cybersecurity event has occurred.

(b) The ceding insurers that have a direct contractual relationship with affected consumers shall fulfill the consumer notification requirements imposed under subdivision 3 and any other notification requirements relating to a cybersecurity event imposed under this section.

(c) In the case of a cybersecurity event involving nonpublic information that is in the possession, custody, or control of a third-party service provider of a licensee that is an assuming insurer, the assuming insurer shall notify its affected ceding insurers and the commissioner of its state of domicile within three business days of receiving notice from its third-party service provider that a cybersecurity event has occurred.

(d) The ceding insurers that have a direct contractual relationship with affected consumers shall fulfill the consumer notification requirements imposed under subdivision 3 and any other notification requirements relating to a cybersecurity event imposed under this section.

(e) Any licensee acting as an assuming insurer shall have no other notice obligations relating to a cybersecurity event or other data breach under this section.

Subd. 6. **Notice regarding cybersecurity events of insurers to producers of record.** (a) In the case of a cybersecurity event involving nonpublic information that is in the possession, custody, or control of a licensee that is an insurer or its third-party service provider and for which a consumer accessed the insurer's services through an independent insurance producer, the insurer shall notify the producers of record of all affected consumers no later than the time at which notice is provided to the affected consumers.

(b) The insurer is excused from this obligation for those instances in which it does not have the current producer of record information for any individual consumer or in those instances in which the producer of record is no longer appointed to sell, solicit, or negotiate on behalf of the insurer.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 9. **[60A.9854] POWER OF COMMISSIONER.**

(a) The commissioner of commerce or commissioner of health, whichever commissioner otherwise regulates the licensee, shall have power to examine and investigate into the affairs of any licensee to determine whether the licensee has been or is engaged in any conduct in violation of sections 60A.985 to 60A.9857. This power is in addition to the powers which the commissioner has under section 60A.031. Any such investigation or examination shall be conducted pursuant to section 60A.031.

(b) Whenever the commissioner of commerce or commissioner of health has reason to believe that a licensee has been or is engaged in conduct in this state which violates sections 60A.985 to 60A.9857, the commissioner of commerce or commissioner of health may take action that is necessary or appropriate to enforce those sections.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 10. **[60A.9855] CONFIDENTIALITY.**

Subdivision 1. **Licensee information.** Any documents, materials, or other information in the control or possession of the department that are furnished by a licensee or an employee or agent thereof acting on behalf of a licensee pursuant to section 60A.9851, subdivision 9; section 60A.9853, subdivision 2, clauses (2), (3), (4), (5), (8), (10), and (11); or that are obtained by the commissioner in an investigation or examination pursuant to section 60A.9854 shall be classified as confidential, protected nonpublic, or both; shall not be subject to subpoena; and shall not be subject to discovery or admissible in evidence in any private civil action. However, the commissioner is authorized to use the documents, materials, or other information in the furtherance of any regulatory or legal action brought as a part of the commissioner's duties.

Subd. 2. **Certain testimony prohibited.** Neither the commissioner nor any person who received documents, materials, or other information while acting under the authority of the commissioner shall be permitted or required to testify in any private civil action concerning any confidential documents, materials, or information subject to subdivision 1.

Subd. 3. **Information sharing.** In order to assist in the performance of the commissioner's duties under this act, the commissioner:

(1) may share documents, materials, or other information, including the confidential and privileged documents, materials, or information subject to subdivision 1, with other state, federal, and international regulatory agencies, with the National Association of Insurance Commissioners, its affiliates or subsidiaries, and with state, federal, and international law enforcement authorities, provided that the recipient agrees in writing to maintain the confidentiality and privileged status of the document, material, or other information;

(2) may receive documents, materials, or information, including otherwise confidential and privileged documents, materials, or information, from the National Association of Insurance Commissioners, its affiliates or subsidiaries, and from regulatory and law enforcement officials of other foreign or domestic jurisdictions, and shall maintain as confidential or privileged any document, material, or information received with notice or the understanding that it is confidential or privileged under the laws of the jurisdiction that is the source of the document, material, or information;

(3) may share documents, materials, or other information subject to subdivision 1, with a third-party consultant or vendor provided the consultant agrees in writing to maintain the confidentiality and privileged status of the document, material, or other information; and

(4) may enter into agreements governing sharing and use of information consistent with this subdivision.

Subd. 4. **No waiver of privilege or confidentiality.** No waiver of any applicable privilege or claim of confidentiality in the documents, materials, or information shall occur as a result of disclosure to the commissioner under this section or as a result of sharing as authorized in subdivision 3. Any document, material, or information disclosed to the commissioner under this section about a cybersecurity event must be retained and preserved by the licensee for the time period under section 541.05, or longer if required by the licensee's document retention policy.

Subd. 5. **Certain actions public.** Nothing in sections 60A.985 to 60A.9857 shall prohibit the commissioner from releasing final, adjudicated actions that are open to public inspection pursuant to chapter 13 to a database or other clearinghouse service maintained by the National Association of Insurance Commissioners, its affiliates, or subsidiaries.

Subd. 6. **Classification, protection, and use of information by others.** Documents, materials, or other information in the possession or control of the National Association of Insurance Commissioners or a third-party consultant pursuant to sections 60A.985 to 60A.9857 are classified as confidential, protected nonpublic, and privileged; are not subject to subpoena; and are not subject to discovery or admissible in evidence in a private civil action.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 11. **[60A.9856] EXCEPTIONS.**

Subdivision 1. **Generally.** The following exceptions shall apply to sections 60A.985 to 60A.9857:

(1) a licensee with fewer than 25 employees is exempt from sections 60A.9851 and 60A.9852;

(2) a licensee subject to and in compliance with the Health Insurance Portability and Accountability Act, Public Law 104-191, 110 Stat. 1936 (HIPAA), is considered to comply with sections 60A.9851, 60A.9852, and 60A.9853, subdivisions 3 to 5, provided the licensee submits a written statement certifying its compliance with HIPAA;

(3) a licensee affiliated with a depository institution that maintains an information security program in compliance with the interagency guidelines establishing standards for safeguarding customer information as set forth pursuant to United States Code, title 15, sections 6801 and 6805, shall be considered to meet the requirements of section 60A.9851 provided that the licensee produce, upon request, documentation satisfactory to the commission that independently validates the affiliated depository institution's adoption of an information security program that satisfies the interagency guidelines;

(4) an employee, agent, representative, or designee of a licensee, who is also a licensee, is exempt from sections 60A.9851 and 60A.9852 and need not develop its own information security program to the extent that the employee, agent, representative, or designee is covered by the information security program of the other licensee; and

(5) an employee, agent, representative, or designee of a producer licensee, as defined under section 60K.31, subdivision 6, who is also a licensee, is exempt from sections 60A.985 to 60A.9857.

Subd. 2. **Exemption lapse; compliance.** In the event that a licensee ceases to qualify for an exception, such licensee shall have 180 days to comply with this act.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 12. **[60A.9857] PENALTIES.**

In the case of a violation of sections 60A.985 to 60A.9856, a licensee may be penalized in accordance with section 60A.052.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 13. Minnesota Statutes 2020, section 61A.245, subdivision 4, is amended to read:

Subd. 4. **Minimum values.** The minimum values as specified in subdivisions 5, 6, 7, 8 and 10 of any paid-up annuity, cash surrender or death benefits available under an annuity contract shall be based upon minimum nonforfeiture amounts as defined in this subdivision.

(a) The minimum nonforfeiture amount at any time at or prior to the commencement of any annuity payments shall be equal to an accumulation up to that time at rates of interest as indicated in paragraph (b) of the net considerations, as defined in this subdivision, paid prior to that time, decreased by the sum of clauses (1) through (4):

(1) any prior withdrawals from or partial surrenders of the contract accumulated at rates of interest as indicated in paragraph (b);

(2) an annual contract charge of $50, accumulated at rates of interest as indicated in paragraph (b);

(3) any premium tax paid by the company for the contract and not subsequently credited back to the company, such as upon early termination of the contract, in which case this decrease must not be taken, accumulated at rates of interest as indicated in paragraph (b); and

(4) the amount of any indebtedness to the company on the contract, including interest due and accrued.

The net considerations for a given contract year used to define the minimum nonforfeiture amount shall be an amount equal to 87.5 percent of the gross considerations credited to the contract during that contract year.

(b) The interest rate used in determining minimum nonforfeiture amounts must be an annual rate of interest determined as the lesser of three percent per annum and the following, which must be specified in the contract if the interest rate will be reset:

(1) the five-year constant maturity treasury rate reported by the Federal Reserve as of a date, or average over a period, rounded to the nearest 1/20 of one percent, specified in the contract no longer than 15 months prior to the contract issue date or redetermination date under clause (4);

(2) reduced by 125 basis points;

(3) where the resulting interest rate is not less than ~~one~~ 0.15 percent; and

(4) the interest rate shall apply for an initial period and may be redetermined for additional periods. The redetermination date, basis, and period, if any, shall be stated in the contract. The basis is the date or average over a specified period that produces the value of the five-year constant maturity treasury rate to be used at each redetermination date.

(c) During the period or term that a contract provides substantive participation in an equity indexed benefit, it may increase the reduction described in clause (2) by up to an additional 100 basis points to reflect the value of the equity index benefit. The present value at the contract issue date, and at each redetermination date thereafter, of the additional reduction must not exceed the market value of the benefit. The commissioner may require a demonstration that the present value of the additional reduction does not exceed the market value of the benefit. Lacking such a demonstration that is acceptable to the commissioner, the commissioner may disallow or limit the additional reduction.

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

Sec. 14. Minnesota Statutes 2020, section 62J.23, subdivision 2, is amended to read:

Subd. 2. **Restrictions.** (a) From July 1, 1992, until rules are adopted by the commissioner under this section, the restrictions in the federal Medicare antikickback statutes in section 1128B(b) of the Social Security Act, United States Code, title 42, section 1320a-7b(b), and rules adopted under the federal statutes, apply to all persons in the state, regardless of whether the person participates in any state health care program.

(b) Nothing in paragraph (a) shall be construed to prohibit an individual from receiving a discount or other reduction in price or a limited-time free supply or samples of a prescription drug, medical supply, or medical equipment offered by a pharmaceutical manufacturer, medical supply or device manufacturer, health plan company, or pharmacy benefit manager, so long as:

(1) the discount or reduction in price is provided to the individual in connection with the purchase of a prescription drug, medical supply, or medical equipment prescribed for that individual;

(2) it otherwise complies with the requirements of state and federal law applicable to enrollees of state and federal public health care programs;

(3) the discount or reduction in price does not exceed the amount paid directly by the individual for the prescription drug, medical supply, or medical equipment; and

(4) the limited-time free supply or samples are provided by a physician, advanced practice registered nurse, or pharmacist, as provided by the federal Prescription Drug Marketing Act.

For purposes of this paragraph, "prescription drug" includes prescription drugs that are administered through infusion, injection, or other parenteral methods, and related services and supplies.

(c) No benefit, reward, remuneration, or incentive for continued product use may be provided to an individual or an individual's family by a pharmaceutical manufacturer, medical supply or device manufacturer, or pharmacy benefit manager, except that this prohibition does not apply to:

(1) activities permitted under paragraph (b);

(2) a pharmaceutical manufacturer, medical supply or device manufacturer, health plan company, or pharmacy benefit manager providing to a patient, at a discount or reduced price or free of charge, ancillary products necessary for treatment of the medical condition for which the prescription drug, medical supply, or medical equipment was prescribed or provided; and

(3) a pharmaceutical manufacturer, medical supply or device manufacturer, health plan company, or pharmacy benefit manager providing to a patient a trinket or memento of insignificant value.

(d) Nothing in this subdivision shall be construed to prohibit a health plan company from offering a tiered formulary with different co-payment or cost-sharing amounts for different drugs.

Sec. 15. **[62Q.472] SCREENING AND TESTING FOR OPIOIDS.**

(a) A health plan company shall not place a lifetime or annual limit on screenings and urinalysis testing for opioids for an enrollee in an inpatient or outpatient substance use disorder treatment program when the screening or testing is ordered by a health care provider and performed by an accredited clinical laboratory. A health plan company is not prohibited from conducting a medical necessity review when screenings or urinalysis testing for an enrollee exceeds 24 tests in any 12-month period.

(b) This section does not apply to managed care plans or county-based purchasing plans when the plan provides coverage to public health care program enrollees under chapter 256B or 256L.

EFFECTIVE DATE. This section is effective January 1, 2022, and applies to health plans offered, issued, or renewed on or after that date.

Sec. 16. Minnesota Statutes 2020, section 256B.0625, subdivision 10, is amended to read:

Subd. 10. **Laboratory and x-ray services.** (a) Medical assistance covers laboratory and x-ray services.

(b) Medical assistance covers screening and urinalysis tests for opioids without lifetime or annual limits.

EFFECTIVE DATE. This section is effective January 1, 2022.

Sec. 17. **REPEALER.**

Minnesota Statutes 2020, sections 60A.98; 60A.981; and 60A.982, are repealed.

EFFECTIVE DATE. This section is effective August 1, 2021.

ARTICLE 4
CONSUMER PROTECTION

Section 1. Minnesota Statutes 2020, section 13.712, is amended by adding a subdivision to read:

Subd. 7. **Student loan servicers.** Data collected, created, received, maintained, or disseminated under chapter 58B are governed by section 58B.10.

Sec. 2. Minnesota Statutes 2020, section 47.59, subdivision 2, is amended to read:

Subd. 2. **Application.** Extensions of credit or purchases of extensions of credit by financial institutions under sections 47.20, 47.21, 47.201, 47.204, 47.58, ~~47.60,~~ 48.153, 48.185, 48.195, 59A.01 to 59A.15, 334.01, 334.011, 334.012, 334.022, 334.06, and 334.061 to 334.19 may, but need not, be made according to those sections in lieu of the authority set forth in this section to the extent those sections authorize the financial institution to make extensions of credit or purchase extensions of credit under those sections. If a financial institution elects to make an extension of credit or to purchase an extension of credit under those other sections, the extension of credit or the purchase of an extension of credit is subject to those sections and not this section, except this subdivision, and

except as expressly provided in those sections. A financial institution may also charge an organization a rate of interest and any charges agreed to by the organization and may calculate and collect finance and other charges in any manner agreed to by that organization. Except for extensions of credit a financial institution elects to make under section 334.01, 334.011, 334.012, 334.022, 334.06, or 334.061 to 334.19, chapter 334 does not apply to extensions of credit made according to this section or the sections listed in this subdivision. This subdivision does not authorize a financial institution to extend credit or purchase an extension of credit under any of the sections listed in this subdivision if the financial institution is not authorized to do so under those sections. A financial institution extending credit under any of the sections listed in this subdivision shall specify in the promissory note, contract, or other loan document the section under which the extension of credit is made.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to consumer short-term loans and small loans originated on or after that date.

Sec. 3. Minnesota Statutes 2020, section 47.60, subdivision 2, is amended to read:

Subd. 2. **Authorization, terms, conditions, and prohibitions.** (a) ~~In lieu of the interest, finance charges, or fees in any other law,~~ A consumer small loan lender may charge ~~the following:~~ interest, finance charges, and fees. The sum of any interest, finance charges, and fees must not exceed an annual percentage rate, as defined in section 47.59, subdivision 1, paragraph (b), of 36 percent.

~~(1) on any amount up to and including $50, a charge of $5.50 may be added;~~

~~(2) on amounts in excess of $50, but not more than $100, a charge may be added equal to ten percent of the loan proceeds plus a $5 administrative fee;~~

~~(3) on amounts in excess of $100, but not more than $250, a charge may be added equal to seven percent of the loan proceeds with a minimum of $10 plus a $5 administrative fee;~~

~~(4) for amounts in excess of $250 and not greater than the maximum in subdivision 1, paragraph (a), a charge may be added equal to six percent of the loan proceeds with a minimum of $17.50 plus a $5 administrative fee.~~

(b) The term of a loan made under this section shall be for no more than 30 calendar days.

(c) After maturity, the contract rate must not exceed 2.75 percent per month of the remaining loan proceeds after the maturity date calculated at a rate of 1/30 of the monthly rate in the contract for each calendar day the balance is outstanding.

(d) No insurance charges or other charges must be permitted to be charged, collected, or imposed on a consumer small loan except as authorized in this section.

(e) On a loan transaction in which cash is advanced in exchange for a personal check, a return check charge may be charged as authorized by section 604.113, subdivision 2, paragraph (a). The civil penalty provisions of section 604.113, subdivision 2, paragraph (b), may not be demanded or assessed against the borrower.

(f) A loan made under this section must not be repaid by the proceeds of another loan made under this section by the same lender or related interest. The proceeds from a loan made under this section must not be applied to another loan from the same lender or related interest. No loan to a single borrower made pursuant to this section shall be split or divided and no single borrower shall have outstanding more than one loan with the result of collecting a higher charge than permitted by this section or in an aggregate amount of principal exceed at any one time the maximum of $350.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to consumer short-term loans and small loans originated on or after that date.

Sec. 4. Minnesota Statutes 2020, section 47.601, subdivision 2, is amended to read:

Subd. 2. **Consumer short-term loan contract.** (a) No contract or agreement between a consumer short-term loan lender and a borrower residing in Minnesota may contain the following:

(1) a provision selecting a law other than Minnesota law under which the contract is construed or enforced;

(2) a provision choosing a forum for dispute resolution other than the state of Minnesota; or

(3) a provision limiting class actions against a consumer short-term lender for violations of subdivision 3 or for making consumer short-term loans:

(i) without a required license issued by the commissioner; or

(ii) in which interest rates, fees, charges, or loan amounts exceed those allowable under section ~~47.59, subdivision 6, or~~ 47.60, subdivision 2~~, other than by de minimis amounts if no pattern or practice exists~~.

(b) Any provision prohibited by paragraph (a) is void and unenforceable.

(c) A consumer short-term loan lender must furnish a copy of the written loan contract to each borrower. The contract and disclosures must be written in the language in which the loan was negotiated with the borrower and must contain:

(1) the name; address, which may not be a post office box; and telephone number of the lender making the consumer short-term loan;

(2) the name and title of the individual employee or representative who signs the contract on behalf of the lender;

(3) an itemization of the fees and interest charges to be paid by the borrower;

(4) in bold, 24-point type, the annual percentage rate as computed under United States Code, chapter 15, section 1606; and

(5) a description of the borrower's payment obligations under the loan.

(d) The holder or assignee of a check or other instrument evidencing an obligation of a borrower in connection with a consumer short-term loan takes the instrument subject to all claims by and defenses of the borrower against the consumer short-term lender.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to consumer short-term loans and small loans originated on or after that date.

Sec. 5. Minnesota Statutes 2020, section 47.601, subdivision 6, is amended to read:

Subd. 6. **Penalties for violation; private right of action.** (a) Except for a "bona fide error" as set forth under United States Code, chapter 15, section 1640, subsection (c), an individual or entity who violates subdivision 2 or 3 is liable to the borrower for:

(1) all money collected or received in connection with the loan;

(2) actual, incidental, and consequential damages;

(3) statutory damages of up to $1,000 per violation;

(4) costs, disbursements, and reasonable attorney fees; and

(5) injunctive relief.

(b) In addition to the remedies provided in paragraph (a), a loan is void, and the borrower is not obligated to pay any amounts owing if the loan is made:

(1) by a consumer short-term lender who has not obtained an applicable license from the commissioner;

(2) in violation of any provision of subdivision 2 or 3; or

(3) in which interest, fees, charges, or loan amounts exceed the interest, fees, charges, or loan amounts allowable under ~~sections 47.59, subdivision 6, and~~ section 47.60, subdivision 2.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to consumer short-term loans and small loans originated on or after that date.

Sec. 6. Minnesota Statutes 2020, section 48.512, subdivision 2, is amended to read:

Subd. 2. **Required information.** Before opening or authorizing signatory power over a transaction account, a financial intermediary shall require one applicant to provide the following information on an application document signed by the applicant:

(a) full name;

(b) birth date;

(c) address of residence;

(d) address of current employment, if employed;

(e) telephone numbers of residence and place of employment, if any;

(f) Social Security number;

(g) driver's license or identification card number issued pursuant to section 171.07. If the applicant does not have a driver's license or identification card, the applicant may provide an identification document number issued for identification purposes by any state, federal, or foreign government if the document includes the applicant's photograph, full name, birth date, and signature. ~~A valid Wisconsin driver's license without a photograph may be accepted in satisfaction of the requirement of this paragraph until January 1, 1985~~;

(h) whether the applicant has had a transaction account at the same or another financial intermediary within 12 months immediately preceding the application, and if so, the name of the financial intermediary;

(i) whether the applicant has had a transaction account closed by a financial intermediary without the applicant's consent within 12 months immediately preceding the application, and if so, the reason the account was closed; and

(j) whether the applicant has been convicted of a criminal offense because of the use of a check or other similar item within 24 months immediately preceding the application.

A financial intermediary may require an applicant to disclose additional information.

An applicant who makes a false material statement that the applicant does not believe to be true in an application document with respect to information required to be provided by this subdivision is guilty of perjury. The financial intermediary shall notify the applicant of the provisions of this paragraph.

Sec. 7. Minnesota Statutes 2020, section 48.512, subdivision 3, is amended to read:

Subd. 3. **Confirm no involuntary closing.** (a) Before opening or authorizing signatory power over a transaction account, the financial intermediary shall attempt to verify the information disclosed for subdivision 2, clause (i). Inquiries made to verify this information through persons in the business of providing such information must include an inquiry based on the applicant's identification number provided under subdivision 2, clause (g).

(b) The financial intermediary may not open or authorize signatory power over a transaction account if (i) the applicant had a transaction account closed by a financial intermediary without consent because of issuance by the applicant of dishonored checks within 12 months immediately preceding the application, or (ii) the applicant has been convicted of a criminal offense because of the use of a check or other similar item within 24 months immediately preceding the application. This paragraph does not apply to programs designed to expand access to financial services to individuals who do not possess a transaction account.

(c) If the transaction account is refused pursuant to this subdivision, the reasons for the refusal shall be given to the applicant in writing and the applicant shall be allowed to provide additional information.

Sec. 8. Minnesota Statutes 2020, section 48.512, subdivision 7, is amended to read:

Subd. 7. **Transaction account service charges and charges relating to dishonored checks.** (a) The establishment of transaction account service charges and the amounts of the charges not otherwise limited or prescribed by law or rule is a business decision to be made by each financial intermediary according to sound business judgment and safe, sound financial institution operational standards. In establishing transaction account service charges, the financial intermediary may consider, but is not limited to considering:

(1) costs incurred by the institution, plus a profit margin, in providing the service;

(2) the deterrence of misuse by customers of financial institution services;

(3) the establishment of the competitive position of the financial institution in accordance with the institution's marketing strategy; and

(4) maintenance of the safety and soundness of the institution.

(b) Transaction account service charges must be reasonable in relation to these considerations and should be arrived at by each financial intermediary on a competitive basis and not on the basis of any agreement, arrangement, undertaking, or discussion with other financial intermediaries or their officers.

(c) A financial intermediary may not impose a service charge in excess of ~~$4~~ $10 for a dishonored check on any person other than the issuer of the check.

Sec. 9. Minnesota Statutes 2020, section 53.04, subdivision 3a, is amended to read:

Subd. 3a. **Loans.** (a) The right to make loans, secured or unsecured, at the rates and on the terms and other conditions permitted under chapters 47 and 334. Loans made under this authority must be in amounts in compliance with section 53.05, clause (7). A licensee making a loan under this chapter secured by a lien on real estate shall

comply with the requirements of section 47.20, subdivision 8. A licensee making a loan that is a consumer small loan, as defined in section 47.60, subdivision 1, paragraph (a), must comply with section 47.60. A licensee making a loan that is a consumer short-term loan, as defined in section 47.601, subdivision 1, paragraph (d), must comply with section 47.601.

(b) Loans made under this subdivision may be secured by real or personal property, or both. If the proceeds of a loan secured by a first lien on the borrower's primary residence are used to finance the purchase of the borrower's primary residence, the loan must comply with the provisions of section 47.20.

(c) An agency or instrumentality of the United States government or a corporation otherwise created by an act of the United States Congress or a lender approved or certified by the secretary of housing and urban development, or approved or certified by the administrator of veterans affairs, or approved or certified by the administrator of the Farmers Home Administration, or approved or certified by the Federal Home Loan Mortgage Corporation, or approved or certified by the Federal National Mortgage Association, that engages in the business of purchasing or taking assignments of mortgage loans and undertakes direct collection of payments from or enforcement of rights against borrowers arising from mortgage loans, is not required to obtain a certificate of authorization under this chapter in order to purchase or take assignments of mortgage loans from persons holding a certificate of authorization under this chapter.

(d) This subdivision does not authorize an industrial loan and thrift company to make loans under an overdraft checking plan.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to consumer short-term loans and small loans originated on or after that date.

Sec. 10. Minnesota Statutes 2020, section 56.131, subdivision 1, is amended to read:

Subdivision 1. **Interest rates and charges.** (a) On any loan in a principal amount not exceeding $100,000 or 15 percent of a Minnesota corporate licensee's capital stock and surplus as defined in section 53.015, if greater, a licensee may contract for and receive interest, finance charges, and other charges as provided in section 47.59.

(b) Notwithstanding paragraph (a), a licensee making a loan that is a consumer small loan, as defined in section 47.60, subdivision 1, paragraph (a), must comply with section 47.60. A licensee making a loan that is a consumer short-term loan, as defined in section 47.601, subdivision 1, paragraph (d), must comply with section 47.601.

~~(b)~~ (c) With respect to a loan secured by an interest in real estate, and having a maturity of more than 60 months, the original schedule of installment payments must fully amortize the principal and interest on the loan. The original schedule of installment payments for any other loan secured by an interest in real estate must provide for payment amounts that are sufficient to pay all interest scheduled to be due on the loan.

~~(c)~~ (d) A licensee may contract for and collect a delinquency charge as provided for in section 47.59, subdivision 6, paragraph (a), clause (4).

~~(d)~~ (e) A licensee may grant extensions, deferments, or conversions to interest-bearing as provided in section 47.59, subdivision 5.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to consumer short-term loans and small loans originated on or after that date.

Sec. 11. **[58B.01] TITLE.**

This chapter may be cited as the "Student Loan Borrower Bill of Rights."

Sec. 12. **[58B.02] DEFINITIONS.**

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

Subd. 2. **Borrower.** "Borrower" means a resident of this state who has received or agreed to pay a student loan or a person who shares responsibility with a resident for repaying a student loan.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of commerce.

Subd. 4. **Financial institution.** "Financial institution" means any of the following organized under the laws of this state, any other state, or the United States: a bank, bank and trust, trust company with banking powers, savings bank, savings association, or credit union.

Subd. 5. **Person in control.** "Person in control" means any member of senior management, including owners or officers, and other persons who directly or indirectly possess the power to direct or cause the direction of the management policies of an applicant or student loan servicer under this chapter, regardless of whether the person has any ownership interest in the applicant or student loan servicer. Control is presumed to exist if a person directly or indirectly owns, controls, or holds with power to vote ten percent or more of the voting stock of an applicant or student loan servicer or of a person who owns, controls, or holds with power to vote ten percent or more of the voting stock of an applicant or student loan servicer.

Subd. 6. **Servicing.** "Servicing" means:

(1) receiving any scheduled periodic payments from a borrower or notification of payments, and applying payments to the borrower's account pursuant to the terms of the student loan or of the contract governing servicing;

(2) during a period when no payment is required on a student loan, maintaining account records for the loan and communicating with the borrower regarding the loan, on behalf of the loan's holder; and

(3) interacting with a borrower, including activities to help prevent default on obligations arising from student loans, conducted to facilitate the requirements in clauses (1) and (2).

Subd. 7. **Student loan.** "Student loan" means a government, commercial, or foundation loan for actual costs paid for tuition and reasonable education and living expenses.

Subd. 8. **Student loan servicer.** "Student loan servicer" means any person, wherever located, responsible for the servicing of any student loan to any borrower, including a nonbank covered person, as defined in Code of Federal Regulations, title 12, section 1090.101, who is responsible for the servicing of any student loan to any borrower.

Sec. 13. **[58B.03] LICENSING OF STUDENT LOAN SERVICERS.**

Subdivision 1. **License required.** No person shall directly or indirectly act as a student loan servicer without first obtaining a license from the commissioner.

Subd. 2. **Exempt persons.** The following persons are exempt from the requirements of this chapter:

(1) a financial institution;

(2) a person servicing student loans made with the person's own funds, if no more than three student loans are made in any 12-month period;

(3) an agency, instrumentality, or political subdivision of this state that makes, services, or guarantees student loans;

(4) a person acting in a fiduciary capacity, such as a trustee or receiver, as a result of a specific order issued by a court of competent jurisdiction;

(5) the University of Minnesota; or

(6) a person exempted by order of the commissioner.

Subd. 3. **Application for licensure.** (a) Any person seeking to act within the state as a student loan servicer must apply for a license in a form and manner specified by the commissioner. At a minimum, the application must include:

(1) a financial statement prepared by a certified public accountant or a public accountant;

(2) the history of criminal convictions, excluding traffic violations, for persons in control of the applicant;

(3) any information requested by the commissioner related to the history of criminal convictions disclosed under clause (2);

(4) a nonrefundable license fee established by the commissioner; and

(5) a nonrefundable investigation fee established by the commissioner.

(b) The commissioner may conduct a state and national criminal history records check of the applicant and of each person in control or employee of the applicant.

Subd. 4. **Issuance of a license.** (a) Upon receipt of a complete application for an initial license and the payment of fees for a license and investigation, the commissioner must investigate the financial condition and responsibility, character, financial and business experience, and general fitness of the applicant. The commissioner may issue a license if the commissioner finds:

(1) the applicant's financial condition is sound;

(2) the applicant's business will be conducted honestly, fairly, equitably, carefully, and efficiently within the purposes and intent of this chapter;

(3) each person in control of the applicant is in all respects properly qualified and of good character;

(4) no person, on behalf of the applicant, has knowingly made any incorrect statement of a material fact in the application or in any report or statement made pursuant to this section;

(5) no person, on behalf of the applicant, has knowingly omitted any information required by the commissioner from an application, report, or statement made pursuant to this section;

(6) the applicant has paid the fees required under this section; and

(7) the application has met other similar requirements as determined by the commissioner.

(b) A license issued under this chapter is not transferable or assignable.

Subd. 5. **Notification of a change in status.** An applicant or student loan servicer must notify the commissioner in writing of any change in the information provided in the initial application for a license or the most recent renewal application for a license. The notification must be received no later than ten business days after the date of an event that results in the information becoming inaccurate.

Subd. 6. **Term of license.** Licenses issued under this chapter expire on December 31 of each year and are renewable on January 1.

Subd. 7. **Exemption from application.** (a) A person is exempt from the application procedures under subdivision 3 if the commissioner determines that the person is servicing student loans in this state pursuant to a contract awarded by the United States Secretary of Education under United States Code, title 20, section 1087f. Documentation of eligibility for this exemption shall be in a form and manner determined by the commissioner.

(b) A person determined to be eligible for the exemption under paragraph (a) shall, upon payment of the fees under subdivision 3, be issued a license and deemed to meet all of the requirements of subdivision 4.

Subd. 8. **Notice.** (a) A person issued a license under subdivision 7 must provide the commissioner with written notice no less than seven days after the date the person's contract under United States Code, title 20, section 1087f, expires, is revoked, or is terminated.

(b) A person issued a license under subdivision 7 has 30 days from the date the notification under paragraph (a) is provided to complete the requirements of subdivision 3. If a person does not meet the requirements of subdivision 3 within this time period, the commissioner shall immediately suspend the person's license under this chapter.

Sec. 14. **[58B.04] LICENSING MULTIPLE PLACES OF BUSINESS.**

A person licensed to act as a student loan servicer in this state is prohibited from servicing student loans under any other name or at any other place of business than that named in the license. Any time a student loan servicer changes the location of the servicer's place of business, the servicer must provide prior written notice to the commissioner. A student loan servicer may not maintain more than one place of business under the same license. The commissioner may issue more than one license to the same student loan servicer, provided that the servicer complies with the application procedures in section 58B.03 for each license.

Sec. 15. **[58B.05] LICENSE RENEWAL.**

Subdivision 1. **Term.** Licenses are renewable on January 1 of each year.

Subd. 2. **Timely renewal.** (a) A person whose application is properly and timely filed who has not received notice of denial of renewal is considered approved for renewal. The person may continue to act as a student loan servicer whether or not the renewed license has been received on or before January 1 of the renewal year. An application for renewal of a license is considered timely filed if the application is received by the commissioner, or mailed with proper postage and postmarked, by the December 15 before the renewal year. An application for renewal is considered properly filed if the application is made upon forms duly executed, accompanied by fees prescribed by this chapter, and containing any information that the commissioner requires.

(b) A person who fails to make a timely application for renewal of a license and who has not received the renewal license as of January 1 of the renewal year is unlicensed until the renewal license has been issued by the commissioner and is received by the person.

Subd. 3. **Contents of renewal application.** An application for renewal of an existing license must contain the information specified in section 58B.03, subdivision 3, except that only the requested information having changed from the most recent prior application need be submitted.

Subd. 4. **Cancellation.** A student loan servicer ceasing an activity or activities regulated by this chapter and desiring to no longer be licensed shall inform the commissioner in writing and, at the same time, surrender the license and all other symbols or indicia of licensure. The licensee shall include a plan for the withdrawal from student loan servicing, including a timetable for the disposition of the student loans being serviced.

Subd. 5. **Renewal fees.** The following fees must be paid to the commissioner for a renewal license:

(1) a nonrefundable renewal license fee established by the commissioner; and

(2) a nonrefundable renewal investigation fee established by the commissioner.

Sec. 16. **[58B.06] DUTIES OF STUDENT LOAN SERVICERS.**

Subdivision 1. **Response requirements.** Upon receiving a written communication from a borrower, a student loan servicer must:

(1) acknowledge receipt of the communication in less than ten days from the date the communication is received; and

(2) provide information relating to the communication and, if applicable, the action the student loan servicer will take to either (i) correct the borrower's issue or (ii) explain why the issue cannot be corrected. The information must be provided less than 30 days after the date the written communication was received by the student loan servicer.

Subd. 2. **Overpayments.** (a) A student loan servicer must ask a borrower in what manner the borrower would like any overpayment to be applied to a student loan. A borrower's instruction regarding the application of overpayments is effective for the term of the loan or until the borrower provides a different instruction.

(b) For purposes of this subdivision, "overpayment" means a payment on a student loan that exceeds the monthly amount due.

Subd. 3. **Partial payments.** (a) A student loan servicer must apply a partial payment in a manner intended to minimize late fees and the negative impact on the borrower's credit history. If a borrower has multiple student loans with the same student loan servicer, upon receipt of a partial payment the servicer must apply the payments to satisfy as many individual loan payments as possible.

(b) For purposes of this subdivision, "partial payment" means a payment on a student loan that is less than the monthly amount due.

Subd. 4. **Transfer of student loan.** (a) If a borrower's student loan servicer changes pursuant to the sale, assignment, or transfer of the servicing, the original student loan servicer must:

(1) require the new student loan servicer to honor all benefits that were made available, or which may have become available, to a borrower from the original student loan servicer; and

(2) transfer to the new student loan servicer all information regarding the borrower, the account of the borrower, and the borrower's student loan, including but not limited to the repayment status of the student loan and the benefits described in clause (1).

(b) The student loan servicer must complete the transfer under paragraph (a), clause (2), less than 45 days from the date of the sale, assignment, or transfer of the servicing.

(c) A sale, assignment, or transfer of the servicing must be completed no less than seven days from the date the next payment is due on the student loan.

(d) A new student loan servicer must adopt policies and procedures to verify that the original student loan servicer has met the requirements of paragraph (a).

Subd. 5. **Income-driven repayment.** A student loan servicer must evaluate a borrower for eligibility for an income-driven repayment program before placing a borrower in forbearance or default.

Subd. 6. **Records.** A student loan servicer must maintain adequate records of each student loan for not less than two years following the final payment on the student loan or the sale, assignment, or transfer of the servicing.

EFFECTIVE DATE. This section is effective July 1, 2021, and applies to student loan contracts executed on or after that date.

Sec. 17. **[58B.07] PROHIBITED CONDUCT.**

Subdivision 1. **Misleading borrowers.** A student loan servicer must not directly or indirectly attempt to mislead a borrower.

Subd. 2. **Misrepresentation.** A student loan servicer must not engage in any unfair or deceptive practice or misrepresent or omit any material information in connection with the servicing of a student loan, including but not limited to misrepresenting the amount, nature, or terms of any fee or payment due or claimed to be due on a student loan, the terms and conditions of the loan agreement, or the borrower's obligations under the loan.

Subd. 3. **Misapplication of payments.** A student loan servicer must not knowingly or negligently misapply student loan payments.

Subd. 4. **Inaccurate information.** A student loan servicer must not knowingly or negligently provide inaccurate information to any consumer reporting agency.

Subd. 5. **Reporting of payment history.** A student loan servicer must not fail to report both the favorable and unfavorable payment history of the borrower to a consumer reporting agency at least annually, if the student loan servicer regularly reports payment history information.

Subd. 6. **Refusal to communicate with a borrower's representative.** A student loan servicer must not refuse to communicate with a representative of the borrower who provides a written authorization signed by the borrower. The student loan servicer may adopt procedures reasonably related to verifying that the representative is in fact authorized to act on behalf of the borrower.

Subd. 7. **False statements and omissions.** A student loan servicer must not knowingly or negligently make any false statement or omission of material fact in connection with any application, information, or reports filed with the commissioner or any other federal, state, or local government agency.

Subd. 8. **Noncompliance with applicable laws.** A student loan servicer must not violate any other federal, state, or local laws, including those related to fraudulent, coercive, or dishonest practices.

Subd. 9. **Incorrect information regarding student loan forgiveness.** A student loan servicer must not misrepresent the availability of student loan forgiveness for which the servicer has reason to know the borrower is eligible. This includes but is not limited to student loan forgiveness programs specific to military borrowers, borrowers working in public service, or borrowers with disabilities.

Subd. 10. **Compliance with servicer duties.** A student loan servicer must comply with the duties and obligations under section 58B.06.

Sec. 18. **[58B.08] EXAMINATIONS.**

The commissioner has the same powers with respect to examinations of student loan servicers under this chapter that the commissioner has under section 46.04.

Sec. 19. **[58B.09] DENIAL; SUSPENSION; REVOCATION OF LICENSES.**

Subdivision 1. **Powers of commissioner.** (a) The commissioner may by order take any or all of the following actions:

(1) bar a person from engaging in student loan servicing;

(2) deny, suspend, or revoke a student loan servicer license;

(3) censure a student loan servicer;

(4) impose a civil penalty, as provided in section 45.027, subdivision 6;

(5) order restitution to the borrower, if applicable; or

(6) revoke an exemption.

(b) In order to take the action in paragraph (a), the commissioner must find:

(1) the order is in the public interest; and

(2) the student loan servicer, applicant, person in control, employee, or agent has:

(i) violated any provision of this chapter or a rule or order adopted or issued under this chapter;

(ii) violated a standard of conduct or engaged in a fraudulent, coercive, deceptive, or dishonest act or practice, including but not limited to negligently making a false statement or knowingly omitting a material fact, whether or not the act or practice involves student loan servicing;

(iii) engaged in an act or practice that demonstrates untrustworthiness, financial irresponsibility, or incompetence, whether or not the act or practice involves student loan servicing;

(iv) pled guilty or nolo contendere to or been convicted of a felony, gross misdemeanor, or misdemeanor;

(v) paid a civil penalty or been the subject of a disciplinary action by the commissioner, order of suspension or revocation, cease and desist order, injunction order, or order barring involvement in an industry or profession issued by the commissioner or any other federal, state, or local government agency;

(vi) been found by a court of competent jurisdiction to have engaged in conduct evidencing gross negligence, fraud, misrepresentation, or deceit;

(vii) refused to cooperate with an investigation or examination by the commissioner;

(viii) failed to pay any fee or assessment imposed by the commissioner; or

(ix) failed to comply with state and federal tax obligations.

Subd. 2. **Orders of the commissioner.** To begin a proceeding under this section, the commissioner shall issue an order requiring the subject of the proceeding to show cause why action should not be taken against the person according to this section. The order must be calculated to give reasonable notice of the time and place for the hearing and must state the reasons for entry of the order. The commissioner may by order summarily suspend a license or exemption or summarily bar a person from engaging in student loan servicing pending a final determination of an order to show cause. If a license or exemption is summarily suspended or if the person is summarily barred from any involvement in the servicing of student loans pending final determination of an order to show cause, a hearing on the merits must be held within 30 days of the issuance of the order of summary suspension or bar. All hearings must be conducted under chapter 14. After the hearing, the commissioner shall enter an order disposing of the matter as the facts require. If the subject of the order fails to appear at a hearing after having been duly notified, the person is considered in default and the proceeding may be determined against the subject of the order upon consideration of the order to show cause, the allegations of which may be considered to be true.

Subd. 3. **Actions against lapsed license.** If a license or certificate of exemption lapses; is surrendered, withdrawn, or terminated; or otherwise becomes ineffective, the commissioner may (1) institute a proceeding under this subdivision within two years after the license or certificate of exemption was last effective and enter a revocation or suspension order as of the last date on which the license or certificate of exemption was in effect, and (2) impose a civil penalty as provided for in this section or section 45.027, subdivision 6.

Sec. 20. **[58B.10] DATA PRACTICES.**

Subdivision 1. **Classification of data.** Data collected, created, received, maintained, or disseminated by the Department of Commerce under this chapter are governed by section 46.07.

Subd. 2. **Data sharing.** To the extent data collected, created, received, maintained, or disseminated under this chapter are not public data as defined by section 13.02, subdivision 8a, the data may, when necessary to accomplish the purpose of this chapter, be shared between:

(1) the United States Department of Education;

(2) the Office of Higher Education;

(3) the Department of Commerce;

(4) the Office of the Attorney General; and

(5) any other local, state, and federal law enforcement agencies.

Sec. 21. Minnesota Statutes 2020, section 65B.15, subdivision 1, is amended to read:

Subdivision 1. **Grounds and notice.** No cancellation or reduction in the limits of liability of coverage during the policy period of any policy shall be effective unless notice thereof is given and unless based on one or more reasons stated in the policy which shall be limited to the following:

1. nonpayment of premium; or

2. the policy was obtained through a material misrepresentation; or

3. any insured made a false or fraudulent claim or knowingly aided or abetted another in the presentation of such a claim; or

4. the named insured failed to disclose fully motor vehicle accidents and moving traffic violations of the named insured for the preceding 36 months if called for in the written application; or

5. the named insured failed to disclose in the written application any requested information necessary for the acceptance or proper rating of the risk; or

6. the named insured knowingly failed to give any required written notice of loss or notice of lawsuit commenced against the named insured, or, when requested, refused to cooperate in the investigation of a claim or defense of a lawsuit; or

7. the named insured or any other operator who either resides in the same household, or customarily operates an automobile insured under such policy, unless the other operator is identified as a named insured in another policy as an insured:

(a) has, within the 36 months prior to the notice of cancellation, had that person's driver's license under suspension or revocation because the person committed a moving traffic violation or because the person refused to be tested under section 169A.20, subdivision 1; or

(b) is or becomes subject to epilepsy or heart attacks, and such individual does not produce a written opinion from a physician testifying to that person's medical ability to operate a motor vehicle safely, such opinion to be based upon a reasonable medical probability; or

(c) has an accident record, conviction record (criminal or traffic), physical condition or mental condition, any one or all of which are such that the person's operation of an automobile might endanger the public safety; or

(d) has been convicted, or forfeited bail, during the 24 months immediately preceding the notice of cancellation for criminal negligence in the use or operation of an automobile, or assault arising out of the operation of a motor vehicle, or operating a motor vehicle while in an intoxicated condition or while under the influence of drugs; or leaving the scene of an accident without stopping to report; or making false statements in an application for a driver's license, or theft or unlawful taking of a motor vehicle; or

(e) has been convicted of, or forfeited bail for, one or more violations within the 18 months immediately preceding the notice of cancellation, of any law, ordinance, or rule which justify a revocation of a driver's license; or

8. the insured automobile is:

(a) so mechanically defective that its operation might endanger public safety; or

(b) used in carrying passengers for hire or compensation, provided however that the use of an automobile for a car pool or a private passenger vehicle used by a volunteer driver, as defined under section 65B.472, subdivision 1, paragraph (h), shall not be considered use of an automobile for hire or compensation; or

(c) used in the business of transportation of flammables or explosives; or

(d) an authorized emergency vehicle; or

(e) subject to an inspection law and has not been inspected or, if inspected, has failed to qualify within the period specified under such inspection law; or

(f) substantially changed in type or condition during the policy period, increasing the risk substantially, such as conversion to a commercial type vehicle, a dragster, sports car or so as to give clear evidence of a use other than the original use.

Sec. 22. Minnesota Statutes 2020, section 65B.43, subdivision 12, is amended to read:

Subd. 12. **Commercial vehicle.** "Commercial vehicle" means:

(a) any motor vehicle used as a common carrier,

(b) any motor vehicle, other than a passenger vehicle defined in section 168.002, subdivision 24, which has a curb weight in excess of 5,500 pounds apart from cargo capacity, or

(c) any motor vehicle while used in the for-hire transportation of property.

Commercial vehicle does not include a "commuter van," which for purposes of this chapter ~~shall mean~~ means (1) a motor vehicle having a capacity of seven to 16 persons which is used principally to provide prearranged transportation of persons to or from their place of employment or to or from a transit stop authorized by a local transit authority which vehicle is to be operated by a person who does not drive the vehicle as a principal occupation but is driving it only to or from the principal place of employment, to or from a transit stop authorized by a local transit authority or, for personal use as permitted by the owner of the vehicle, or (2) a private passenger vehicle driven by a volunteer driver.

Sec. 23. Minnesota Statutes 2020, section 65B.472, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) Unless a different meaning is expressly made applicable, the terms defined in paragraphs (b) through (g) have the meanings given them for the purposes of this chapter.

(b) A "digital network" means any online-enabled application, software, website, or system offered or utilized by a transportation network company that enables the prearrangement of rides with transportation network company drivers.

(c) A "personal vehicle" means a vehicle that is used by a transportation network company driver in connection with providing a prearranged ride and is:

(1) owned, leased, or otherwise authorized for use by the transportation network company driver; and

(2) not a taxicab, limousine, ~~or~~ for-hire vehicle, or a private passenger vehicle driven by a volunteer driver.

(d) A "prearranged ride" means the provision of transportation by a driver to a rider, beginning when a driver accepts a ride requested by a rider through a digital network controlled by a transportation network company, continuing while the driver transports a requesting rider, and ending when the last requesting rider departs from the personal vehicle. A prearranged ride does not include transportation provided using a taxicab, limousine, or other for-hire vehicle.

(e) A "transportation network company" means a corporation, partnership, sole proprietorship, or other entity that is operating in Minnesota that uses a digital network to connect transportation network company riders to transportation network company drivers who provide prearranged rides.

(f) A "transportation network company driver" or "driver" means an individual who:

(1) receives connections to potential riders and related services from a transportation network company in exchange for payment of a fee to the transportation network company; and

(2) uses a personal vehicle to provide a prearranged ride to riders upon connection through a digital network controlled by a transportation network company in return for compensation or payment of a fee.

(g) A "transportation network company rider" or "rider" means an individual or persons who use a transportation network company's digital network to connect with a transportation network driver who provides prearranged rides to the rider in the driver's personal vehicle between points chosen by the rider.

(h) A "volunteer driver" means an individual who transports persons or goods on behalf of a nonprofit entity or governmental unit in a private passenger vehicle and receives no compensation for services provided other than the reimbursement of actual expenses.

Sec. 24. Minnesota Statutes 2020, section 174.29, subdivision 1, is amended to read:

Subdivision 1. **Definition.** For the purpose of sections 174.29 and 174.30 "special transportation service" means motor vehicle transportation provided on a regular basis by a public or private entity or person that is designed exclusively or primarily to serve individuals who are elderly or disabled and who are unable to use regular means of transportation but do not require ambulance service, as defined in section 144E.001, subdivision 3. Special transportation service includes but is not limited to service provided by specially equipped buses, vans, taxis, and volunteers driving private automobiles, as defined in section 65B.472, subdivision 1, paragraph (h). Special transportation service also means those nonemergency medical transportation services under section 256B.0625, subdivision 17, that are subject to the operating standards for special transportation service under sections 174.29 to 174.30 and Minnesota Rules, chapter 8840.

Sec. 25. Minnesota Statutes 2020, section 174.30, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** (a) The operating standards for special transportation service adopted under this section do not apply to special transportation provided by:

(1) a public transit provider receiving financial assistance under sections 174.24 or 473.371 to 473.449;

(2) a volunteer driver, as defined in section 65B.472, subdivision 1, paragraph (h), using a private automobile;

(3) a school bus as defined in section 169.011, subdivision 71; or

(4) an emergency ambulance regulated under chapter 144.

(b) The operating standards adopted under this section only apply to providers of special transportation service who receive grants or other financial assistance from either the state or the federal government, or both, to provide or assist in providing that service; except that the operating standards adopted under this section do not apply to any nursing home licensed under section 144A.02, to any board and care facility licensed under section 144.50, or to any day training and habilitation services, day care, or group home facility licensed under sections 245A.01 to 245A.19 unless the facility or program provides transportation to nonresidents on a regular basis and the facility receives reimbursement, other than per diem payments, for that service under rules promulgated by the commissioner of human services.

(c) Notwithstanding paragraph (b), the operating standards adopted under this section do not apply to any vendor of services licensed under chapter 245D that provides transportation services to consumers or residents of other vendors licensed under chapter 245D and transports 15 or fewer persons, including consumers or residents and the driver.

Sec. 26. Minnesota Statutes 2020, section 174.30, subdivision 10, is amended to read:

Subd. 10. **Background studies.** (a) Providers of special transportation service regulated under this section must initiate background studies in accordance with chapter 245C on the following individuals:

(1) each person with a direct or indirect ownership interest of five percent or higher in the transportation service provider;

(2) each controlling individual as defined under section 245A.02;

(3) managerial officials as defined in section 245A.02;

(4) each driver employed by the transportation service provider;

(5) each individual employed by the transportation service provider to assist a passenger during transport; and

(6) all employees of the transportation service agency who provide administrative support, including those who:

(i) may have face-to-face contact with or access to passengers, their personal property, or their private data;

(ii) perform any scheduling or dispatching tasks; or

(iii) perform any billing activities.

(b) The transportation service provider must initiate the background studies required under paragraph (a) using the online NETStudy system operated by the commissioner of human services.

(c) The transportation service provider shall not permit any individual to provide any service or function listed in paragraph (a) until the transportation service provider has received notification from the commissioner of human services indicating that the individual:

(1) is not disqualified under chapter 245C; or

(2) is disqualified, but has received a set-aside of that disqualification according to sections 245C.22 and 245C.23 related to that transportation service provider.

(d) When a local or contracted agency is authorizing a ride under section 256B.0625, subdivision 17, by a volunteer driver, as defined in section 65B.472, subdivision 1, paragraph (h), and the agency authorizing the ride has reason to believe the volunteer driver has a history that would disqualify the individual or that may pose a risk to the health or safety of passengers, the agency may initiate a background study to be completed according to chapter 245C using the commissioner of human services' online NETStudy system, or through contacting the Department of Human Services background study division for assistance. The agency that initiates the background study under this paragraph shall be responsible for providing the volunteer driver with the privacy notice required under section 245C.05, subdivision 2c, and payment for the background study required under section 245C.10, subdivision 11, before the background study is completed.

Sec. 27. Minnesota Statutes 2020, section 221.031, subdivision 3b, is amended to read:

Subd. 3b. **Passenger transportation; exemptions.** (a) A person who transports passengers for hire in intrastate commerce, who is not made subject to the rules adopted in section 221.0314 by any other provision of this section, must comply with the rules for hours of service of drivers while transporting employees of an employer who is directly or indirectly paying the cost of the transportation.

(b) This subdivision does not apply to:

(1) a local transit commission;

(2) a transit authority created by law; or

(3) persons providing transportation:

(i) in a school bus as defined in section 169.011, subdivision 71;

(ii) in a Head Start bus as defined in section 169.011, subdivision 34;

(iii) in a commuter van;

(iv) in an authorized emergency vehicle as defined in section 169.011, subdivision 3;

(v) in special transportation service certified by the commissioner under section 174.30;

(vi) that is special transportation service as defined in section 174.29, subdivision 1, when provided by a volunteer driver, as defined in section 65B.472, subdivision 1, paragraph (h), operating a private passenger vehicle as defined in section 169.011, subdivision 52;

(vii) in a limousine the service of which is licensed by the commissioner under section 221.84; or

(viii) in a taxicab, if the fare for the transportation is determined by a meter inside the taxicab that measures the distance traveled and displays the fare accumulated.

Sec. 28. Minnesota Statutes 2020, section 256B.0625, subdivision 17, is amended to read:

Subd. 17. **Transportation costs.** (a) "Nonemergency medical transportation service" means motor vehicle transportation provided by a public or private person that serves Minnesota health care program beneficiaries who do not require emergency ambulance service, as defined in section 144E.001, subdivision 3, to obtain covered medical services.

(b) Medical assistance covers medical transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by eligible persons in obtaining emergency or nonemergency medical care when paid directly to an ambulance company, nonemergency medical transportation company, or other recognized providers of transportation services. Medical transportation must be provided by:

(1) nonemergency medical transportation providers who meet the requirements of this subdivision;

(2) ambulances, as defined in section 144E.001, subdivision 2;

(3) taxicabs that meet the requirements of this subdivision;

(4) public transit, as defined in section 174.22, subdivision 7; or

(5) not-for-hire vehicles, including volunteer drivers, as defined in section 65B.472, subdivision 1, paragraph (h).

(c) Medical assistance covers nonemergency medical transportation provided by nonemergency medical transportation providers enrolled in the Minnesota health care programs. All nonemergency medical transportation providers must comply with the operating standards for special transportation service as defined in sections 174.29 to 174.30 and Minnesota Rules, chapter 8840, and all drivers must be individually enrolled with the commissioner and reported on the claim as the individual who provided the service. All nonemergency medical transportation providers shall bill for nonemergency medical transportation services in accordance with Minnesota health care programs criteria. Publicly operated transit systems, volunteers, and not-for-hire vehicles are exempt from the requirements outlined in this paragraph.

(d) An organization may be terminated, denied, or suspended from enrollment if:

(1) the provider has not initiated background studies on the individuals specified in section 174.30, subdivision 10, paragraph (a), clauses (1) to (3); or

(2) the provider has initiated background studies on the individuals specified in section 174.30, subdivision 10, paragraph (a), clauses (1) to (3), and:

(i) the commissioner has sent the provider a notice that the individual has been disqualified under section 245C.14; and

(ii) the individual has not received a disqualification set-aside specific to the special transportation services provider under sections 245C.22 and 245C.23.

(e) The administrative agency of nonemergency medical transportation must:

(1) adhere to the policies defined by the commissioner in consultation with the Nonemergency Medical Transportation Advisory Committee;

(2) pay nonemergency medical transportation providers for services provided to Minnesota health care programs beneficiaries to obtain covered medical services;

(3) provide data monthly to the commissioner on appeals, complaints, no-shows, canceled trips, and number of trips by mode; and

(4) by July 1, 2016, in accordance with subdivision 18e, utilize a web-based single administrative structure assessment tool that meets the technical requirements established by the commissioner, reconciles trip information with claims being submitted by providers, and ensures prompt payment for nonemergency medical transportation services.

(f) Until the commissioner implements the single administrative structure and delivery system under subdivision 18e, clients shall obtain their level-of-service certificate from the commissioner or an entity approved by the commissioner that does not dispatch rides for clients using modes of transportation under paragraph (i), clauses (4), (5), (6), and (7).

(g) The commissioner may use an order by the recipient's attending physician, advanced practice registered nurse, or a medical or mental health professional to certify that the recipient requires nonemergency medical transportation services. Nonemergency medical transportation providers shall perform driver-assisted services for

eligible individuals, when appropriate. Driver-assisted service includes passenger pickup at and return to the individual's residence or place of business, assistance with admittance of the individual to the medical facility, and assistance in passenger securement or in securing of wheelchairs, child seats, or stretchers in the vehicle.

Nonemergency medical transportation providers must take clients to the health care provider using the most direct route, and must not exceed 30 miles for a trip to a primary care provider or 60 miles for a trip to a specialty care provider, unless the client receives authorization from the local agency.

Nonemergency medical transportation providers may not bill for separate base rates for the continuation of a trip beyond the original destination. Nonemergency medical transportation providers must maintain trip logs, which include pickup and drop-off times, signed by the medical provider or client, whichever is deemed most appropriate, attesting to mileage traveled to obtain covered medical services. Clients requesting client mileage reimbursement must sign the trip log attesting mileage traveled to obtain covered medical services.

(h) The administrative agency shall use the level of service process established by the commissioner in consultation with the Nonemergency Medical Transportation Advisory Committee to determine the client's most appropriate mode of transportation. If public transit or a certified transportation provider is not available to provide the appropriate service mode for the client, the client may receive a onetime service upgrade.

(i) The covered modes of transportation are:

(1) client reimbursement, which includes client mileage reimbursement provided to clients who have their own transportation, or to family or an acquaintance who provides transportation to the client;

(2) volunteer transport, which includes transportation by volunteers using their own vehicle;

(3) unassisted transport, which includes transportation provided to a client by a taxicab or public transit. If a taxicab or public transit is not available, the client can receive transportation from another nonemergency medical transportation provider;

(4) assisted transport, which includes transport provided to clients who require assistance by a nonemergency medical transportation provider;

(5) lift-equipped/ramp transport, which includes transport provided to a client who is dependent on a device and requires a nonemergency medical transportation provider with a vehicle containing a lift or ramp;

(6) protected transport, which includes transport provided to a client who has received a prescreening that has deemed other forms of transportation inappropriate and who requires a provider: (i) with a protected vehicle that is not an ambulance or police car and has safety locks, a video recorder, and a transparent thermoplastic partition between the passenger and the vehicle driver; and (ii) who is certified as a protected transport provider; and

(7) stretcher transport, which includes transport for a client in a prone or supine position and requires a nonemergency medical transportation provider with a vehicle that can transport a client in a prone or supine position.

(j) The local agency shall be the single administrative agency and shall administer and reimburse for modes defined in paragraph (i) according to paragraphs (m) and (n) when the commissioner has developed, made available, and funded the web-based single administrative structure, assessment tool, and level of need assessment under subdivision 18e. The local agency's financial obligation is limited to funds provided by the state or federal government.

(k) The commissioner shall:

(1) in consultation with the Nonemergency Medical Transportation Advisory Committee, verify that the mode and use of nonemergency medical transportation is appropriate;

(2) verify that the client is going to an approved medical appointment; and

(3) investigate all complaints and appeals.

(l) The administrative agency shall pay for the services provided in this subdivision and seek reimbursement from the commissioner, if appropriate. As vendors of medical care, local agencies are subject to the provisions in section 256B.041, the sanctions and monetary recovery actions in section 256B.064, and Minnesota Rules, parts 9505.2160 to 9505.2245.

(m) Payments for nonemergency medical transportation must be paid based on the client's assessed mode under paragraph (h), not the type of vehicle used to provide the service. The medical assistance reimbursement rates for nonemergency medical transportation services that are payable by or on behalf of the commissioner for nonemergency medical transportation services are:

(1) $0.22 per mile for client reimbursement;

(2) up to 100 percent of the Internal Revenue Service business deduction rate for volunteer transport;

(3) equivalent to the standard fare for unassisted transport when provided by public transit, and $11 for the base rate and $1.30 per mile when provided by a nonemergency medical transportation provider;

(4) $13 for the base rate and $1.30 per mile for assisted transport;

(5) $18 for the base rate and $1.55 per mile for lift-equipped/ramp transport;

(6) $75 for the base rate and $2.40 per mile for protected transport; and

(7) $60 for the base rate and $2.40 per mile for stretcher transport, and $9 per trip for an additional attendant if deemed medically necessary.

(n) The base rate for nonemergency medical transportation services in areas defined under RUCA to be super rural is equal to 111.3 percent of the respective base rate in paragraph (m), clauses (1) to (7). The mileage rate for nonemergency medical transportation services in areas defined under RUCA to be rural or super rural areas is:

(1) for a trip equal to 17 miles or less, equal to 125 percent of the respective mileage rate in paragraph (m), clauses (1) to (7); and

(2) for a trip between 18 and 50 miles, equal to 112.5 percent of the respective mileage rate in paragraph (m), clauses (1) to (7).

(o) For purposes of reimbursement rates for nonemergency medical transportation services under paragraphs (m) and (n), the zip code of the recipient's place of residence shall determine whether the urban, rural, or super rural reimbursement rate applies.

(p) For purposes of this subdivision, "rural urban commuting area" or "RUCA" means a census-tract based classification system under which a geographical area is determined to be urban, rural, or super rural.

(q) The commissioner, when determining reimbursement rates for nonemergency medical transportation under paragraphs (m) and (n), shall exempt all modes of transportation listed under paragraph (i) from Minnesota Rules, part 9505.0445, item R, subitem (2).

Sec. 29. Minnesota Statutes 2020, section 325E.21, is amended by adding a subdivision to read:

Subd. 2b. **Purchase of catalytic converters.** (a) Any person who purchases or receives a catalytic converter must comply with this section.

(b) Every scrap metal dealer, including an agent, employee, or representative of the dealer, must create a permanent record, written in English and using an electronic record program, at the time of each catalytic converter purchase or acquisition. The record must include:

(1) the vehicle identification number of the vehicle from which the catalytic converter was removed; and

(2) the name of the person who removed the catalytic converter.

(c) A scrap metal dealer must make the information under paragraph (b) available for examination by a law enforcement agency or a person who has reported theft of a catalytic converter.

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

Sec. 30. Minnesota Statutes 2020, section 325E.21, is amended by adding a subdivision to read:

Subd. 2c. **Catalytic converter theft prevention pilot project.** (a) The catalytic converter theft prevention pilot project is created to deter the theft of catalytic converters by marking catalytic converters with vehicle identification numbers or other unique identifiers.

(b) The commissioner must establish a procedure to mark the catalytic converters of vehicles most likely to be targeted for theft with unique identification numbers using labels, engraving, theft deterrence paint, or other methods that permanently mark the catalytic converter without damaging the catalytic converter's function.

(c) The commissioner must work with law enforcement agencies, insurance companies, and scrap metal dealers to (1) identify vehicles that are most frequently targeted for catalytic converter theft, and (2) establish the most effective methods for marking catalytic converters.

(d) Materials purchased under this program may be distributed to dealers, as defined in section 168.002, subdivision 6, automobile repair shops and service centers, law enforcement agencies, and community organizations to arrange the catalytic converters of vehicles most likely to be targeted for theft to be marked at no cost to the vehicle owners.

(e) The commissioner may prioritize distribution of materials to areas experiencing the highest rates of catalytic converter theft.

(f) The commissioner must make educational information resulting form the pilot program available to law enforcement agencies and scrap metal dealers, and is encouraged to publicize the program to the general public.

(g) The commissioner must include a report on the pilot project in the report required under section 65B.84, subdivision 2. The report must describe the progress, results, and any findings of the pilot project including the total number of catalytic converters marked under the program, and, to the extent known, whether any catalytic converters marked under the pilot project were stolen and the outcome of any criminal investigation into the thefts.

Sec. 31. **[325E.80] ABNORMAL MARKET DISRUPTIONS; UNCONSCIONABLY EXCESSIVE PRICES.**

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

(b) "Abnormal market disruption" means a change in the market resulting from a natural or man-made disaster, a national or local emergency, a public health emergency, or an event resulting in a declaration of a state of emergency by the governor; and occurs when specifically declared by the governor. The governor's declaration of an abnormal market disruption must note the geographic area to which this section applies. An abnormal market disruption terminates no later than 30 days after the end of the state of emergency for which the abnormal market disruption was activated.

(c) "Essential consumer good or service" means a good or service vital and necessary for the health, safety, and welfare of the public, including without limitation: food; water; fuel; gasoline; shelter; transportation; health care services; pharmaceuticals; and medical, personal hygiene, sanitation, and cleaning supplies.

(d) "Seller" means a manufacturer, supplier, wholesaler, distributor, or retail seller of goods or services.

(e) "Unconscionably excessive" means there is a gross disparity between the seller's price of a good or service offered for sale or sold in the usual course of business during the 30 days immediately prior to the governor's declaration of an abnormal market disruption and the seller's price of the same or similar good or service after the governor's declaration of an abnormal market disruption, and the gross disparity is not substantially related to an increase in the cost of obtaining or selling the good or of providing the service. A gross disparity between the price of a good or service does not occur when the amount charged after the abnormal market disruption increased the price 30 percent or less.

Subd. 2. **Prohibition.** If the governor declares an abnormal market disruption a person is prohibited from selling or offering to sell an essential consumer good or service for an amount that represents an unconscionably excessive price.

Subd. 3. **Civil penalty.** A person who is found to have violated this section is subject to a civil penalty of not more than $1,000 per sale or transaction, with a maximum penalty of $10,000 per day.

Subd. 4. **Enforcement authority.** The attorney general may investigate an alleged violation of this section. The authority of the attorney general under this section includes but is not limited to the authority provided under section 8.31.

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

Sec. 32. Minnesota Statutes 2020, section 325F.171, is amended by adding a subdivision to read:

Subd. 5. **Enforcement.** This section may be enforced as provided under sections 325F.10 to 325F.12, 325F.14 to 325F.16, and 45.027, subdivisions 1 to 6. The commissioner may coordinate with the commissioner of the Pollution Control Agency and the commissioner of health to enforce this section.

Sec. 33. Minnesota Statutes 2020, section 325F.172, is amended by adding a subdivision to read:

Subd. 4. **Enforcement.** Sections 325F.173 to 325F.175 may be enforced as provided under sections 325F.10 to 325F.12, 325F.14 to 325F.16, and 45.027, subdivisions 1 to 6. The commissioner may coordinate with the commissioner of the Pollution Control Agency and the commissioner of health to enforce this section.

Sec. 34. **[325F.179] ENFORCEMENT.**

Sections 325F.177 and 325F.178 may be enforced as provided under sections 325F.10 to 325F.12, 325F.14 to 325F.16, and 45.027, subdivisions 1 to 6. The commissioner may coordinate with the commissioner of the Pollution Control Agency and the commissioner of health to enforce this section.

Sec. 35. Minnesota Statutes 2020, section 514.972, subdivision 4, is amended to read:

Subd. 4. **Denial of access.** Upon default, the owner shall mail notice of default as provided under section 514.974. The owner may deny the occupant access to the personal property contained in the self-service storage facility after default, service of the notice of default, expiration of the date stated for denial of access, and application of any security deposit to unpaid rent. ~~The notice of default must state the date that the occupant will be denied access to the occupant's personal property in the self-service storage facility and that access will be denied until the owner's claim has been satisfied. The notice of default must state that any dispute regarding denial of access can be raised by the occupant beginning legal action in court. Notice of default must further state the rights of the occupant contained in subdivision 5.~~

Sec. 36. Minnesota Statutes 2020, section 514.972, subdivision 5, is amended to read:

Subd. 5. **Access to certain items.** ~~The occupant may remove from the self-service storage facility personal papers, health aids, personal clothing of the occupant and the occupant's dependents, and personal property that is necessary for the livelihood of the occupant, that has a market value of less than $50 per item, if demand is made to any of the persons listed in section 514.976, subdivision 1. The occupant shall present a list of the items, and may remove them during the facility's ordinary business hours prior to the sale authorized by section 514.973. If the owner unjustifiably denies the occupant access for the purpose of removing the items specified in this subdivision, the occupant is entitled to an order allowing access to the storage unit for removal of the specified items. The self-service storage facility is liable to the occupant for the costs, disbursements and attorney fees expended by the occupant to obtain this order.~~ (a) Any occupant may remove from the self-storage facility personal papers and health aids upon demand made to any of the persons listed in section 514.976, subdivision 1.

(b) An occupant who provides documentation from a government or nonprofit agency or legal aid office that the occupant is a recipient of relief based on need, is eligible for legal aid services, or is a survivor of domestic violence or sexual assault may remove, in addition to the items provided in paragraph (a), personal clothing of the occupant and the occupant's dependents and tools of the trade that are necessary for the livelihood of the occupant that has a market value not to exceed $125 per item.

(c) The occupant shall present a list of the items and may remove the items during the facility's ordinary business hours prior to the sale authorized by section 514.973. If the owner unjustifiably denies the occupant access for the purpose of removing the items specified in this subdivision, the occupant is entitled to request relief from the court for an order allowing access to the storage space for removal of the specified items. The self-service storage facility is liable to the occupant for the costs, disbursements, and attorney fees expended by the occupant to obtain this order.

(d) For the purposes of this subdivision, "relief based on need" includes but is not limited to receipt of a benefit from the Minnesota family investment program and diversionary work program, medical assistance, general assistance, emergency general assistance, Minnesota supplemental aid, Minnesota supplemental aid housing assistance, MinnesotaCare, Supplemental Security Income, energy assistance, emergency assistance, Supplemental Nutrition Assistance Program benefits, earned income tax credit, or Minnesota working family tax credit. Relief based on need can also be proven by providing documentation from a legal aid organization that the individual is receiving legal aid assistance, or by providing documentation from a government agency, nonprofit, or housing assistance program that the individual is receiving assistance due to domestic violence or sexual assault.

Sec. 37. Minnesota Statutes 2020, section 514.973, subdivision 3, is amended to read:

Subd. 3. **Contents of notice.** The notice must include:

(1) a statement of the amount owed for rent and other charges and demand for payment within a specified time not less than 14 days after delivery of the notice;

(2) pursuant to section 514.972, subdivision 4, a notice of denial of access to the storage space, if this denial is permitted under the terms of the rental agreement;

(3) the date that the occupant will be denied access to the occupant's personal property in the self-service storage facility;

(4) a statement that access will be denied until the owner's claim has been satisfied;

(5) a statement that any dispute regarding denial of access can be raised by an occupant beginning legal action in court;

~~(3)~~ (6) the name, street address, and telephone number of the owner, or of the owner's designated agent, whom the occupant may contact to respond to the notice;

~~(4)~~ (7) a conspicuous statement that unless the claim is paid within the time stated in the notice, the personal property will be advertised for sale. The notice must specify the time and place of the sale; and

~~(5)~~ (8) a conspicuous statement of the items that the occupant may remove without charge pursuant to section 514.972, subdivision 5, if the occupant is denied general access to the storage space.

Sec. 38. Minnesota Statutes 2020, section 514.973, subdivision 4, is amended to read:

Subd. 4. **Sale of property.** (a) A sale of personal property may take place no sooner than 45 days after default or, if the personal property is a motor vehicle or watercraft, no sooner than 60 days after default.

(b) After the expiration of the time given in the notice, the sale must be published once a week for two weeks consecutively in a newspaper of general circulation where the sale is to be held. The sale may take place no sooner than 15 days after the first publication. If the lien is satisfied before the second publication occurs, the second publication is waived. If there is no qualified newspaper under chapter 331A where the sale is to be held, the advertisement may be posted on an independent, publicly accessible website that advertises self-storage lien sales or public notices. The advertisement must include a general description of the goods, the name of the person on whose account the goods are being held, and the time and place of the sale.

(c) A sale of the personal property must conform to the terms of the notification.

(d) A sale of the personal property must be public and must be either:

(1) held via an online auction; or

(2) held at the storage facility, or at the nearest suitable place at which the personal property is held or stored.

Owners shall require all bidders, including online bidders, to register and agree to the rules of the sale.

(e) The sale must be conducted in a commercially reasonable manner. A sale is commercially reasonable if the property is sold in conformity with the practices among dealers in the property sold or sellers of similar distressed property sales.

Sec. 39. Minnesota Statutes 2020, section 514.974, is amended to read:

514.974 ADDITIONAL NOTIFICATION REQUIREMENT.

~~Notification of the proposed sale of personal property must include a notice of denial of access to the personal property until the owner's claim has been satisfied.~~ Any notice the owner is required to mail to the occupant under sections 514.970 to 514.979 shall be sent to:

(1) the e-mail address, if consented to by the occupant, as provided in section 514.973, subdivision 2;

(2) the mailing address and any alternate mailing address provided by the occupant in the rental agreement; or

(3) the last known mailing address of the occupant, if the last known mailing address differs from the mailing address listed by the occupant in the rental agreement and the owner has reason to believe that the last known mailing address is more current.

Sec. 40. Minnesota Statutes 2020, section 514.977, is amended to read:

514.977 ~~DEFAULT~~ ADDITIONAL REMEDIES.

Subdivision 1. **Default; breach of rental agreement.** If an occupant defaults in the payment of rent for the storage space or otherwise breaches the rental agreement, the owner may commence an ~~eviction~~ action ~~under chapter 504B~~ to terminate the rental agreement, recover possession of the storage space, remove the occupant, and dispose of the stored personal property. The action shall be conducted in accordance with the Minnesota Rules of Civil Procedure, except as provided in this section.

Subd. 2. **Service of summons.** The summons must be served at least seven days before the date of the court appearance as provided in subdivision 3.

Subd. 3. **Appearance.** Except as provided in subdivision 4, in an action filed under this section the appearance shall be not less than seven or more than 14 days from the day of issuing the summons.

Subd. 4. **Expedited hearing.** If the owner files a motion and affidavit stating specific facts and instances in support of an allegation that the occupant is causing a nuisance or engaging in illegal or other behavior that seriously endangers the safety of others, others' property, or the storage facility's property, the appearance shall be not less than three days nor more than seven days from the date the summons is issued. The summons in an expedited hearing shall be served upon the occupant within 24 hours of issuance unless the court orders otherwise for good cause shown.

Subd. 5. **Answer; trial; continuance.** At the court appearance specified in the summons, the defendant may answer the complaint, and the court shall hear and decide the action, unless it grants a continuance of the trial, which may be for no longer than six days, unless all parties consent to longer continuance.

Subd. 6. **Counterclaims.** The occupant is prohibited from bringing counterclaims in the action that are unrelated to the possession of the storage space. Nothing in this section prevents the occupant from bringing the claim in a separate action.

Subd. 7. **Judgment; writ.** Judgment in matters adjudicated under this section shall be in accordance with section 504B.345, paragraph (a). Execution of a writ issued under this section shall be in accordance with section 504B.365, paragraph (a).

Sec. 41. **THIRD-PARTY FOOD DELIVERY FEES; LIMITATION.**

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

(b) "Delivery fee" means a fee charged by a third-party food delivery service to a food and beverage establishment for a service that delivers food or beverages from the establishment to customers. Delivery fee does not include (1) any other fee that may be charged by a third-party food delivery service to a food and beverage establishment, including but not limited to fees for marketing, listing, or advertising the food and beverage establishment on the third-party food delivery service platform, or (2) fees related to processing an online order.

(c) "Food and beverage establishment" or "establishment" means a retail business that sells prepared food or beverages to the public.

(d) "Online order" means an order, including a telephone order, placed by a customer through or with the assistance of a platform provided by a third-party food delivery service.

(e) "Purchase price" means the total price of the items contained in an online order that are listed on the menu of the food and beverage establishment where the order is placed. Purchase price does not include taxes, gratuities, or other fees that may make up the total cost of a customer's online order.

(f) "Third-party food delivery service" means a platform offered through an online-enabled application, software, website, or other Internet service that offers or arranges for the sale of food and beverages prepared by, delivered by, or picked up from a food and beverage establishment.

Subd. 2. **Limitation on food delivery fees.** (a) A third-party food delivery service is prohibited from:

(1) charging a food and beverage establishment a delivery fee that totals more than ten percent of an online order's purchase price;

(2) charging a food and beverage establishment any fee, other than the delivery fee described in clause (1), to use the third-party delivery service that totals more than five percent of an online order's purchase price;

(3) charging a customer a purchase price that is higher than the price set by the food and beverage establishment or, if no price is set by the food and beverage establishment, the price listed on the establishment's menu; or

(4) reducing the compensation rates paid to third-party food delivery service drivers as a result of the limitations on fees instituted by this section.

(b) A food and beverage establishment may choose, but a third-party food delivery service is prohibited from requiring, an exemption for marketing or advertising the food and beverage establishment on the third-party food delivery service platform from the limitations in paragraph (a).

Subd. 3. **Enforcement by attorney general.** (a) The attorney general must enforce this section under Minnesota Statutes, section 8.31.

(b) In addition to the remedies otherwise provided by law, a person injured by a violation of subdivision 2 may bring a civil action and recover damages, together with costs and disbursements, including costs of investigation and reasonable attorney fees, and receive other equitable relief as determined by the court.

EFFECTIVE DATE. This section is effective the day following final enactment and expires 60 days after the peacetime emergency declared by the governor in an executive order that relates to the infectious disease known as COVID-19 is terminated or rescinded.

ARTICLE 5
COLLECTION AGENCIES AND DEBT BUYERS

Section 1. Minnesota Statutes 2020, section 332.31, subdivision 3, is amended to read:

Subd. 3. **Collection agency.** "Collection agency" or "licensee" means ~~and includes any~~ (1) a person engaged in the business of collection for others any account, bill, or other indebtedness, except as hereinafter provided; or (2) a debt buyer. It includes persons who furnish collection systems carrying a name which simulates the name of a collection agency and who supply forms or form letters to be used by the creditor, even though such forms direct the debtor to make payments directly to the creditor rather than to such fictitious agency.

Sec. 2. Minnesota Statutes 2020, section 332.31, subdivision 6, is amended to read:

Subd. 6. **Collector.** "Collector" is a person acting under the authority of a collection agency under subdivision 3 or a debt buyer under subdivision 8, and on its behalf in the business of collection for ~~others~~ an account, bill, or other indebtedness except as otherwise provided in this chapter.

Sec. 3. Minnesota Statutes 2020, section 332.31, is amended by adding a subdivision to read:

Subd. 8. **Debt buyer.** "Debt buyer" means a business engaged in the purchase of any charged-off account, bill, or other indebtedness for collection purposes, whether the business collects the account, bill, or other indebtedness, hires a third party for collection, or hires an attorney for litigation related to the collection.

Sec. 4. Minnesota Statutes 2020, section 332.31, is amended by adding a subdivision to read:

Subd. 9. **Affiliated company.** "Affiliated company" means a company that: (1) directly or indirectly controls, is controlled by, or is under common control with another company or companies; (2) has the same executive management team or owner that exerts control over the business operations of the company; (3) maintains a uniform network of corporate and compliance policies and procedures; and (4) does not engage in active collection of debts.

Sec. 5. Minnesota Statutes 2020, section 332.311, is amended to read:

332.311 TRANSFER OF ADMINISTRATIVE FUNCTIONS.

The powers, duties, and responsibilities of the consumer services section under sections 332.31 to 332.44 relating to collection agencies and debt buyers are hereby transferred to and imposed upon the commissioner of commerce.

Sec. 6. Minnesota Statutes 2020, section 332.32, is amended to read:

332.32 EXCLUSIONS.

(a) The term "collection agency" ~~shall~~ does not include ~~persons whose collection activities are confined to and are directly related to the operation of a business other than that of a collection agency such as, but not limited to~~ banks when collecting accounts owed to the banks and when the bank will sustain any loss arising from uncollectible accounts, abstract companies doing an escrow business, real estate brokers, public officers, persons acting under order of a court, lawyers, trust companies, insurance companies, credit unions, savings associations, loan or finance companies unless they are engaged in asserting, enforcing or prosecuting unsecured claims which have been purchased from any person, firm, or association when there is recourse to the seller for all or part of the claim if the claim is not collected.

(b) The term "collection agency" shall not include a trade association performing services authorized by section 604.15, subdivision 4a, but the trade association in performing the services may not engage in any conduct that would be prohibited for a collection agency under section 332.37.

Sec. 7. Minnesota Statutes 2020, section 332.33, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** Except as otherwise provided in this chapter, no person shall conduct ~~within this state a collection agency or engage within this state in the business of collecting claims for others~~ business in Minnesota as a collection agency or debt buyer, as defined in sections 332.31 to 332.44, without having first applied for and obtained a collection agency license. A person acting under the authority of a collection agency, debt buyer, or as a collector~~,~~ must first register with the commissioner under this section. A registered collector may use one additional assumed name only if the assumed name is registered with and approved by the commissioner. A business that operates as a debt buyer must submit a completed license application no later than January 1, 2022. A debt buyer who has filed an application with the commissioner for a collection agency license prior to January 1, 2022, and whose application remains pending with the commissioner thereafter, may continue to operate without a license until the commissioner approves or denies the application.

Sec. 8. Minnesota Statutes 2020, section 332.33, subdivision 2, is amended to read:

Subd. 2. **Penalty.** A person who carries on business as a collection agency or debt buyer without first having obtained a license or acts as a collector without first having registered with the commissioner pursuant to sections 332.31 to 332.44, or who carries on this business after the revocation, suspension, or expiration of a license or registration is guilty of a misdemeanor.

Sec. 9. Minnesota Statutes 2020, section 332.33, subdivision 5, is amended to read:

Subd. 5. ~~**Collection agency**~~ **License rejection.** On finding that an applicant for a ~~collection agency~~ license is not qualified under sections 332.31 to 332.44, the commissioner shall reject the application and shall give the applicant written notice of the rejection and the reasons for the rejection.

Sec. 10. Minnesota Statutes 2020, section 332.33, subdivision 5a, is amended to read:

Subd. 5a. **Individual collector registration.** A ~~licensed collection agency~~ licensee, on behalf of an individual collector, must register with the state all individuals in the ~~collection agency's~~ licensee's employ who are performing the duties of a collector as defined in sections 332.31 to 332.44. The ~~collection agency~~ licensee must apply for an individual collection registration in a form prescribed by the commissioner. The ~~collection agency~~ licensee shall verify on the form that the applicant has confirmed that the applicant meets the requirements to perform the duties of a collector as defined in sections 332.31 to 332.44. Upon submission of the application to the department, the individual may begin to perform the duties of a collector and may continue to do so unless the ~~licensed collection agency~~ licensee is informed by the commissioner that the individual is ineligible.

Sec. 11. Minnesota Statutes 2020, section 332.33, subdivision 7, is amended to read:

Subd. 7. **Changes; notice to commissioner.** (a) A ~~licensed collection agency~~ licensee must give the commissioner written notice of a change in company name, address, or ownership not later than ten days after the change occurs. A registered individual collector must give written notice of a change of address, name, or assumed name no later than ten days after the change occurs.

(b) Upon the death of any ~~collection agency~~ licensee, the license of the decedent may be transferred to the executor or administrator of the estate for the unexpired term of the license. The executor or administrator may be authorized to continue or discontinue the collection business of the decedent under the direction of the court having jurisdiction of the probate.

Sec. 12. Minnesota Statutes 2020, section 332.33, subdivision 8, is amended to read:

Subd. 8. **Screening process requirement.** (a) Each ~~licensed collection agency~~ licensee must establish procedures to follow when screening an individual collector applicant prior to submitting an applicant to the commissioner for initial registration and at renewal.

(b) The screening process for initial registration must be done at the time of hiring. The process must include a national criminal history record search, an attorney licensing search, and a county criminal history search for all counties where the applicant has resided within the five years immediately preceding the initial registration, to determine whether the applicant is eligible to be registered under section 332.35. Each ~~licensed collection agency~~ licensee shall use a vendor that is a member of the National Association of Professional Background Screeners, or an equivalent vendor, to conduct this background screening process.

(c) Screening for renewal of individual collector registration must include a national criminal history record search and a county criminal history search for all counties where the individual has resided during the immediate preceding year. Screening for renewal of individual collector registrations must take place no more than 60 days before the license expiration or renewal date. A renewal screening is not required if an individual collector has been subjected to an initial background screening within 12 months of the first registration renewal date. A renewal screening is required for all subsequent annual registration renewals.

(d) The commissioner may review the procedures to ensure the integrity of the screening process. Failure by a ~~licensed collection agency~~ licensee to establish these procedures is subject to action under section 332.40.

Sec. 13. Minnesota Statutes 2020, section 332.33, is amended by adding a subdivision to read:

Subd. 9. **Affiliated companies.** The commissioner must permit affiliated companies to operate under a single license and be subject to a single examination, provided that all of the affiliated company names are listed on the license.

Sec. 14. Minnesota Statutes 2020, section 332.34, is amended to read:

332.34 BOND.

The commissioner of commerce shall require each ~~collection agency~~ licensee to file and maintain in force a corporate surety bond, in a form to be prescribed by, and acceptable to, the commissioner, and in a sum of at least $50,000 plus an additional $5,000 for each $100,000 received by the collection agency from debtors located in Minnesota during the previous calendar year, less commissions earned by the collection agency on those collections for the previous calendar year. The total amount of the bond shall not exceed $100,000. A ~~collection agency~~ licensee may deposit cash in and with a depository acceptable to the commissioner in an amount and in the manner prescribed and approved by the commissioner in lieu of a bond.

Sec. 15. Minnesota Statutes 2020, section 332.345, is amended to read:

332.345 SEGREGATED ACCOUNTS.

A payment collected by a collector or collection agency on behalf of a customer shall be held by the collector or collection agency in a separate trust account clearly designated for customer funds. The account must be in a bank or other depository institution authorized or chartered under the laws of any state or of the United States. This section does not apply to a debt buyer, except to the extent the debt buyer engages in third-party debt collection for others.

Sec. 16. Minnesota Statutes 2020, section 332.355, is amended to read:

332.355 AGENCY RESPONSIBILITY FOR COLLECTORS.

The commissioner may take action against a ~~collection agency~~ licensee for any violations of debt collection laws by its debt collectors. The commissioner may also take action against the debt collectors themselves for these same violations.

Sec. 17. Minnesota Statutes 2020, section 332.37, is amended to read:

332.37 PROHIBITED PRACTICES.

(a) No collection agency, debt buyer, or collector shall:

(1) in collection letters or publications, or in any communication, oral or written threaten wage garnishment or legal suit by a particular lawyer, unless it has actually retained the lawyer;

(2) use or employ sheriffs or any other officer authorized to serve legal papers in connection with the collection of a claim, except when performing their legally authorized duties;

(3) use or threaten to use methods of collection which violate Minnesota law;

(4) furnish legal advice or otherwise engage in the practice of law or represent that it is competent to do so;

(5) communicate with debtors in a misleading or deceptive manner by using the stationery of a lawyer, forms or instruments which only lawyers are authorized to prepare, or instruments which simulate the form and appearance of judicial process;

(6) exercise authority on behalf of a ~~creditor~~ client to employ the services of lawyers unless the ~~creditor~~ client has specifically authorized the agency in writing to do so and the agency's course of conduct is at all times consistent with a true relationship of attorney and client between the lawyer and the ~~creditor~~ client;

(7) publish or cause to be published any list of debtors except for credit reporting purposes, use shame cards or shame automobiles, advertise or threaten to advertise for sale any claim as a means of forcing payment thereof, or use similar devices or methods of intimidation;

(8) refuse to return any claim or claims and all valuable papers deposited with a claim or claims upon written request of the ~~creditor~~ client, claimant or forwarder after tender of the amounts due and owing to ~~the~~ a collection agency within 30 days after the request; refuse or intentionally fail to account to its clients for all money collected within 30 days from the last day of the month in which the same is collected; or, refuse or fail to furnish at intervals of not less than 90 days upon written request of the claimant or forwarder, a written report upon claims received from the claimant or forwarder;

(9) operate under a name or in a manner which implies that the collection agency or debt buyer is a branch of or associated with any department of federal, state, county or local government or an agency thereof;

(10) commingle money collected for a customer with the collection agency's operating funds or use any part of a customer's money in the conduct of the collection agency's business;

(11) transact business or hold itself out as a debt ~~prorater~~ settlement company, debt management company, debt adjuster, or any person who settles, adjusts, prorates, pools, liquidates or pays the indebtedness of a debtor, unless there is no charge to the debtor, or the pooling or liquidation is done pursuant to court order or under the supervision of a creditor's committee;

(12) violate any of the provisions of the Fair Debt Collection Practices Act of 1977, Public Law 95-109, while attempting to collect on any account, bill or other indebtedness;

(13) communicate with a debtor by use of a recorded message utilizing an automatic dialing announcing device ~~unless the recorded message is immediately preceded by a live operator who discloses prior to the message the name of the collection agency and the fact the message intends to solicit payment and the operator obtains the consent of the debtor to hearing the message~~ after the debtor expressly informs the agency or collector to cease communication utilizing an automatic dialing announcing device;

(14) in collection letters or publications, or in any communication, oral or written, imply or suggest that health care services will be withheld in an emergency situation;

(15) when a debtor has a listed telephone number, enlist the aid of a neighbor or third party to request that the debtor contact the licensee or collector, except a person who resides with the debtor or a third party with whom the debtor has authorized the licensee or collector to place the request. This clause does not apply to a call back message left at the debtor's place of employment which is limited to the licensee's or collector's telephone number and name;

(16) when attempting to collect a debt, fail to provide the debtor with the full name of the collection agency or debt buyer as it appears on its license or as listed on any "doing business as" or "d/b/a" registered with the Department of Commerce;

(17) collect any money from a debtor that is not reported to a ~~creditor or~~ client;

(18) fail to return any amount of overpayment from a debtor to the debtor or to the state of Minnesota pursuant to the requirements of chapter 345;

~~(18)~~ (19) accept currency or coin as payment for a debt without issuing an original receipt to the debtor and maintaining a duplicate receipt in the debtor's payment records;

~~(19)~~ (20) attempt to collect any amount ~~of money~~, including any interest, fee, charge, or expense incidental to the charge-off obligation, from a debtor ~~or~~ unless the amount is expressly authorized by the agreement creating the debt or is otherwise permitted by law;

(21) charge a fee to a ~~creditor~~ client that is not authorized by agreement with the client;

~~(20)~~ (22) falsify any collection agency documents with the intent to deceive a debtor, creditor, or governmental agency;

~~(21)~~ (23) when initially contacting a Minnesota debtor by mail, fail to include a disclosure on the contact notice, in a type size or font which is equal to or larger than the largest other type of type size or font used in the text of the notice. The disclosure must state: "This collection agency is licensed by the Minnesota Department of Commerce" or "This debt buyer is licensed by the Minnesota Department of Commerce" as applicable; or

~~(22)~~ (24) commence legal action to collect a debt outside the limitations period set forth in section 541.053.

(b) Paragraph (a), clauses (6), (8), (10), (17), and (21), do not apply to debt buyers except to the extent the debt buyer engages in third-party debt collection for others.

Sec. 18. Minnesota Statutes 2020, section 332.385, is amended to read:

332.385 NOTIFICATION TO COMMISSIONER.

The collection agency or debt buyer licensee shall notify the commissioner of any employee termination within ten days of the termination if ~~it~~ the termination is based in whole or in part ~~based~~ on a violation of this chapter.

Sec. 19. Minnesota Statutes 2020, section 332.40, subdivision 3, is amended to read:

Subd. 3. **Commissioner's powers.** (a) For the purpose of any investigation or proceeding under sections 332.31 to 332.44, the commissioner or any person designated by the commissioner may administer oaths and affirmations, subpoena collection agencies, debt buyers, or collectors and compel their attendance, take evidence and require the production of any books, papers, correspondence, memoranda, agreements or other documents or records which the commissioner deems relevant or material to the inquiry. The subpoena shall contain a written statement setting forth the circumstances which have reasonably caused the commissioner to believe that a violation of sections 332.31 to 332.44 may have occurred.

(b) In the event that the collection agency, debt buyer, or collector refuses to obey the subpoena, or should the commissioner, upon completion of the examination of the collection agency, debt buyer, or collector, reasonably conclude that a violation has occurred, the commissioner may examine additional witnesses, including third parties, as may be necessary to complete the investigation.

(c) Any subpoena issued pursuant to this section shall be served by certified mail or by personal service. Service shall be made at least 15 days prior to the date of appearance.

Sec. 20. Minnesota Statutes 2020, section 332.42, subdivision 1, is amended to read:

Subdivision 1. **Verified financial statement.** The commissioner of commerce may at any time require a ~~collection agency~~ licensee to submit a verified financial statement for examination by the commissioner to determine whether the ~~collection agency~~ licensee is financially responsible to carry on a collection ~~agency~~ business within the intents and purposes of sections 332.31 to 332.44.

Sec. 21. Minnesota Statutes 2020, section 332.42, subdivision 2, is amended to read:

Subd. 2. **Record keeping.** The commissioner shall require the collection agency or debt buyer licensee to keep such books and records in the licensee's place of business in this state as will enable the commissioner to determine whether there has been compliance with the provisions of sections 332.31 to 332.44, unless the agency is a foreign corporation duly authorized, admitted, and licensed to do business in this state and complies with all the requirements of chapter 303 and with all other requirements of sections 332.31 to 332.44. Every collection agency licensee shall preserve the records of final entry used in such business for a period of five years after final remittance is made on any amount placed with the licensee for collection or after any account has been returned to the claimant on which one or more payments have been made. Every debt buyer licensee must preserve the records of final entry used in the business for a period of five years after final collection of any purchased account.

Sec. 22. **GARNISHMENT PROHIBITIONS ON COVID-19 GOVERNMENT ASSISTANCE.**

(a) Federal, state, local, and tribal governmental payments issued to relieve the adverse economic impact caused by the COVID-19 pandemic are exempt from all claims for garnishments and levies of consumer debtors of debt primarily for personal, family, or household purposes governed by Minnesota Statutes, chapters 550, 551, and 571.

(b) Paragraph (a) does not apply to domestic support orders and obligations, including child support and spousal maintenance obligations, including but not limited to orders and obligations under Minnesota Statutes, chapters 518 and 518A.

(c) This section expires on December 31, 2022.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies to government assistance provided on or after March 13, 2020.

ARTICLE 6
MISCELLANEOUS

Section 1. Minnesota Statutes 2020, section 45.305, subdivision 1, is amended to read:

Subdivision 1. ~~**Appraiser and**~~ **Insurance Internet prelicense courses.** The design and delivery of ~~an appraiser prelicense education course or~~ an insurance prelicense education course must be approved by the International Distance Education Certification Center (IDECC) before the course is submitted for the commissioner's approval.

Sec. 2. Minnesota Statutes 2020, section 45.305, is amended by adding a subdivision to read:

Subd. 1a. **Appraiser Internet prelicense courses.** The requirements for the design and delivery of an appraiser prelicense education course are the requirements established by the Appraiser Qualifications Board of the Appraisal Foundation and published in the most recent version of the Real Property Appraiser Qualification Criteria.

Sec. 3. Minnesota Statutes 2020, section 45.306, is amended by adding a subdivision to read:

Subd. 1a. **Appraiser Internet continuing education courses.** The requirements for the design and delivery of an appraiser continuing education course are the requirements established by the Appraiser Qualifications Board of the Appraisal Foundation and published in the most recent version of the Real Property Appraiser Qualification Criteria.

Sec. 4. Minnesota Statutes 2020, section 45.33, subdivision 1, is amended to read:

Subdivision 1. **Prohibitions.** In connection with an approved course, coordinators and instructors must not:

(1) recommend or promote the services or practices of a particular business;

(2) encourage or recruit individuals to engage the services of, or become associated with, a particular business;

(3) use materials, clothing, or other evidences of affiliation with a particular entity, except as provided under subdivision 3;

(4) require students to participate in other programs or services offered by the instructor, coordinator, or education provider;

(5) attempt, either directly or indirectly, to discover questions or answers on an examination for a license;

(6) disseminate to any other person specific questions, problems, or information known or believed to be included in licensing examinations;

(7) misrepresent any information submitted to the commissioner;

(8) fail to cover, or ensure coverage of, all points, issues, and concepts contained in the course outline approved by the commissioner during the approved instruction; and

(9) issue inaccurate course completion certificates.

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

Sec. 5. Minnesota Statutes 2020, section 45.33, is amended by adding a subdivision to read:

Subd. 3. **Exceptions.** In connection with an approved course, coordinators and instructors may:

(1) display a company or course provider's logo or branding;

(2) establish a trade-show or conference booth outside the classroom where the educational content is being delivered that is separate from a registration location used to track or facilitate student attendance;

(3) display the logo or branding associated with a particular entity to thank the entity as an organizational partner of the course provider during a scheduled and approved break in the delivery of course content. The display must be separate from a registration location used to track or facilitate student attendance; and

(4) display a third-party logo, promotion, advertisement, or affiliation with a particular entity as part of a course program or advertising for an approved course. For purposes of this subdivision, course program means digital or paper literature describing the schedule of the events, presenters, duration, or background information of the approved course or courses. A course program may be made available in the classroom or at a registration location used to track or facilitate student attendance.

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

Sec. 6. Minnesota Statutes 2020, section 60A.71, subdivision 7, is amended to read:

Subd. 7. **Duration; fees.** (a) Each applicant for a reinsurance intermediary license shall pay to the commissioner a fee of $200 for an initial two-year license and a fee of $150 for each renewal. Applications shall be submitted on forms prescribed by the commissioner.

(b) Initial licenses issued under this chapter are valid for a period not to exceed 24 months and expire on October 31 of the renewal year assigned by the commissioner. Each renewal reinsurance intermediary license is valid for a period of 24 months. ~~Licensees who submit renewal applications postmarked or delivered on or before October 15 of the renewal year may continue to transact business whether or not the renewal license has been received by November 1. Licensees who submit applications postmarked or delivered after October 15 of the renewal year must not transact business after the expiration date of the license until the renewal license has been received.~~

(c) All fees are nonreturnable, except that an overpayment of any fee may be refunded upon proper application.

Sec. 7. Minnesota Statutes 2020, section 79.55, subdivision 10, is amended to read:

Subd. 10. **Duties of commissioner; report.** ~~The commissioner shall issue a report by March 1 of each year, comparing the average rates charged by workers' compensation insurers in the state to the pure premium base rates filed by the association, as reviewed by the Rate Oversight Commission. The Rate Oversight Commission shall review the commissioner's report and if the experience indicates that rates have not reasonably reflected changes in pure premiums, the rate oversight commission shall recommend to the legislature appropriate legislative changes to this chapter.~~

(a) By March 1 of each year, the commissioner must issue a report that evaluates the competitiveness of the workers' compensation market in Minnesota in order to evaluate whether the competitive rating law is working.

(b) The report under this subdivision must: (1) compare the average rates charged by workers' compensation insurers in Minnesota with the pure premium base rates filed by the association; and (2) provide market information, including but not limited to the number of carriers, market shares, the loss-cost multipliers used by companies, and the residual market and self-insurance.

(c) The commissioner must provide the report to the Rate Oversight Commission for review. If after reviewing the report the Rate Oversight Commission concludes that concerns exist regarding the competitiveness of the workers' compensation market in Minnesota, the Rate Oversight Commission must recommend to the legislature appropriate modifications to this chapter.

Sec. 8. Minnesota Statutes 2020, section 80G.06, subdivision 1, is amended to read:

Subdivision 1. **Surety bond requirement.** (a) Every dealer shall maintain a current, valid surety bond issued by a surety company admitted to do business in Minnesota in an amount based on the transactions conducted with Minnesota consumers (purchases from and sales to consumers at retail) during the 12-month period prior to registration, or renewal, whichever is applicable.

(b) The amount of the surety bond shall be as specified in the table below:

Transaction Amount in Preceding 12-month Period	Surety Bond Required
~~$25,000~~ $0 to $200,000	$25,000
$200,000.01 to $500,000	$50,000
$500,000.01 to $1,000,000	$100,000
$1,000,000.01 to $2,000,000	$150,000
Over $2,000,000	$200,000

Sec. 9. **[80G.11] NOTIFICATION TO COMMISSIONER.**

A dealer must notify the commissioner of any dealer representative termination within ten days of the termination if the termination is based in whole or in part on a violation of this chapter.

Sec. 10. Minnesota Statutes 2020, section 82.57, subdivision 1, is amended to read:

Subdivision 1. **Amounts.** The following fees shall be paid to the commissioner:

(a) a fee of $150 for each initial individual broker's license, and a fee of $100 for each renewal thereof;

(b) a fee of $70 for each initial salesperson's license, and a fee of $40 for each renewal thereof;

(c) a fee of $85 for each initial real estate closing agent license, and a fee of $60 for each renewal thereof;

(d) a fee of $150 for each initial corporate, limited liability company, or partnership license, and a fee of $100 for each renewal thereof;

(e) a fee for payment to the education, research and recovery fund in accordance with section 82.86;

(f) a fee of $20 for each transfer;

~~(g) a fee of $50 for license reinstatement;~~

~~(h)~~ (g) a fee of $20 for reactivating a corporate, limited liability company, or partnership license; and

~~(i)~~ (h) in addition to the fees required under this subdivision, individual licensees under clauses (a) and (b) shall pay, for each initial license and renewal, a technology surcharge of up to $40 under section 45.24, unless the commissioner has adjusted the surcharge as permitted under that section.

Sec. 11. Minnesota Statutes 2020, section 82.57, subdivision 5, is amended to read:

Subd. 5. **Initial license expiration; fee reduction.** ~~If an initial license issued under subdivision 1, paragraph (a), (b), (c), or (d) expires less than 12 months after issuance, the license fee shall be reduced by an amount equal to one-half the fee for a renewal of the license.~~ An initial license issued under this chapter expires in the year that results in the term of the license being at least 12 months, but no more than 24 months.

Sec. 12. Minnesota Statutes 2020, section 82.62, subdivision 3, is amended to read:

Subd. 3. **Timely renewals.** A person ~~whose application for a license renewal has not been timely submitted and~~ who has not received notice of approval of renewal may not continue to transact business either as a real estate broker, salesperson, or closing agent after June 30 of the renewal year until approval of renewal is received. Application for renewal of a license is timely submitted if~~:~~ all requirements for renewal, including continuing education requirements, have been completed and reported pursuant to section 45.43, subdivision 1.

~~(1) all requirements for renewal, including continuing education requirements, have been completed by June 15 of the renewal year; and~~

~~(2) the application is submitted before the renewal deadline in the manner prescribed by the commissioner, duly executed and sworn to, accompanied by fees prescribed by this chapter, and containing any information the commissioner requires.~~

Sec. 13. Minnesota Statutes 2020, section 82.81, subdivision 12, is amended to read:

Subd. 12. **Fraudulent, deceptive, and dishonest practices.** (a) **Prohibitions.** For the purposes of section 82.82, subdivision 1, clause (b), the following acts and practices constitute fraudulent, deceptive, or dishonest practices:

(1) act on behalf of more than one party to a transaction without the knowledge and consent of all parties;

(2) act in the dual capacity of licensee and undisclosed principal in any transaction;

(3) receive funds while acting as principal which funds would constitute trust funds if received by a licensee acting as an agent, unless the funds are placed in a trust account. Funds need not be placed in a trust account if a written agreement signed by all parties to the transaction specifies a different disposition of the funds, in accordance with section 82.82, subdivision 1;

(4) violate any state or federal law concerning discrimination intended to protect the rights of purchasers or renters of real estate;

(5) make a material misstatement in an application for a license or in any information furnished to the commissioner;

(6) procure or attempt to procure a real estate license for ~~himself or herself~~ the procuring individual or any person by fraud, misrepresentation, or deceit;

(7) represent membership in any real estate-related organization in which the licensee is not a member;

(8) advertise in any manner that is misleading or inaccurate with respect to properties, terms, values, policies, or services conducted by the licensee;

(9) make any material misrepresentation or permit or allow another to make any material misrepresentation;

(10) make any false or misleading statements, or permit or allow another to make any false or misleading statements, of a character likely to influence, persuade, or induce the consummation of a transaction contemplated by this chapter;

(11) fail within a reasonable time to account for or remit any money coming into the licensee's possession which belongs to another;

(12) commingle with ~~his or her~~ the individual's own money or property trust funds or any other money or property of another held by the licensee;

(13) a demand from a seller for a commission ~~to~~ or compensation to which the licensee is not entitled, knowing that ~~he or she~~ the individual is not entitled to the commission or compensation;

(14) pay or give money or goods of value to an unlicensed person for any assistance or information relating to the procurement by a licensee of a listing of a property or of a prospective buyer of a property (this item does not apply to money or goods paid or given to the parties to the transaction);

(15) fail to maintain a trust account at all times, as provided by law;

(16) engage, with respect to the offer, sale, or rental of real estate, in an anticompetitive activity;

(17) represent on advertisements, cards, signs, circulars, letterheads, or in any other manner, that ~~he or she~~ the individual is engaged in the business of financial planning unless ~~he or she~~ the individual provides a disclosure document to the client. The document must be signed by the client and a copy must be left with the client. The disclosure document must contain the following:

(i) the basis of fees, commissions, or other compensation received by ~~him or her~~ an individual in connection with rendering of financial planning services or financial counseling or advice in the following language:

"My compensation may be based on the following:

(a) ... commissions generated from the products I sell you;

(b) ... fees; or

(c) ... a combination of (a) and (b). [Comments]";

(ii) the name and address of any company or firm that supplies the financial services or products offered or sold by ~~him or her~~ an individual in the following language:

"I am authorized to offer or sell products and/or services issued by or through the following firm(s):

[List]

The products will be traded, distributed, or placed through the clearing/trading firm(s) of:

[List]";

(iii) the license(s) held by the person under this chapter or chapter 60A or 80A in the following language:

"I am licensed in Minnesota as a(n):

(a) ... insurance agent;

(b) ... securities agent or broker/dealer;

(c) ... real estate broker or salesperson;

(d) ... investment adviser"; and

(iv) the specific identity of any financial products or services, by category, for example mutual funds, stocks, or limited partnerships, the person is authorized to offer or sell in the following language:

"The license(s) entitles me to offer and sell the following products and/or services:

(a) ... securities, specifically the following: [List];

(b) ... real property;

(c) ... insurance; and

(d) ... other: [List]."

(b) **Determining violation.** A licensee shall be deemed to have violated this section if the licensee has been found to have violated sections 325D.49 to 325D.66, by a final decision or order of a court of competent jurisdiction.

(c) **Commissioner's authority.** Nothing in this section limits the authority of the commissioner to take actions against a licensee for fraudulent, deceptive, or dishonest practices not specifically described in this section.

Sec. 14. Minnesota Statutes 2020, section 82B.021, is amended by adding a subdivision to read:

Subd. 14a. **Evaluation.** "Evaluation" means an estimate of the value of real property, made in accordance with the Interagency Appraisal and Evaluation Guidelines provided to an entity regulated by a federal financial institution's regulatory agency, for use in a real estate-related financial transaction for which an appraisal is not required by federal law.

Sec. 15. Minnesota Statutes 2020, section 82B.021, is amended by adding a subdivision to read:

Subd. 16a. **Interagency Appraisal and Evaluation Guidelines.** "Interagency Appraisal and Evaluation Guidelines" means the appraisal and evaluation guidelines provided by a federal financial institution's regulatory agency, as provided by Federal Register, volume 75, page 77450 (2010), as amended.

Sec. 16. Minnesota Statutes 2020, section 82B.021, subdivision 18, is amended to read:

Subd. 18. **Licensed real property appraiser.** "Licensed real property appraiser" means an individual licensed under this chapter to perform appraisals on noncomplex one-family to four-family residential units or agricultural property having a transactional value of less than $1,000,000 and complex one-family to four-family residential units or agricultural property having a transactional value of less than ~~$250,000~~ $400,000.

Sec. 17. Minnesota Statutes 2020, section 82B.03, is amended by adding a subdivision to read:

Subd. 3. **Evaluation.** A licensed real estate appraiser may provide an evaluation. When providing an evaluation, a licensed real estate appraiser is not engaged in real estate appraisal activity and is not subject to this chapter. An evaluation by a licensed real estate appraiser under this subdivision must contain a disclosure that the evaluation is not an appraisal.

Sec. 18. Minnesota Statutes 2020, section 82B.11, subdivision 3, is amended to read:

Subd. 3. **Licensed residential real property appraiser.** A licensed residential real property appraiser may appraise noncomplex residential property or agricultural property having a transaction value less than $1,000,000 and complex residential or agricultural property having a transaction value less than ~~$250,000~~ $400,000.

Sec. 19. Minnesota Statutes 2020, section 82B.195, is amended by adding a subdivision to read:

Subd. 5. **Evaluation.** When providing an evaluation, a licensed real estate appraiser is not required to comply with the Uniform Standards of Professional Appraisal Practice.

Sec. 20. **[82B.25] VALUATION BIAS.**

Subdivision 1. **Definition.** For the purposes of this section, "valuation bias" means to explicitly, implicitly, or structurally select data and apply that data to an appraisal methodology or technique in a biased manner that harms a protected class, as defined by the Fair Housing Act of 1968, as amended.

Subd. 2. **Education.** Within two years of receiving a license under this chapter, and as required by the Appraiser Qualifications Board, a real property appraiser shall provide to the commissioner evidence of satisfactory completion of a continuing education course on the valuation bias of real property.

EFFECTIVE DATE. This section is effective September 1, 2021. A real property appraiser who has received their license prior to the effective date of this section must complete the course required by this section by August 31, 2023.

Sec. 21. Minnesota Statutes 2020, section 115C.094, is amended to read:

115C.094 ABANDONED UNDERGROUND STORAGE TANKS.

(a) As used in this section, an abandoned underground petroleum storage tank means an underground petroleum storage tank that was:

(1) taken out of service prior to December 22, 1988; ~~or~~

(2) taken out of service on or after December 22, 1988, if the current property owner did not know of the existence of the underground petroleum storage tank and could not have reasonably been expected to have known of the tank's existence at the time the owner first acquired right, title, or interest in the tank~~.~~; or

(3) taken out of service and is located on property that is being held by the state in trust for local taxing districts under section 281.25.

(b) The board may contract for:

(1) a statewide assessment in order to determine the quantity, location, cost, and feasibility of removing abandoned underground petroleum storage tanks;

(2) the removal of an abandoned underground petroleum storage tank; and

(3) the removal and disposal of petroleum-contaminated soil if the removal is required by the commissioner at the time of tank removal.

(c) Before the board may contract for removal of an abandoned petroleum storage tank, the tank owner must provide the board with written access to the property and release the board from any potential liability for the work performed.

(d) If at the time of the forfeiture of property identified under paragraph (a), clause (3), the property owner or the owner's heirs, devisees, or representatives, or any person to whom the right to pay taxes was granted by statute, mortgage, or other agreement, repurchases the property under section 282.241, the board's contracted costs for the underground storage tank removal project must be included as a special assessment included in the repurchase price, as provided under section 282.251, and must be returned to the board upon the sale of the property.

~~(d)~~ (e) Money in the fund is appropriated to the board for the purposes of this section.

Sec. 22. Minnesota Statutes 2020, section 216B.62, subdivision 3b, is amended to read:

Subd. 3b. **Assessment for department regional and national duties.** In addition to other assessments in subdivision 3, the department may assess up to $500,000 per fiscal year for performing its duties under section 216A.07, subdivision 3a. The amount in this subdivision shall be assessed to energy utilities in proportion to their respective gross operating revenues from retail sales of gas or electric service within the state during the last calendar year and shall be deposited into an account in the special revenue fund and is appropriated to the commissioner of commerce for the purposes of section 216A.07, subdivision 3a. An assessment made under this subdivision is not subject to the cap on assessments provided in subdivision 3 or any other law. For the purpose of this subdivision, an "energy utility" means public utilities, generation and transmission cooperative electric associations, and municipal power agencies providing natural gas or electric service in the state. ~~This subdivision expires June 30, 2021.~~

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

Sec. 23. Minnesota Statutes 2020, section 308A.201, subdivision 12, is amended to read:

Subd. 12. **Electric cooperative powers.** (a) An electric cooperative has the power and authority to:

(1) make loans to its members;

(2) prerefund debt;

(3) obtain funds through negotiated financing or public sale;

(4) borrow money and issue its bonds, debentures, notes, or other evidence of indebtedness;

(5) mortgage, pledge, or otherwise hypothecate its assets as may be necessary;

(6) invest its resources;

(7) deposit money in state and national banks and trust companies authorized to receive deposits; and

(8) exercise all other powers and authorities granted to cooperatives.

(b) A cooperative organized to provide rural electric power may enter agreements and contracts with other electric power cooperatives or with a cooperative constituted of electric power cooperatives to share losses and risk of losses to their transmission and distribution lines, transformers, substations, and related appurtenances from storm, sleet, hail, tornado, cyclone, hurricane, or windstorm. An agreement or contract or a cooperative formed to share losses under this paragraph is not subject to the laws of this state relating to insurance and insurance companies.

(c) An electric cooperative, an affiliate of the cooperative formed to provide broadband, or another entity pursuant to an agreement with the cooperative or the cooperative's affiliate may use the cooperative, affiliate, or entity's existing or subsequently acquired electric transmission or distribution easements for broadband infrastructure and to provide broadband service, which may include an agreement to lease fiber capacity. To exercise rights granted under this paragraph, the cooperative must provide to the property owner on which the easement is located written notice that the cooperative intends to use the easement for broadband purposes. The use of the easement for broadband services vests and runs with the land beginning six months after notice is provided under paragraph (d) unless a court action challenging the use of the easement for broadband purposes has been filed before that time by the property owner as provided under paragraph (e). The cooperative must also file evidence of the notice for recording with the county recorder.

(d) The cooperative's notice under paragraph (c) must be sent by first class mail to the last known address of the owner of the property on which the easement is located or by printed insertion in the property owner's utility bill. The notice must include the following:

(1) the name and mailing address of the cooperative;

(2) a narrative describing the nature and purpose of the intended easement use; and

(3) a description of any trenching or other underground work expected to result from the intended use, including the anticipated time frame for the work.

(e) A property owner, within six months after receiving notice under paragraph (d), may commence an action seeking to recover damages for an electric cooperative's use of an electric transmission or distribution easement for broadband service purposes. Notwithstanding any other law to the contrary, the procedures and substantive matters set forth in this subdivision govern an action under this paragraph and are the exclusive means to bring a claim for compensation with respect to a notice of intent to use a cooperative transmission or distribution easement for broadband purposes. To commence an action under this paragraph, the property owner must serve a complaint upon the electric cooperative as in a civil action and file the complaint with the district court for the county in which the easement is located. The complaint must state whether the property owner (1) is challenging the electric cooperative's right to use the easement for broadband services or infrastructure as authorized under paragraph (c), (2) is seeking damages as provided under paragraph (f), or (3) both.

(f) If the property owner is seeking damages, the electric cooperative may, at any time after answering the complaint (1) deposit with the court administrator an amount equal to the cooperative's estimate of damages or one dollar if damages are estimated to be not more than nominal, and (2) after making the deposit, use the electric transmission or service line easements for broadband purposes, conditioned on an obligation to pay the amount of damages determined by the court. If the property owner is challenging the electric cooperative's right to use the easement for broadband services or infrastructure as authorized under paragraph (c), after the electric cooperative answers the complaint the district court must promptly hold a hearing on the property owner's challenge. If the district court denies the property owner's challenge, the electric cooperative may proceed to make a deposit and make use of the easement for broadband service purposes, as provided under clause (2).

(g) In an action involving a property owner's claim for damages, the landowner has the burden to prove the existence and amount of any net reduction in the fair market value of the property, considering the existence, installation, construction, maintenance, modification, operation, repair, replacement, or removal of broadband infrastructure in the easement, as well as any benefit to the property from access to broadband service. Consequential or special damages must not be awarded. Evidence of revenue, profits, fees, income, or similar benefits to the electric cooperative, the cooperative's affiliate, or a third party is inadmissible. Any fees or costs incurred as a result of an action under this subdivision must be paid by the party that incurred the fees or costs.

(h) Nothing in this section limits in any way an electric cooperative's existing easement rights, including but not limited to rights an electric cooperative has or may acquire to transmit communications for electric system operations or otherwise.

(i) Placement of broadband infrastructure for use in providing broadband service under paragraphs (c) to (h) in any portion of an electric transmission or distribution easement located in the public right-of-way is subject to local government permitting and right-of-way management authority under section 237.163, and the placement must be coordinated with the relevant local government unit to minimize potential future relocations. The cooperative must notify a local government unit prior to placing infrastructure for broadband service in an easement that is in or adjacent to the local government unit's public right-of-way.

(j) For purposes of this subdivision:

(1) "broadband infrastructure" has the meaning given in section 116J.394; and

(2) "broadband service" means broadband infrastructure and any services provided over the infrastructure that offer advanced telecommunications capability and Internet access.

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

Sec. 24. **[332.61] INFORMATIVE DISCLOSURE.**

A lead generator must prominently make the following disclosure on all print, electronic, and nonprint solicitations, including advertising on websites, radio, or television: "This company does not actually provide any of the credit services you are seeking. We ONLY refer you to companies that want to provide some or all of those services."

Sec. 25. Minnesota Statutes 2020, section 386.375, subdivision 3, is amended to read:

Subd. 3. **Consumer education information.** (a) A person other than the mortgagor or fee owner who transfers or offers to transfer an abstract of title shall present to the mortgagor or fee owner basic information in plain English about abstracts of title. This information must be sent in a form prepared and approved by the commissioner of commerce and must contain at least the following items:

(1) a definition and description of abstracts of title;

(2) an explanation that holders of abstracts of title must maintain it with reasonable care;

(3) an approximate cost or range of costs to replace a lost or damaged abstract of title; and

~~(4) an explanation that abstracts of title may be required to sell, finance, or refinance real estate; and~~

~~(5)~~ (4) an explanation of options for storage of abstracts.

(b) The commissioner shall prepare the form for use under this subdivision as soon as possible. This subdivision does not apply until 60 days after the form is approved by the commissioner.

(c) A person violating this subdivision is subject to a penalty of $200 for each violation.

Sec. 26. **APPRAISER INTERNET COURSE REQUIREMENTS.**

Notwithstanding Minnesota Statutes, sections 45.305, subdivision 1a, and 45.306, subdivision 1a, education providers may submit to the commissioner of commerce for approval a classroom course under Minnesota Statutes, section 45.25, subdivision 2a, clause (3), or a distance learning course, as defined in Minnesota Statutes, section 45.25, subdivision 5a, that has not been approved by the International Distance Education Certification Center.

EFFECTIVE DATE. This section is effective the day following final enactment and expires after the peacetime emergency declared by the governor in an executive order that relates to the infectious disease known as COVID-19 is terminated or rescinded or December 31, 2021, whichever is later.

Sec. 27. **MINNESOTA COUNCIL ON ECONOMIC EDUCATION.**

(a) The Minnesota Council on Economic Education, with funds made available through grants from the commissioner of education in fiscal years 2022 and 2023, must:

(1) provide professional development to Minnesota's kindergarten through grade 12 teachers implementing state graduation standards in learning areas related to economic education;

(2) support the direct-to-student ancillary economic and personal finance programs that Minnesota teachers supervise and coach; and

(3) provide support to geographically diverse affiliated higher education-based centers for economic education, including those based at Minnesota State University Mankato, Minnesota State University Moorhead, St. Cloud State University, St. Catherine University, and the University of St. Thomas, as the centers' work relates to activities in clauses (1) and (2).

(b) By February 15 of each year following the receipt of a grant, the Minnesota Council on Economic Education must report to the commissioner of education on the number and type of in-person and online teacher professional development opportunities provided by the Minnesota Council on Economic Education or affiliated state centers. The report must include a description of the content, length, and location of the programs; the number of preservice and licensed teachers receiving professional development through each of these opportunities; and a summary of evaluations of professional opportunities for teachers.

(c) On August 15, 2021, the Department of Education must pay the full amount of the grant for fiscal year 2022 to the Minnesota Council on Economic Education. On August 15, 2022, the Department of Education must pay the full amount of the grant for fiscal year 2023 to the Minnesota Council on Economic Education. The Minnesota Council on Economic Education must submit its fiscal reporting in the form and manner specified by the commissioner. The commissioner may request additional information as necessary.

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

Sec. 28. **CONSUMER DEBT COLLECTION LANGUAGE BARRIER WORKING GROUP.**

Subdivision 1. **Establishment.** The commissioner of commerce shall convene a working group to review language barriers and the effect on creditors, debt collectors, and limited English proficient communities.

Subd. 2. **Membership.** The working group consists of the following members:

(1) the commissioner of commerce or a designee;

(2) one member appointed by the Attorney General's Office;

(3) two members of the public representing creditors or debt collectors, appointed by the industry and subject to approval by the commissioner of commerce;

(4) two members of the public representing consumer rights, appointed by consumer rights advocate organizations and subject to approval by the commissioner of commerce;

(5) one member appointed by the Council for Minnesotans of African Heritage;

(6) one member appointed by the Minnesota Council on Latino Affairs;

(7) one member appointed by the Council on Asian-Pacific Minnesotans;

(8) two members appointed by the Indian Affairs Council; and

(9) one member appointed by Mid-Minnesota Legal Aid.

Subd. 3. **Report.** (a) By January 1, 2022, the commissioner of commerce shall report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over commerce with the working group's recommendations to address language barriers between creditors, debt collectors, and consumers.

(b) The working group shall examine:

(1) current practices for communicating with consumers in the consumer's preferred language when attempting to collect a debt or enforce a lien;

(2) the availability of translation services or a written glossary of financial terms for consumers whose primary language is not English; and

(3) state and federal laws involving issues under clauses (1) and (2).

Sec. 29. **COLLECTION AGENCY EMPLOYEES; WORK FROM HOME.**

An employee of a collection agency licensed under Minnesota Statutes, chapter 332, may work from a location other than the licensee's business location if the licensee and employee comply with all the requirements of Minnesota Statutes, section 332.33, that would apply if the employee were working at the business location. The fee for a collector registration or renewal under Minnesota Statutes, section 332.33, subdivision 3, entitles the individual collector to work at a licensee's business location or a location otherwise acceptable under this section. An additional branch license is not required for a location used under this section. This section expires May 31, 2022.

Sec. 30. **REPEALER.**

Minnesota Statutes 2020, sections 45.017; 45.306, subdivision 1; and 115C.13, are repealed."

Delete the title and insert:

"A bill for an act relating to commerce; establishing a biennial budget for certain Department of Commerce activities; modifying various provisions governing and administered by the Department of Commerce; establishing a prescription drug affordability board and related regulations; modifying various provisions regulating insurance; establishing a student loan borrower bill of rights; modifying and adding consumer protections; modifying provisions governing collection agencies and debt buyers; modifying requirements for real estate appraiser continuing education; modifying fees; establishing penalties; requiring reports; appropriating money; amending Minnesota Statutes 2020, sections 13.712, by adding a subdivision; 45.305, subdivision 1, by adding a subdivision; 45.306, by adding a subdivision; 45.33, subdivision 1, by adding a subdivision; 47.59, subdivision 2; 47.60, subdivision 2; 47.601, subdivisions 2, 6; 48.512, subdivisions 2, 3, 7; 53.04, subdivision 3a; 56.131, subdivision 1; 60A.092, subdivision 10a, by adding a subdivision; 60A.0921, subdivision 2; 60A.14, subdivision 1; 60A.71, subdivision 7; 61A.245, subdivision 4; 62J.23, subdivision 2; 65B.15, subdivision 1; 65B.43, subdivision 12; 65B.472, subdivision 1; 79.55, subdivision 10; 80G.06, subdivision 1; 82.57, subdivisions 1, 5; 82.62, subdivision 3; 82.81, subdivision 12; 82B.021, subdivision 18, by adding subdivisions; 82B.03, by adding a subdivision; 82B.11, subdivision 3; 82B.195, by adding a subdivision; 115C.094; 174.29, subdivision 1; 174.30, subdivisions 1, 10; 216B.62, subdivision 3b; 221.031, subdivision 3b; 256B.0625, subdivisions 10, 17; 308A.201, subdivision 12; 325E.21, by adding subdivisions; 325F.171, by adding a subdivision; 325F.172, by adding a subdivision; 332.31, subdivisions 3, 6, by adding subdivisions; 332.311; 332.32; 332.33, subdivisions 1, 2, 5, 5a, 7, 8, by adding a subdivision; 332.34; 332.345; 332.355; 332.37; 332.385; 332.40, subdivision 3; 332.42, subdivisions 1, 2; 386.375, subdivision 3; 514.972, subdivisions 4, 5; 514.973, subdivisions 3, 4; 514.974; 514.977; proposing coding for new law in Minnesota Statutes, chapters 60A; 62J; 62Q; 80G; 82B; 325E; 325F; 332; proposing coding for new law as Minnesota Statutes, chapter 58B; repealing Minnesota Statutes 2020, sections 45.017; 45.306, subdivision 1; 60A.98; 60A.981; 60A.982; 115C.13."

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

The report was adopted.

Marquart from the Committee on Taxes to which was referred:

H. F. No. 1065, A bill for an act relating to education finance; providing funding for prekindergarten through grade 12 education; modifying provisions for general education, education excellence, teachers, charter schools, special education, health and safety, facilities, nutrition and libraries, community education, and state agencies; making forecast adjustments; requiring reports; appropriating money; amending Minnesota Statutes 2020, sections 13.32, subdivision 3; 120A.22, subdivisions 7, 9, 10; 120A.35; 120A.40; 120B.02, subdivision 1; 120B.021, subdivisions 1, 2, 3, 4; 120B.024, subdivision 1; 120B.11, subdivisions 1, 1a, 2, 3; 120B.132; 120B.15; 120B.21; 120B.30, subdivision 1a, by adding subdivisions; 120B.35, subdivisions 3, 4; 121A.031, subdivisions 5, 6; 121A.41, subdivision 10, by adding subdivisions; 121A.425; 121A.45, subdivision 1; 121A.46, subdivision 4, by adding subdivisions; 121A.47, subdivisions 2, 14; 121A.53, subdivision 1; 121A.55; 121A.58; 121A.61; 122A.06, subdivisions 2, 5, 6, 7, 8, by adding a subdivision; 122A.07, subdivisions 1, 2, 4a; 122A.09, subdivisions 4, 6, 9, 10; 122A.091, subdivisions 1, 2; 122A.15, subdivision 1; 122A.16; 122A.18, subdivisions 7a, 8, 10; 122A.181, subdivisions 1, 2, 3, 4, 5, 6, by adding a subdivision; 122A.182, subdivisions 1, 2, 3, 4, 7; 122A.183, subdivisions 1, 2, 3, by adding a subdivision; 122A.184, subdivisions 1, 2; 122A.185, subdivisions 1, 4; 122A.187; 122A.19, subdivision 4; 122A.21; 122A.26, subdivision 2; 122A.40, subdivisions 5, 8, 10, by adding a subdivision; 122A.41, subdivisions 2, 5, 14a, by adding a subdivision; 122A.63, subdivisions 6, 9; 122A.635, subdivisions 3, 4; 122A.70; 122A.76; 123B.147, subdivision 3; 123B.595, subdivision 3; 124D.09, subdivisions 3, 7, 8, 13; 124D.095, subdivisions 2, 7; 124D.111; 124D.1158; 124D.128, subdivisions 1, 3; 124D.531, subdivision 1; 124D.55; 124D.59, subdivision 2; 124D.65, subdivision 5; 124D.74, subdivisions 1, 3; 124D.78, subdivisions 1, 3; 124D.79, subdivision 2; 124D.791, subdivision 4; 124D.81; 124D.861, subdivision 2; 124E.02; 124E.03, subdivision 2, by adding subdivisions; 124E.05, subdivisions 4, 6, 7; 124E.06, subdivisions 1, 4, 5; 124E.11; 124E.12, subdivision 1; 124E.13, subdivision 1; 124E.16, subdivision 1; 124E.21, subdivision 1; 124E.25, subdivision 1a; 125A.08;

125A.094; 125A.0942; 125A.21, subdivisions 1, 2; 125A.76, subdivision 2e; 126C.05, subdivisions 1, 3, 17; 126C.10, subdivisions 2, 2a, 2e, 4, 18a; 126C.15, subdivisions 1, 2, 5; 126C.17, by adding a subdivision; 126C.40, subdivision 1; 126C.44; 127A.47, subdivision 7; 127A.49, subdivision 3; 134.34, subdivision 1; 134.355, subdivisions 5, 6, 7; 144.4165; 179A.03, subdivision 19; 290.0679, subdivision 2; 469.176, subdivision 2; 609A.03, subdivision 7a; Laws 2019, First Special Session chapter 11, article 1, section 25, subdivisions 3, as amended, 4, as amended, 6, as amended, 7, as amended, 9, as amended; article 2, section 33, subdivisions 2, as amended, 3, as amended, 5, as amended, 6, as amended, 16, as amended, 27; article 3, section 23, subdivision 3, as amended; article 4, section 11, subdivisions 2, as amended, 3, as amended, 4, as amended, 5, as amended; article 6, section 7, subdivisions 2, as amended, 3, as amended; article 7, section 1, subdivisions 2, as amended, 3, as amended, 4, as amended; article 8, section 13, subdivisions 5, as amended, 14, as amended; article 9, section 3, subdivision 2, as amended; article 10, section 5, subdivision 2, as amended; proposing coding for new law in Minnesota Statutes, chapters 120B; 121A; 122A; 124D; 125A; 127A; repealing Minnesota Statutes 2020, sections 120B.35, subdivision 5; 122A.091, subdivisions 3, 6; 122A.092; 122A.18, subdivision 7c; 122A.184, subdivision 3; 122A.23, subdivision 3; 122A.2451.

Reported the same back with the recommendation that 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. 1076, A bill for an act relating to state government; appropriating money for environment, natural resources, and tourism; modifying disposition of certain receipts, appropriations, funds, and accounts; modifying state park and fishing contest provisions; modifying and establishing fees; eliminating duplicate reporting; modifying certain grant programs; providing for environmental justice considerations; modifying requirements for labeling items as biodegradable or compostable; modifying enforcement authority; establishing Landfill Responsibility Act; modifying provisions for conveying state land interests; adding to and deleting from state parks and recreation areas; authorizing sales of certain state lands; amending Minnesota Statutes 2020, sections 16A.125, subdivision 5; 84.63; 84.943, subdivisions 3, 5, by adding a subdivision; 85.019, by adding a subdivision; 85.052, subdivisions 1, 6; 85.053, by adding a subdivision; 85.055, subdivision 1; 86B.415, subdivisions 1, 1a, 2, 3, 4, 5, 7; 92.502; 97A.075, subdivisions 1, 7; 97A.126, by adding a subdivision; 97A.475, subdivisions 2, 3, 3a, 4; 97A.485, subdivision 6; 97B.022, by adding a subdivision; 97B.715, subdivision 1; 97B.801; 97C.081, subdivisions 3, 3a; 115.03, subdivision 1; 115.071, subdivisions 1, 4, by adding subdivisions; 115A.03, by adding subdivisions; 115A.565, subdivision 1; 115B.421; 116.06, by adding subdivisions; 116.07, subdivisions 6, 9, by adding subdivisions; 116.11; 168.1295, subdivision 1; 325E.046; proposing coding for new law in Minnesota Statutes, chapters 115A; 116; repealing Minnesota Statutes 2020, section 115.44, subdivision 9.

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. **ENVIRONMENT AND NATURAL RESOURCES 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 "2022" and "2023" used in this article mean that the

appropriations listed under them are available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively. "The first year" is fiscal year 2022. "The second year" is fiscal year 2023. "The biennium" is fiscal years 2022 and 2023. Appropriations and cancellations for the fiscal year ending June 30, 2021, are effective the day following final enactment.

	APPROPRIATIONS Available for the Year Ending June 30	
	2022	**2023**
Sec. 2. **POLLUTION CONTROL AGENCY**		
Subdivision 1. **Total Appropriation**	**$110,221,000**	**$110,456,000**

Appropriations by Fund

	2022	2023
General	7,194,000	7,468,000
State Government Special Revenue	75,000	75,000
Environmental	88,406,000	88,367,000
Remediation	14,546,000	14,546,000

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

The commissioner must present the agency's biennial budget for fiscal years 2024 and 2025 to the legislature in a transparent way by agency division, including the proposed budget bill and presentations of the budget to committees and divisions with jurisdiction over the agency's budget.

Subd. 2. **Environmental Analysis and Outcomes**	15,514,000	15,156,000

Appropriations by Fund

	2022	2023
General	214,000	224,000
Environmental	15,099,000	14,731,000
Remediation	201,000	201,000

(a) $99,000 the first year and $109,000 the second year are from the general fund for:

(1) a municipal liaison to assist municipalities in implementing and participating in the rulemaking process for water quality standards and navigating the NPDES/SDS permitting process;

(2) enhanced economic analysis in the rulemaking process for water quality standards, including more-specific analysis and identification of cost-effective permitting;

(3) developing statewide economic analyses and templates to reduce the amount of information and time required for municipalities to apply for variances from water quality standards; and

(4) coordinating with the Public Facilities Authority to identify and advocate for the resources needed for municipalities to achieve permit requirements.

(b) $205,000 the first year and $205,000 the second year are from the environmental fund for a monitoring program under Minnesota Statutes, section 116.454.

(c) $115,000 the first year and $115,000 the second year are for monitoring water quality and operating assistance programs.

(d) $347,000 the first year and $347,000 the second year are from the environmental fund for monitoring ambient air for hazardous pollutants.

(e) $90,000 the first year and $90,000 the second year are from the environmental fund for duties related to harmful chemicals in children's products under Minnesota Statutes, sections 116.9401 to 116.9407. Of this amount, $57,000 each year is transferred to the commissioner of health.

(f) $109,000 the first year and $109,000 the second year are from the environmental fund for registering wastewater laboratories.

(g) $926,000 the first year and $926,000 the second year are from the environmental fund to continue perfluorochemical biomonitoring in eastern metropolitan communities, as recommended by the Environmental Health Tracking and Biomonitoring Advisory Panel, and to address other environmental health risks, including air quality. The communities must include Hmong and other immigrant farming communities. Of this amount, up to $689,000 the first year and $689,000 the second year are for transfer to the Department of Health.

(h) $51,000 the first year and $51,000 the second year are from the environmental fund for the listing procedures for impaired waters required under this act.

(i) $350,000 the first year is from the environmental fund for completing the St. Louis River mercury total maximum daily load study. This is a onetime appropriation.

(j) $141,000 the second year is to implement and enforce Minnesota Statutes, section 325F.071. Of this amount, up to $65,000 may be transferred to the commissioner of health.

(k) $200,000 the first year and $200,000 the second year are from the environmental fund for sampling fish and water for per- and polyfluoroalkyl substances at multiple surface waters.

(l) $450,000 the first year and $250,000 the second year are from the environmental fund for inventorying the types of facilities that are a potential source of per- and polyfluoroalkyl substances contamination.

(m) $300,000 the first year and $200,000 the second year are from the environmental fund to evaluate materials going to wastewater and solid waste facilities that result in high levels of per- and polyfluoroalkyl substances at these locations. This is a onetime appropriation.

(n) $104,000 the first year and $204,000 the second year are from the environmental fund for the purposes of the perfluoroalkyl and polyfluoroalkyl substances food packaging provisions under Minnesota Statutes, section 325F.075.

(o) $226,000 the first year and $266,000 the second year are from the environmental fund to adopt rules establishing water quality standards for perfluorooctanoic acid (PFOA) and perfluorooctanesulfonic acid (PFOS) as required under this act. This is a onetime appropriation and is available until June 30, 2024.

(p) $250,000 the first year and $250,000 the second year are from the environmental fund for the air permit community liaison required under this act.

Subd. 3. **Industrial** 17,233,000 17,617,000

Appropriations by Fund

	2022	2023
General	682,000	682,000
Environmental	15,550,000	15,934,000
Remediation	1,001,000	1,001,000

(a) $1,001,000 the first year and $1,001,000 the second year are from the remediation fund for the leaking underground storage tank program to investigate, clean up, and prevent future releases from underground petroleum storage tanks and for the petroleum remediation program for vapor assessment and remediation. These same annual amounts are transferred from the petroleum tank fund to the remediation fund.

(b) $393,000 the first year and $393,000 the second year are from the environmental fund to further evaluate the use and reduction of trichloroethylene around Minnesota and identify its potential health effects on communities. Of this amount, up to $121,000 each year may be transferred to the commissioner of health.

(c) $184,000 the second year is from the environmental fund to purchase air emissions monitoring equipment to support compliance and enforcement activities. Of this amount, $180,000 is a onetime appropriation.

(d) $48,000 the first year and $48,000 the second year are from the environmental fund for the purposes of the public informational meeting requirements under Minnesota Statutes, section 115.071, subdivision 3a.

(e) $182,000 the first year and $182,000 the second year are to adopt rules establishing procedures for issuing permits to facilities that affect environmental justice areas, as required under Minnesota Statutes, section 116.064, and for other air permitting requirements under this act. This is a onetime appropriation.

(f) $250,000 the first year and $250,000 the second year are from the environmental fund for the purposes of the nonexpiring state individual air quality permit requirements under Minnesota Statutes, section 116.07, subdivision 4n.

(g) $500,000 the first year and $500,000 the second year are for implementation of the environmental justice and cumulative impact analysis requirements under Minnesota Statutes, section 116.064. This is a onetime appropriation.

Subd. 4. **Municipal** 9,089,000 9,182,000

Appropriations by Fund

	2022	2023
General	177,000	190,000
State Government Special Revenue	75,000	75,000
Environmental	8,837,000	8,917,000

(a) $177,000 the first year and $190,000 the second year are for:

(1) a municipal liaison to assist municipalities in implementing and participating in the rulemaking process for water quality standards and navigating the NPDES/SDS permitting process;

(2) enhanced economic analysis in the rulemaking process for water quality standards, including more-specific analysis and identification of cost-effective permitting;

(3) developing statewide economic analyses and templates to reduce the amount of information and time required for municipalities to apply for variances from water quality standards; and

(4) coordinating with the Public Facilities Authority to identify and advocate for the resources needed for municipalities to achieve permit requirements.

(b) $50,000 the first year and $50,000 the second year are from the environmental fund for transfer to the Office of Administrative Hearings to establish sanitary districts.

(c) $952,000 the first year and $952,000 the second year are from the environmental fund for subsurface sewage treatment system (SSTS) program administration and community technical assistance and education, including grants and technical assistance to communities for water-quality protection. Of this amount, $129,000 each year is for assistance to counties through grants for SSTS program administration. A county receiving a grant from this appropriation must submit the results achieved with the grant to the commissioner as part of its annual SSTS report. Any unexpended balance in the first year does not cancel but is available in the second year.

(d) $784,000 the first year and $784,000 the second year are from the environmental fund to address the need for continued increased activity in new technology review, technical assistance for local governments, and enforcement under Minnesota Statutes, sections 115.55 to 115.58, and to complete the requirements of Laws 2003, chapter 128, article 1, section 165.

(e) Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered on or before June 30, 2023, as grants or contracts for subsurface sewage treatment systems, surface water and groundwater assessments, storm water, and water-quality protection in this subdivision are available until June 30, 2026.

Subd. 5. **Operations** 10,523,000 10,404,000

Appropriations by Fund

	2022	2023
General	2,531,000	2,532,000
Environmental	5,911,000	5,791,000
Remediation	2,081,000	2,081,000

(a) $1,003,000 the first year and $1,003,000 the second year are from the remediation fund for the leaking underground storage tank program to investigate, clean up, and prevent future releases from underground petroleum storage tanks and for the petroleum

remediation program for vapor assessment and remediation. These same annual amounts are transferred from the petroleum tank fund to the remediation fund.

(b) $2,531,000 the first year and $2,532,000 the second year are to support agency information technology services provided at the enterprise and agency level.

(c) $800,000 the first year and $800,000 the second year are from the environmental fund to develop and maintain systems to support permitting and regulatory business processes and agency data.

(d) $133,000 the first year is from the environmental fund for the seed disposal rulemaking required under this act. This is a onetime appropriation and is available until June 30, 2023.

(e) The base for the remediation fund in fiscal year 2025 is $1,901,000.

Subd. 6. **Remediation** 11,537,000 11,537,000

Appropriations by Fund

	2022	2023
Environmental	508,000	508,000
Remediation	11,029,000	11,029,000

(a) All money for environmental response, compensation, and compliance in the remediation fund not otherwise appropriated is appropriated to the commissioners of the Pollution Control Agency and agriculture for purposes of Minnesota Statutes, section 115B.20, subdivision 2, clauses (1), (2), (3), (6), and (7). At the beginning of each fiscal year, the two commissioners must jointly submit to the commissioner of management and budget an annual spending plan that maximizes resource use and appropriately allocates the money between the two departments. This appropriation is available until June 30, 2023.

(b) $363,000 the first year and $363,000 the second year are from the environmental fund to manage contaminated sediment projects at multiple sites identified in the St. Louis River remedial action plan to restore water quality in the St. Louis River Area of Concern.

(c) $3,198,000 the first year and $3,198,000 the second year are from the remediation fund for the leaking underground storage tank program to investigate, clean up, and prevent future releases from underground petroleum storage tanks and for the petroleum remediation program for vapor assessment and remediation. These same annual amounts are transferred from the petroleum tank fund to the remediation fund.

(d) $257,000 the first year and $257,000 the second year are from the remediation fund for transfer to the commissioner of health for private water-supply monitoring and health assessment costs in areas contaminated by unpermitted mixed municipal solid waste disposal facilities and drinking water advisories and public information activities for areas contaminated by hazardous releases.

Subd. 7. **Resource Management and Assistance** 35,483,000 35,668,000

Appropriations by Fund

	2022	2023
General	550,000	800,000
Environmental	34,933,000	34,868,000

(a) Up to $150,000 the first year and $150,000 the second year may be transferred from the environmental fund to the small business environmental improvement loan account under Minnesota Statutes, section 116.993.

(b) $1,000,000 the first year and $1,000,000 the second year are for competitive recycling grants under Minnesota Statutes, section 115A.565. Of this amount, $300,000 the first year and $300,000 the second year are from the general fund, and $700,000 the first year and $700,000 the second year are from the environmental fund. This appropriation is available until June 30, 2025.

(c) $694,000 the first year and $694,000 the second year are from the environmental fund for emission-reduction activities and grants to small businesses and other nonpoint-emission-reduction efforts. Of this amount, $100,000 the first year and $100,000 the second year are to continue work with Clean Air Minnesota, and the commissioner may enter into an agreement with Environmental Initiative to support this effort.

(d) $17,750,000 the first year and $17,750,000 the second year are from the environmental fund for SCORE block grants to counties.

(e) $119,000 the first year and $119,000 the second year are from the environmental fund for environmental assistance grants or loans under Minnesota Statutes, section 115A.0716.

(f) $400,000 the first year and $400,000 the second year are from the environmental fund for grants to develop and expand recycling markets for Minnesota businesses.

(g) $750,000 the first year and $750,000 the second year are from the environmental fund for reducing and diverting food waste, redirecting edible food for consumption, and removing barriers to

collecting and recovering organic waste. Of this amount, $500,000 each year is for grants to increase food rescue and waste prevention. This appropriation is available until June 30, 2025.

(h) $250,000 the first year and $500,000 the second year are from the environmental fund for the establishment and implementation of a climate adaptation and resiliency program including technical assistance and grants to local governmental units and Tribal governments. The base for this appropriation is $1,000,000 in fiscal year 2024 and beyond.

(i) $100,000 the first year is from the environmental fund for the carpet stewardship report required under this act.

(j) All money deposited in the environmental fund for the metropolitan solid waste landfill fee in accordance with Minnesota Statutes, section 473.843, and not otherwise appropriated, is appropriated for the purposes of Minnesota Statutes, section 473.844.

(k) Any unencumbered grant and loan balances in the first year do not cancel but are available for grants and loans in the second year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered on or before June 30, 2023, as contracts or grants for environmental assistance awarded under Minnesota Statutes, section 115A.0716; technical and research assistance under Minnesota Statutes, section 115A.152; technical assistance under Minnesota Statutes, section 115A.52; and pollution prevention assistance under Minnesota Statutes, section 115D.04, are available until June 30, 2025.

Subd. 8. **Watershed** 9,568,000 9,618,000

Appropriations by Fund

	2022	2023
General	1,959,000	1,959,000
Environmental	7,375,000	7,425,000
Remediation	234,000	234,000

(a) $1,959,000 the first year and $1,959,000 the second year are for grants to delegated counties to administer the county feedlot program under Minnesota Statutes, section 116.0711, subdivisions 2 and 3. Money remaining after the first year is available for the second year.

(b) $208,000 the first year and $208,000 the second year are from the environmental fund for the costs of implementing general operating permits for feedlots over 1,000 animal units.

(c) $122,000 the first year and $122,000 the second year are from the remediation fund for the leaking underground storage tank program to investigate, clean up, and prevent future releases from underground petroleum storage tanks and for the petroleum remediation program for vapor assessment and remediation. These same annual amounts are transferred from the petroleum tank fund to the remediation fund.

Subd. 9. **Environmental Quality Board** 1,274,000 1,274,000

Appropriations by Fund

	2022	2023
General	1,081,000	1,081,000
Environmental	193,000	193,000

Subd. 10. **Transfers**

(a) The commissioner must transfer up to $25,000,000 the first year and $22,000,000 the second year from the environmental fund to the remediation fund for purposes of the remediation fund under Minnesota Statutes, section 116.155, subdivision 2.

(b) Beginning in fiscal year 2024, the commissioner of management and budget must transfer $1,125,000 each year from the general fund to the metropolitan landfill contingency action trust account in the remediation fund to restore the money transferred from the account as intended under Laws 2003, chapter 128, article 1, section 10, paragraph (e), and Laws 2005, First Special Session chapter 1, article 3, section 17.

Sec. 3. **NATURAL RESOURCES**

Subdivision 1. **Total Appropriation** **$333,372,000** **$326,677,000**

Appropriations by Fund

	2022	2023
General	101,880,000	96,576,000
Natural Resources	115,448,000	114,308,000
Game and Fish	114,912,000	114,661,000
Remediation	114,000	114,000
Permanent School	1,018,000	1,018,000

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

Subd. 2. **Land and Mineral Resources Management** 6,479,000 6,506,000

Appropriations by Fund

	2022	2023
General	1,874,000	1,901,000
Natural Resources	4,043,000	4,043,000
Game and Fish	344,000	344,000
Permanent School	218,000	218,000

(a) $319,000 the first year and $319,000 the second year are for environmental research relating to mine permitting, of which $200,000 each year is from the minerals management account and $119,000 each year is from the general fund.

(b) $3,083,000 the first year and $3,083,000 the second year are from the minerals management account in the natural resources fund for use as provided under Minnesota Statutes, section 93.2236, paragraph (c), for mineral resource management, projects to enhance future mineral income, and projects to promote new mineral-resource opportunities.

(c) $218,000 the first year and $218,000 the second year are transferred from the forest suspense account to the permanent school fund and are appropriated from the permanent school fund to secure maximum long-term economic return from the school trust lands consistent with fiduciary responsibilities and sound natural resources conservation and management principles.

(d) $338,000 the first year and $338,000 the second year are from the water management account in the natural resources fund for mining hydrology.

(e) $42,000 of the fiscal year 2021 general fund appropriations under Laws 2019, First Special Session chapter 4, article 1, section 3, subdivision 2, is canceled.

Subd. 3. **Ecological and Water Resources** 45,537,000 42,263,000

Appropriations by Fund

	2022	2023
General	23,547,000	20,773,000
Natural Resources	16,466,000	15,966,000
Game and Fish	5,524,000	5,524,000

(a) $6,722,000 the first year and $6,722,000 the second year are from the invasive species account in the natural resources fund and $2,831,000 the first year and $2,831,000 the second year are from

the general fund for management, public awareness, assessment and monitoring research, and water access inspection to prevent the spread of invasive species; management of invasive plants in public waters; and management of terrestrial invasive species on state-administered lands. Of the amount from the invasive species account, at least $500,000 each year is for grants to lake associations to manage aquatic invasive plant species.

(b) $5,556,000 the first year and $5,556,000 the second year are from the water management account in the natural resources fund for only the purposes specified in Minnesota Statutes, section 103G.27, subdivision 2.

(c) $124,000 the first year and $124,000 the second year are for a grant to the Mississippi Headwaters Board for up to 50 percent of the cost of implementing the comprehensive plan for the upper Mississippi within areas under the board's jurisdiction.

(d) $10,000 the first year and $10,000 the second year are for payment to the Leech Lake Band of Chippewa Indians to implement the band's portion of the comprehensive plan for the upper Mississippi River.

(e) $264,000 the first year and $264,000 the second year are for grants for up to 50 percent of the cost of implementing the Red River mediation agreement.

(f) $2,298,000 the first year and $2,298,000 the second year are from the heritage enhancement account in the game and fish fund for only the purposes specified in Minnesota Statutes, section 297A.94, paragraph (h), clause (1).

(g) $1,485,000 the first year and $985,000 the second year are from the nongame wildlife management account in the natural resources fund for nongame wildlife management. Notwithstanding Minnesota Statutes, section 290.431, $100,000 the first year and $100,000 the second year may be used for nongame wildlife information, education, and promotion.

(h) Notwithstanding Minnesota Statutes, section 84.943, $25,000 the first year and $25,000 the second year from the critical habitat private sector matching account may be used to publicize the critical habitat license plate match program.

(i) $6,000,000 the first year and $6,000,000 the second year are for the following activities:

(1) financial reimbursement and technical support to soil and water conservation districts or other local units of government for groundwater-level monitoring;

(2) surface water monitoring and analysis, including installing monitoring gauges;

(3) groundwater analysis to assist with water-appropriation permitting decisions;

(4) permit application review incorporating surface water and groundwater technical analysis;

(5) precipitation data and analysis to improve irrigation use;

(6) information technology, including electronic permitting and integrated data systems; and

(7) compliance and monitoring.

(j) $410,000 the first year and $410,000 the second year are from the heritage enhancement account in the game and fish fund for grants to the Minnesota Aquatic Invasive Species Research Center at the University of Minnesota to prioritize, support, and develop research-based solutions that can reduce the effects of aquatic invasive species in Minnesota by preventing spread, controlling populations, and managing ecosystems and to advance knowledge to inspire action by others.

(k) $1,000,000 the first year and $1,000,000 the second year are from the invasive species research account in the natural resources fund for grants for the Minnesota Aquatic Invasive Species Research Center.

(l) $3,000,000 the first year is for a grant to assist Red Lake Nation in addressing aquatic invasive species in and around Upper and Lower Red Lake. This is a onetime appropriation and is available until June 30, 2023.

(m) $449,000 the first year and $449,000 the second year are for water-use permit public meetings required under Minnesota Statutes, section 103G.271, subdivision 2a.

(n) $1,308,000 the first year and $1,308,000 the second year are for additional research, monitoring, and other activities to determine whether water use is sustainable under Minnesota Statutes, section 103G.287, subdivision 5.

(o) $427,000 of the fiscal year 2021 general fund appropriations under Laws 2019, First Special Session chapter 4, article 1, section 3, subdivision 3, is canceled.

Subd. 4. **Forest Management** 54,860,000 54,615,000

Appropriations by Fund

	2022	2023
General	36,782,000	36,537,000
Natural Resources	16,661,000	16,661,000
Game and Fish	1,417,000	1,417,000

(a) $7,521,000 the first year and $7,521,000 the second year are for prevention, presuppression, and suppression costs of emergency firefighting and other costs incurred under Minnesota Statutes, section 88.12. The amount necessary to pay for presuppression and suppression costs during the biennium is appropriated from the general fund. By January 15 of each year, the commissioner of natural resources must submit a report to the chairs and ranking minority members of the house and senate committees and divisions having jurisdiction over environment and natural resources finance that identifies all firefighting costs incurred and reimbursements received in the prior fiscal year. These appropriations may not be transferred. Any reimbursement of firefighting expenditures made to the commissioner from any source other than federal mobilizations must be deposited into the general fund.

(b) $15,386,000 the first year and $15,386,000 the second year are from the forest management investment account in the natural resources fund for only the purposes specified in Minnesota Statutes, section 89.039, subdivision 2.

(c) $1,417,000 the first year and $1,417,000 the second year are from the heritage enhancement account in the game and fish fund to advance ecological classification systems (ECS) scientific management tools for forest and invasive species management.

(d) $855,000 the first year and $863,000 the second year are for the Forest Resources Council to implement the Sustainable Forest Resources Act.

(e) $1,143,000 the first year and $1,143,000 the second year are for the Next Generation Core Forestry data system. Of this appropriation, $868,000 is from the general fund and $275,000 from the forest management investment account in the natural resources fund.

(f) $500,000 the first year and $500,000 the second year are from the forest management investment account in the natural resources fund for forest road maintenance on state forest roads.

(g) $500,000 the first year and $500,000 the second year are for forest road maintenance on county forest roads.

(h) $500,000 the first year and $500,000 the second year are from the forest management investment account in the natural resources fund for collecting light detection and ranging data for forest inventory. This is a onetime appropriation and is available until June 30, 2024.

(i) $1,300,000 the first year and $1,300,000 the second year are for increasing carbon sequestration by increasing seed collection and conservation-grade tree seedling production at the state forest nursery and providing cost-share incentives to increase tree planting.

(j) $750,000 the first year and $1,000,000 the second year are for grants to local units of government to develop community ash management plans; to identify and convert ash stands to more diverse, climate-adapted species; and to replace removed ash trees. Grants awarded under this paragraph may cover up to 75 percent of eligible costs and may not exceed $500,000. Matching grants provided through this appropriation are available to cities, counties, regional authorities, joint powers boards, towns, Tribal nations, and parks and recreation boards in cities of the first class. The commissioner, in consultation with the commissioner of agriculture, must establish appropriate criteria to determine funding priorities between submitted requests and to determine activities and expenses that qualify to meet local match requirements. Money appropriated for grants under this paragraph may be used to pay reasonable costs incurred by the commissioner of natural resources to administer the grants.

(k) $1,075,000 the first year is to refund timber permit payments as provided under this act.

(l) $751,000 of the fiscal year 2021 general fund appropriations under Laws 2019, First Special Session chapter 4, article 1, section 3, subdivision 4, is canceled.

Subd. 5. **Parks and Trails Management** 93,341,000 93,294,000

Appropriations by Fund

	2022	2023
General	27,563,000	27,876,000
Natural Resources	63,478,000	63,118,000
Game and Fish	2,300,000	2,300,000

(a) $7,935,000 the first year and $6,435,000 the second year are from the natural resources fund for state trail, park, and recreation area operations. This appropriation is from revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (h), clause (2).

(b) $19,198,000 the first year and $19,533,000 the second year are from the state parks account in the natural resources fund to operate and maintain state parks and state recreation areas.

(c) $1,190,000 the first year and $1,190,000 the second year are from the natural resources fund for park and trail grants to local units of government on land to be maintained for at least 20 years for parks or trails. This appropriation is from revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (h), clause (4). Any unencumbered balance does not cancel at the end of the first year and is available for the second year. The base for this appropriation for fiscal year 2024 and beyond is $890,000.

(d) $9,624,000 the first year and $9,624,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for the snowmobile grants-in-aid program. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(e) $2,435,000 the first year and $2,435,000 the second year are from the natural resources fund for the off-highway vehicle grants-in-aid program. Of this amount, $1,960,000 each year is from the all-terrain vehicle account; $150,000 each year is from the off-highway motorcycle account; and $325,000 each year is from the off-road vehicle account. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(f) $1,250,000 the first year and $2,250,000 the second year are from the state land and water conservation account in the natural resources fund for priorities established by the commissioner for eligible state projects and administrative and planning activities consistent with Minnesota Statutes, section 84.0264, and the federal Land and Water Conservation Fund Act. To the extent allowable under federal law, the commissioner must prioritize projects that are in environmental justice areas or otherwise increase environmental justice. Any unencumbered balance does not cancel at the end of the first year and is available for the second year. The base for this appropriation for fiscal year 2024 and beyond is $2,500,000.

(g) $250,000 the first year and $250,000 the second year are for matching grants for local parks and outdoor recreation areas under Minnesota Statutes, section 85.019, subdivision 2.

(h) $250,000 the first year and $250,000 the second year are for matching grants for local trail connections under Minnesota Statutes, section 85.019, subdivision 4c.

(i) $450,000 the first year and $500,000 the second year are from the all-terrain vehicle account in the natural resources fund for a grant to St. Louis County to match other funding sources for design, right-of-way acquisition, permitting, and construction of Phase I of the Voyageur Country ATV Trail connections in the areas of Cook, Orr, Ash River, Kabetogama Township, and International Falls to the Voyageur Country ATV Trail system. This is a onetime appropriation and is available until June 30, 2025.

(j) $455,000 the first year and $500,000 the second year are from the all-terrain vehicle account in the natural resources fund for a grant to the city of Ely for new trail connections and a new bridge across the Beaver River connecting the Prospector trail system to the Taconite State Trail. This is a onetime appropriation and is available until June 30, 2025.

(k) $250,000 the first year is from the all-terrain vehicle account in the natural resources fund for a statewide all-terrain vehicle (ATV) trails master plan broken out by the Department of Natural Resources' administrative regions and for an ATV trails and route inventory from all cooperating agencies with available data broken out by the Department of Natural Resources' administrative regions. The ATV master plan and inventory must be completed by February 1, 2023.

(l) $2,390,000 the first year and $2,350,000 the second year are from the water recreation account in the natural resources fund for maintaining and enhancing public water-access facilities.

(m) $614,000 of the fiscal year 2021 general fund appropriations under Laws 2019, First Special Session chapter 4, article 1, section 3, subdivision 5, is canceled.

Subd. 6. **Fish and Wildlife Management** 79,456,000 78,459,000

Appropriations by Fund

	2022	2023
General	1,179,000	432,000
Natural Resources	1,982,000	1,982,000
Game and Fish	76,295,000	76,045,000

(a) $8,658,000 the first year and $8,658,000 the second year are from the heritage enhancement account in the game and fish fund only for activities specified under Minnesota Statutes, section 297A.94, paragraph (h), clause (1). Notwithstanding Minnesota Statutes, section 297A.94, five percent of this appropriation may be used for expanding hunter and angler recruitment and retention.

(b) $1,029,000 the first year and $279,000 the second year are from the general fund and $1,675,000 the first year and $1,675,000 the second year are from the game and fish fund for planning for and emergency response to disease outbreaks in wildlife. Of the general fund appropriation, $250,000 is for the chronic wasting disease adopt-a-dumpster program. The commissioner and the Board of Animal Health must each submit quarterly reports on chronic wasting disease activities funded in this biennium to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources and agriculture.

(c) $250,000 the first year is from the emergency deer feeding and wild Cervidae health management account in the game and fish fund for the chronic wasting disease adopt-a-dumpster program. This is a onetime appropriation and is available until June 30, 2023.

(d) $8,546,000 the first year and $8,546,000 the second year are from the deer management account for the purposes identified in Minnesota Statutes, section 97A.075, subdivision 1.

(e) $150,000 the first year and $150,000 the second year are for grants for natural-resource-based education and recreation programs serving youth under Minnesota Statutes, section 84.976. The base for this appropriation in fiscal year 2024 and beyond is $250,000.

(f) $6,000 of the fiscal year 2021 general fund appropriations under Laws 2019, First Special Session chapter 4, article 1, section 3, subdivision 6, is canceled.

Subd. 7. **Enforcement** 49,302,000 49,173,000

Appropriations by Fund

	2022	2023
General	7,998,000	7,870,000
Natural Resources	12,158,000	12,158,000
Game and Fish	29,032,000	29,031,000
Remediation	114,000	114,000

(a) $1,718,000 the first year and $1,718,000 the second year are from the general fund for enforcement efforts to prevent the spread of aquatic invasive species.

(b) $1,580,000 the first year and $1,580,000 the second year are from the heritage enhancement account in the game and fish fund for only the purposes specified under Minnesota Statutes, section 297A.94, paragraph (h), clause (1).

(c) $1,082,000 the first year and $1,082,000 the second year are from the water recreation account in the natural resources fund for grants to counties for boat and water safety. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(d) $315,000 the first year and $315,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for grants to local law enforcement agencies for snowmobile enforcement activities. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(e) $250,000 the first year and $250,000 the second year are from the all-terrain vehicle account in the natural resources fund for grants to qualifying organizations to assist in safety and environmental education and monitoring trails on public lands under Minnesota Statutes, section 84.9011. Grants issued under this paragraph must be issued through a formal agreement with the organization. By December 15 each year, an organization receiving a grant under this paragraph must report to the commissioner with details on expenditures and outcomes from the grant. Of this appropriation, $25,000 each year is for administering these grants. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(f) $510,000 the first year and $510,000 the second year are from the natural resources fund for grants to county law enforcement agencies for off-highway vehicle enforcement and public education activities based on off-highway vehicle use in the county. Of this amount, $498,000 each year is from the all-terrain vehicle account, $11,000 each year is from the off-highway motorcycle account, and $1,000 each year is from the off-road vehicle account. The county enforcement agencies may use money received under this appropriation to make grants to other local enforcement agencies within the county that have a high concentration of off-highway vehicle use. Of this appropriation, $25,000 each year is for administering these grants. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(g) $176,000 the first year and $176,000 the second year are from the game and fish fund for an ice safety program.

(h) $250,000 the first year is for implementing the transition of the farmed Cervidae program from the Board of Animal Health to the Department of Natural Resources as required under this act. This is a onetime appropriation and is available until June 30, 2023.

(i) $1,453,000 the first year and $1,453,000 the second year are for Enforcement Division salary increases. Of this amount, $258,000 is from the general fund, $303,000 is from the natural resources fund, $889,000 is from the game and fish fund, and $3,000 is from the remediation fund.

(j) $168,000 of the fiscal year 2021 general fund appropriations under Laws 2019, First Special Session chapter 4, article 1, section 3, subdivision 7, is canceled.

Subd. 8. **Operations Support** 2,750,000 1,000,000

(a) $2,000,000 the first year is for legal costs. Of this amount, up to $1,000,000 the first year may be transferred to the Minnesota Pollution Control Agency. This is a onetime appropriation and is available until June 30, 2025.

(b) $750,000 the first year and $1,000,000 the second year are for information technology security and modernization.

Subd. 9. **Pass Through Funds** 1,647,000 1,367,000

Appropriations by Fund

	2022	2023
General	187,000	187,000
Natural Resources	660,000	380,000
Permanent School	800,000	800,000

(a) $660,000 the first year and $380,000 the second year are from the natural resources fund 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. This appropriation is from revenue deposited to the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (h), clause (5).

(b) $187,000 the first year and $187,000 the second year are for the Office of School Trust Lands.

(c) $500,000 the first year and $500,000 the second year are from the forest suspense account in the permanent school fund for transaction and project management costs for sales and exchanges of school trust lands within Boundary Waters Canoe Area Wilderness. The base for this appropriation is $250,000 in fiscal year 2024 and $150,000 in fiscal year 2025.

(d) $300,000 the first year and $300,000 the second year are transferred from the forest suspense account to the permanent school fund and are appropriated from the permanent school fund for the Office of School Trust Lands.

Subd. 10. **ATV Trail Extensions**

(a) The availability of the portion of the appropriation in Laws 2019, First Special Session chapter 4, article 1, section 3, subdivision 5, paragraph (l), that is for a grant to St. Louis County to design, plan, permit, acquire right-of-way for, and construct Voyageur Country ATV Trail from Buyck to Holm Logging Road and to Shuster Road toward Cook, is extended to June 30, 2023.

(b) The availability of the appropriation in Laws 2019, First Special Session chapter 4, article 1, section 3, subdivision 5, paragraph (n), for grants to St. Louis County for the Quad Cities ATV Club trail construction program, including planning, design, environmental permitting, right-of-way acquisition, and construction, is extended to June 30, 2023.

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

Sec. 4. **BOARD OF WATER AND SOIL RESOURCES** **$16,470,000** **$16,565,000**

(a) $3,423,000 the first year and $3,423,000 the second year are for natural resources block grants to local governments to implement the Wetland Conservation Act and shoreland management program under Minnesota Statutes, chapter 103F, and local water management responsibilities under Minnesota Statutes, chapter 103B. The board may reduce the amount of the natural resources block grant to a county by an amount equal to any reduction in the county's general services allocation to a soil and water conservation district from the county's previous year allocation when the board determines that the reduction was disproportionate.

(b) $3,116,000 the first year and $3,116,000 the second year are for grants and payments to soil and water conservation districts for the purposes of Minnesota Statutes, sections 103C.321 and 103C.331, and for general purposes, nonpoint engineering, and implementation and stewardship of the reinvest in Minnesota reserve program. Expenditures may be made from these appropriations for supplies and services benefiting soil and water conservation districts. Any district receiving a payment under this paragraph must maintain a web page that publishes, at a minimum, its annual report, annual audit, annual budget, and meeting notices.

(c) $761,000 the first year and $761,000 the second year are to implement, enforce, and provide oversight for the Wetland Conservation Act, including administering the wetland banking program and in-lieu fee mechanism.

(d) $1,560,000 the first year and $1,560,000 the second year are for the following programs:

(1) $260,000 each year is for the feedlot water quality cost-sharing program for feedlots under 500 animal units and nutrient and manure management projects in watersheds where there are impaired waters;

(2) $1,200,000 each year is for cost-sharing programs of soil and water conservation districts for accomplishing projects and practices consistent with Minnesota Statutes, section 103C.501, including perennially vegetated riparian buffers, erosion control, water retention and treatment, and other high-priority conservation practices; and

(3) $100,000 each year is for county cooperative weed management programs and to restore native plants in selected invasive species management sites.

(e) $166,000 the first year and $166,000 the second year are to provide technical assistance to local drainage management officials and for the costs of the Drainage Work Group. The board must coordinate with the Drainage Work Group according to Minnesota Statutes, section 103B.101, subdivision 13.

(f) $100,000 the first year and $100,000 the second year are for a grant to the Red River Basin Commission for water quality and floodplain management, including administration of programs. This appropriation must be matched by nonstate funds.

(g) $140,000 the first year and $140,000 the second year are for grants to Area II Minnesota River Basin Projects for floodplain management.

(h) $125,000 the first year and $125,000 the second year are for conservation easement stewardship.

(i) $240,000 the first year and $240,000 the second year are for a grant to the Lower Minnesota River Watershed District to defray the annual cost of operating and maintaining sites for dredge spoil to sustain the state, national, and international commercial and recreational navigation on the lower Minnesota River.

(j) The Lower Minnesota River Watershed District may use up to $111,000 from money appropriated in either fiscal year under Laws 2019, First Special Session chapter 4, article 1, section 4, paragraph (j), to cover costs associated with the Seminary Fen Stabilization Project to reduce sedimentation to Seminary Fen and the Minnesota River.

(k) $500,000 the first year and $500,000 the second year are for the soil health program under Minnesota Statutes, section 103F.06.

(l) $500,000 the first year and $500,000 the second year are for the water quality and storage program under Minnesota Statutes, section 103F.05.

(m) $500,000 the first year and $500,000 the second year are for the lawns to legumes program under Minnesota Statutes, section 103B.104.

(n) Notwithstanding Minnesota Statutes, section 103C.501, the board may shift money in this section and may adjust the technical and administrative assistance portion of the funds to leverage federal or other nonstate funds or to address accountability, oversight, local government performance, or high-priority needs identified in local water management plans or comprehensive watershed management plans.

(o) The appropriations for grants and payments in this section are available until June 30, 2025, except returned grants and payments are available for two years after they are returned or regranted, whichever is later. Funds must be regranted consistent with the purposes of this section. If an appropriation for grants in either year is insufficient, the appropriation in the other year is available for it.

(p) Notwithstanding Minnesota Statutes, section 16B.97, grants awarded from appropriations in this section are exempt from the Department of Administration, Office of Grants Management Policy 08-08 Grant Payments and 08-10 Grant Monitoring.

Sec. 5. **METROPOLITAN COUNCIL** **$10,640,000** **$10,640,000**

Appropriations by Fund

	2022	2023
General	2,540,000	2,540,000
Natural Resources	8,100,000	8,100,000

(a) $2,540,000 the first year and $2,540,000 the second year are for metropolitan-area regional parks operation and maintenance according to Minnesota Statutes, section 473.351.

(b) $8,100,000 the first year and $8,100,000 the second year are from the natural resources fund for metropolitan-area regional parks and trails maintenance and operations. This appropriation is from revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (h), clause (3). The base for this appropriation is $6,600,000 in fiscal year 2024 and beyond.

Sec. 6. **CONSERVATION CORPS MINNESOTA** **$945,000** **$945,000**

Appropriations by Fund

	2022	2023
General	455,000	455,000
Natural Resources	490,000	490,000

Conservation Corps Minnesota may receive money appropriated from the natural resources fund under this section only as provided in an agreement with the commissioner of natural resources.

Sec. 7. **ZOOLOGICAL BOARD** **$16,079,000** **$13,959,000**

Appropriations by Fund

	2022	2023
General	15,749,000	13,769,000
Natural Resources	330,000	190,000

(a) $330,000 the first year and $190,000 the second year are from the natural resources fund from revenue deposited under Minnesota Statutes, section 297A.94, paragraph (h), clause (5).

(b) The general fund current law base is $10,267,000 per year in fiscal years 2024 and 2025.

Sec. 8. **SCIENCE MUSEUM** **$3,018,000** **$1,079,000**

Sec. 9. **EXPLORE MINNESOTA TOURISM** **$15,184,000** **$14,523,000**

(a) $500,000 the first year and $500,000 the second 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 cash expenditures directly expended to support Explore Minnesota Tourism programs. Up to one-half of the private sector contribution may be in-kind or soft match. The incentive in fiscal year 2022 is based on fiscal year 2021 private sector contributions. The incentive in fiscal year 2023 is based on fiscal year 2022 private sector contributions. This incentive is ongoing.

(b) Money for marketing grants is available either year of the biennium. Unexpended grant money from the first year is available in the second year.

(c) $100,000 each year is for a grant to the Northern Lights International Music Festival.

(d) $750,000 the first year is for an events assistance grant program. Of this amount, $250,000 is for a grant to the Grand Portage Band to focus tourism to Grand Portage.

Sec. 10. Laws 2019, First Special Session chapter 4, article 1, section 3, subdivision 4, is amended to read:

Subd. 4. **Forest Management** 50,668,000 50,603,000

Appropriations by Fund

	2020	2021
General	33,651,000	33,300,000
Natural Resources	15,619,000	15,886,000
Game and Fish	1,398,000	1,417,000

(a) $7,521,000 the first year and $7,521,000 the second year are for prevention, presuppression, and suppression costs of emergency firefighting and other costs incurred under Minnesota Statutes, section 88.12. The amount necessary to pay for presuppression and suppression costs during the biennium is appropriated from the general fund. By January 15 of each year, the commissioner of natural resources must submit a report to the chairs and ranking minority members of the house and senate committees and divisions having jurisdiction over environment and natural resources finance that identifies all firefighting costs incurred and reimbursements received in the prior fiscal year. These appropriations may not be transferred. Any reimbursement of firefighting expenditures made to the commissioner from any source other than federal mobilizations must be deposited into the general fund.

(b) $13,869,000 the first year and $14,136,000 the second year are from the forest management investment account in the natural resources fund for only the purposes specified in Minnesota Statutes, section 89.039, subdivision 2.

(c) $1,398,000 the first year and $1,417,000 the second year are from the heritage enhancement account in the game and fish fund to advance ecological classification systems (ECS) scientific management tools for forest and invasive species management.

(d) $836,000 the first year and $847,000 the second year are for the Forest Resources Council to implement the Sustainable Forest Resources Act.

(e) $1,131,000 the first year and $1,131,000 the second year are for the Next Generation Core Forestry data system. For fiscal year 2022 and later, the distribution for this appropriation is $868,000 from the general fund and $275,000 from the forest management investment account in the natural resources fund.

(f) $500,000 the first year and $500,000 the second year are from the forest management investment account in the natural resources fund for forest road maintenance on state forest roads.

(g) $500,000 the first year and $500,000 the second year are for forest road maintenance on county forest roads.

(h) $700,000 the first or second year is for grants to local units of government to develop community ash management plans; to identify and convert ash stands to more diverse, climate-adapted species; and to replace removed ash trees. This is a onetime appropriation.

(i) Grants awarded under paragraph (h) may cover up to 75 percent of eligible costs and may not exceed $500,000. Matching grants provided through the appropriation are available to cities, counties,

regional authorities, joint powers boards, towns, and parks and recreation boards in cities of the first class. The commissioner, in consultation with the commissioner of agriculture, must establish appropriate criteria for determining funding priorities between submitted requests and to determine activities and expenses that qualify to meet local match requirements. Money appropriated for grants under paragraph (h) may be used to pay reasonable costs incurred by the commissioner of natural resources to administer paragraph (h).

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

Sec. 11. Laws 2019, First Special Session chapter 4, article 1, section 3, subdivision 5, is amended to read:

Subd. 5. **Parks and Trails Management**	90,858,000	88,194,000

Appropriations by Fund

	2020	2021
General	26,968,000	27,230,000
Natural Resources	61,598,000	58,664,000
Game and Fish	2,292,000	2,300,000

(a) $1,075,000 the first year and $1,075,000 the second year are from the water recreation account in the natural resources fund for maintaining and enhancing public water-access facilities.

(b) $6,344,000 the first year and $6,435,000 the second year are from the natural resources fund for state trail, park, and recreation area operations. This appropriation is from revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (h), clause (2).

(c) $18,552,000 the first year and $18,828,000 the second year are from the state parks account in the natural resources fund to operate and maintain state parks and state recreation areas.

(d) $890,000 the first year and $890,000 the second year are from the natural resources fund for park and trail grants to local units of government on land to be maintained for at least 20 years for parks or trails. This appropriation is from revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (h), clause (4). Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(e) $9,624,000 the first year and $9,624,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for the snowmobile grants-in-aid program. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(f) $1,835,000 the first year and $2,135,000 the second year are from the natural resources fund for the off-highway vehicle grants-in-aid program. Of this amount, $1,360,000 the first year and $1,660,000 the second year are from the all-terrain vehicle account; $150,000 each year is from the off-highway motorcycle account; and $325,000 each year is from the off-road vehicle account. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

~~(g) $116,000 the first year and $117,000 the second year are from the cross-country ski account in the natural resources fund for grooming and maintaining cross-country ski trails in state parks, trails, and recreation areas.~~

~~(h)~~ (g) $266,000 the first year and $269,000 the second year are from the state land and water conservation account in the natural resources fund for priorities established by the commissioner for eligible state projects and administrative and planning activities consistent with Minnesota Statutes, section 84.0264, and the federal Land and Water Conservation Fund Act. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

~~(i)~~ (h) $250,000 the first year and $250,000 the second year are for matching grants for local parks and outdoor recreation areas under Minnesota Statutes, section 85.019, subdivision 2.

~~(j)~~ (i) $250,000 the first year and $250,000 the second year are for matching grants for local trail connections under Minnesota Statutes, section 85.019, subdivision 4c.

~~(k)~~ (j) $600,000 the first year is from the off-road vehicle account for off-road vehicle touring routes and trails. Of this amount:

(1) $200,000 is for a contract with a project administrator to assist the commissioner in planning, designing, and providing a system of state touring routes and trails for off-road vehicles by identifying sustainable, legal routes suitable for licensed four-wheel drive vehicles and a system of recreational trails for registered off-road vehicles. Any portion of this appropriation not used for the project administrator is available for signage or promotion and implementation of the system. This is a onetime appropriation.

(2) $200,000 is for a contract and related work to prepare a comprehensive, statewide, strategic master plan for off-road vehicle touring routes and trails. This is a onetime appropriation and is available until June 30, 2022. Any portion of this appropriation not used for the master plan is returned to the off-road vehicle account. At a minimum, the plan must: identify opportunities to develop or enhance new, high-quality,

comprehensive touring routes and trails for off-road vehicles in a system that serves regional and tourist destinations; enhance connectivity with touring routes and trails for off-road vehicles; provide opportunities for promoting economic development in greater Minnesota; help people connect with the outdoors in a safe and environmentally sustainable manner; create new and support existing opportunities for social, economic, and cultural benefits and meaningful and mutually beneficial relationships for users of off-road vehicles and the communities that host trails for off-road vehicles; and promote cooperation with local, state, Tribal, and federal governments; organizations; and other interested partners.

(3) $200,000 is to share the cost by reimbursing federal, Tribal, state, county, and township entities for additional needs on roads under their jurisdiction when the needs are a result of increased use by off-road vehicles and are attributable to a border-to-border touring route established by the commissioner. This paragraph applies to roads that are operated by a public road authority as defined in Minnesota Statutes, section 160.02, subdivision 25. This is a onetime appropriation and is available until June 30, 2023. To be eligible for reimbursement under this paragraph, the claimant must demonstrate that: the needs result from additional traffic generated by the border-to-border touring route; and increased use attributable to a border-to-border touring route has caused at least a 50 percent increase in maintenance costs for roads under the claimant's jurisdiction, based on a ten-year maintenance average. The commissioner may accept an alternative to the ten-year maintenance average if a jurisdiction does not have sufficient maintenance records. The commissioner has discretion to accept an alternative based on a good-faith effort by the jurisdiction. Any alternative should include baseline maintenance costs for at least two years before the year the route begins operating. The ten-year maintenance average or any alternative must be calculated from the years immediately preceding the year the route begins operating. Before reimbursing a claim under this paragraph, the commissioner must consider whether the claim is consistent with claims made by other entities that administer roads on the touring route, in terms of the amount requested for reimbursement and the frequency of claims made.

~~(l)~~ (k) $600,000 the first year is from the all-terrain vehicle account in the natural resources fund for grants to St. Louis County. Of this amount, $100,000 is for a grant to St. Louis County for an environmental assessment worksheet for the overall construction of the Voyageur Country ATV Trail system and connections, and $500,000 is for a grant to St. Louis County to design, plan, permit, acquire right-of-way for, and construct Voyageur Country ATV Trail from Buyck to Holmes Logging Road and to Shuster Road toward Cook. This is a onetime appropriation.

~~(m)~~ (l) $2,400,000 the first year is from the all-terrain vehicle account in the natural resources fund. Of this amount, $1,300,000 is for a grant to Lake County to match other funding sources to develop the Prospector Loop Trail system and $1,100,000 is for acquisition, design, environmental review, permitting, and construction for all-terrain vehicle use on the Taconite State Trail between Ely and Purvis Forest Management Road.

~~(n)~~ (m) $950,000 the first year and $950,000 the second year are from the all-terrain vehicle account in the natural resources fund for grants to St. Louis County for the Quad Cities ATV Club trail construction program for planning, design, environmental permitting, right-of-way acquisition, and construction of up to 24 miles of trail connecting the cities of Mountain Iron, Virginia, Eveleth, Gilbert, Hibbing, and Chisholm to the Laurentian Divide, County Road 303, the Taconite State Trail, and Biwabik and from Pfeiffer Lake Forest Road to County Road 361. This is a onetime appropriation.

~~(o)~~ (n) $75,000 the first year is from the general fund for signage and interpretative resources necessary for naming state park assets and a segment of the St. Croix River State Water Trail after Walter F. Mondale as provided in this act.

~~(p)~~ (o) $150,000 the first year is from the all-terrain vehicle account in the natural resources fund for a grant to Crow Wing County to plan and design a multipurpose bridge on the Mississippi River Northwoods Trail across Sand Creek located five miles northeast of Brainerd along the Mississippi River.

~~(q)~~ (p) $75,000 the first year is from the off-highway motorcycle account in the natural resources fund to complete a master plan for off-highway motorcycle trail planning and development. This is a onetime appropriation and is available until June 30, 2022.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2019.

Sec. 12. **FISCAL YEAR 2021 APPROPRIATIONS.**

Subdivision 1. **Minnesota Zoological Board.** $1,595,000 in fiscal year 2021 is appropriated from the general fund to the Minnesota Zoological Board to supplement the appropriation in Laws 2019, First Special Session chapter 4, article 1, section 7. This is a onetime appropriation and is available until June 30, 2023.

Subd. 2. **Department of Natural Resources; civil unrest.** $2,008,000 in fiscal year 2021 is appropriated from the general fund to the commissioner of natural resources for costs related to responding to civil unrest. This is a onetime appropriation.

Subd. 3. **Department of Natural Resources; conservation officer salary increases.** (a) Notwithstanding any law to the contrary, the commissioner of natural resources must increase the salary paid to conservation officers whose exclusive representative is the Minnesota Law Enforcement Association by 8.4 percent. The salary increases are effective retroactively from October 22, 2020.

(b) $958,000 in fiscal year 2021 is appropriated to the commissioner of natural resources for Enforcement Division salary increases. Of this amount, $170,000 is from the general fund, $199,000 is from the natural resources fund, $587,000 is from the game and fish fund, and $2,000 is from the remediation fund. This is a onetime appropriation.

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

Sec. 13. **FEDERAL FUNDS REPLACEMENT; APPROPRIATION.**

Notwithstanding any law to the contrary, the commissioner of management and budget must determine whether the expenditures authorized under this article are eligible uses of federal funding received under the Coronavirus State Fiscal Recovery Fund or any other federal funds received by the state under the American Rescue Plan Act, Public Law 117-2. If the commissioner of management and budget determines an expenditure is eligible for funding under Public Law 117-2, the amount of the eligible expenditure is appropriated from the account where those amounts have been deposited and the corresponding general fund amounts appropriated under this act are canceled to the general fund.

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

Sec. 14. **PROCTOR-HERMANTOWN MUNGER TRAIL SPUR; EXTENSION.**

The portion of the appropriation in Laws 2017, chapter 91, article 3, section 3, paragraph (b), from the parks and trails fund granted to the city of Hermantown for the Proctor-Hermantown Munger Trail Spur project is available until June 30, 2022.

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

ARTICLE 2
ENVIRONMENT AND NATURAL RESOURCES TRUST FUND FISCAL YEAR 2021

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 environment and natural resources trust fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2020" and "2021" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2020, or June 30, 2021, respectively. "The first year" is fiscal year 2020. "The second year" is fiscal year 2021. "The biennium" is fiscal years 2020 and 2021.

	APPROPRIATIONS Available for the Year Ending June 30	
	2020	**2021**
Sec. 2. **MINNESOTA RESOURCES**		
Subdivision 1. **Total Appropriation**	**$-0-**	**$61,387,000**

The amounts that may be spent for each purpose are specified in the following subdivisions. Appropriations in the second year are available for four years beginning July 1, 2020, unless otherwise

stated in the appropriation. Any unencumbered balance remaining in the first year does not cancel and is available for the second year or until the end of the appropriation.

Subd. 2. **Definition**

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

Subd. 3. **Foundational Natural Resource Data and Information** -0- 8,593,000

(a) **Geologic Atlases for Water Resource Management**

$2,000,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota, Minnesota Geological Survey, to continue producing county geologic atlases to inform management of surface water and groundwater resources. This appropriation is to complete Part A, which focuses on the properties and distribution of earth materials to define aquifer boundaries and the connection of aquifers to the land surface and surface water resources.

(b) **Expanding Minnesota Ecological Monitoring Network**

$800,000 the second year is from the trust fund to the commissioner of natural resources to improve conservation and management of Minnesota's native forests, wetlands, and grasslands by expanding the partially established long-term Ecological Monitoring Network that will provide critical knowledge of how ecosystem dynamics and conditions change through time.

(c) **County Groundwater Atlas**

$1,125,000 the second year is from the trust fund to the commissioner of natural resources to continue producing county geologic atlases to inform management of surface water and groundwater resources for drinking water and other purposes. This appropriation is for Part B, to characterize the potential water yields of aquifers and the aquifers' sensitivity to contamination.

(d) **Foundational Hydrology Data for Wetland Protection and Restoration**

$400,000 the second year is from the trust fund to the commissioner of natural resources to improve wetland protection, management, and restoration in Minnesota by completing the partially established long-term Wetland Hydrology Monitoring Network that will provide critical knowledge of wetland hydrology

dynamics. This appropriation is available until June 30, 2025, by which time the project must be completed and final products delivered.

(e) **Voyageurs Wolf Project - Phase II**

$575,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to study summertime wolf predation on deer, moose, and other species in the Voyageurs region to inform management of wildlife. This appropriation is available until June 30, 2025, by which time the project must be completed and final products delivered.

(f) **Expanding Restoration and Promoting Awareness of Native Mussels**

$489,000 the second year is from the trust fund to the Minnesota Zoological Garden to promote mussel conservation by rearing juvenile mussels for reintroduction, researching methods to improve growth and survival in captivity, and encouraging public action to benefit water quality. This appropriation is available until June 30, 2025, by which time the project must be completed and final products delivered.

(g) **Improving Pollinator Conservation by Revealing Habitat Needs**

$500,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to use citizen scientists and novel analyses to determine the nesting and overwintering needs of wild bees to allow more specific protection and enhancement of pollinator habitat across the state.

(h) **Bee Minnesota - Protect Our Native Bumblebees**

$650,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to protect native bee health by investigating the potential to mitigate against pathogens that may be transmissible between honey and wild bees and by promoting best practices to beekeepers and the public. This appropriation is subject to Minnesota Statutes, section 116P.10.

(i) **Bobcat and Fisher Habitat Use and Interactions**

$400,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota for the Natural Resources Research Institute in Duluth to identify potential solutions to reverse the fisher population decline through better understanding of habitat, diet, and activity patterns of bobcats and fishers.

(j) **Healthy Prairies III: Restoring Minnesota Prairie Plant Diversity**

$500,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to improve Minnesota prairie resiliency by increasing locally sourced seed availability and diversity, evaluating use of beneficial microbes in prairie restorations, and assessing adaptation and adaptive capacity of prairie plant populations.

(k) **Freshwater Sponges and AIS: Engaging Citizen Scientists**

$400,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota, Crookston, to use citizen scientists to study the geographic distribution, taxonomic diversity, and antifouling potential of freshwater sponges against aquatic invasive species.

(l) **Do Beavers Buffer Against Droughts and Floods?**

$168,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Voyageurs National Park to analyze existing data sets to determine the role of beaver populations and beaver ponds in buffering the region against droughts and floods.

(m) **Enhancing Bat Recovery by Optimizing Artificial Roost Structures**

$190,000 the second year is from the trust fund to the commissioner of natural resources to improve the survival of bats by identifying characteristics of successful artificial bat roost structures and optimizing the structures for bat use and reproduction. This appropriation is available until June 30, 2025, by which time the project must be completed and final products delivered.

(n) **Tools for Supporting Healthy Ecosystems and Pollinators**

$198,000 the second year is from the trust fund to the commissioner of natural resources to create a pollination companion guide to the Department of Natural Resources' *Field Guides to the Native Plant Communities of Minnesota* for conservation practitioners to better integrate plant-pollinator interactions into natural resource planning and decision making.

(o) **Conserving Black Terns and Forster's Terns in Minnesota**

$198,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota for the Natural Resources Research Institute in Duluth to assess the distribution and breeding

status of black tern and Forster's tern and to make conservation and restoration recommendations to improve the suitability of habitat for these two bird species in Minnesota.

Subd. 4. **Water Resources** -0- 3,457,000

(a) **Managing Highly Saline Waste from Municipal Water Treatment**

$250,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to develop a cost- and energy-efficient method of managing the concentrated saline waste from a municipal water treatment plant to increase the feasibility of using reverse osmosis for centralized water softening and sulfate removal. This appropriation is subject to Minnesota Statutes, section 116P.10.

(b) **Technology for Energy-Generating On-site Industrial Wastewater Treatment**

$450,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to improve water quality and generate cost savings by developing off the shelf technology that treats industrial wastewater on-site and turns pollutants into hydrogen and methane for energy. This appropriation is subject to Minnesota Statutes, section 116P.10.

(c) **Microplastics: Transporters of Contaminants in Minnesota Waters**

$425,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to study how several types of common microplastics transport contaminants of concern in Minnesota waters.

(d) **Developing Strategies to Manage PFAS in Land-Applied Biosolids**

$1,404,000 the second year is from the trust fund to the commissioner of the Pollution Control Agency to help municipal wastewater plants, landfills, and compost facilities protect human health and the environment by developing strategies to manage per- and polyfluoroalkyl substances (PFAS) in land-applied biosolids.

(e) **Quantifying New Urban Precipitation and Water Reality**

$500,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to better guide storm water management by evaluating the groundwater and surface water interactions contributing to high water tables and damage to home basements and underground infrastructure in urban areas.

(f) **Innovative Solution for Protecting Minnesota from PFAS Contamination**

$250,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Dem-Con Companies to demonstrate a new technology for protecting the state's drinking water and natural resources by eliminating per- and polyfluoroalkyl substances (PFAS) from point source discharges. This appropriation is subject to Minnesota Statutes, section 116P.10, related to royalties, copyrights, patents, and sale of products and assets.

(g) **Expanding Protection of Minnesota Water through Industrial Conservation**

$178,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota for the Minnesota technical assistance program in partnership with the Minnesota Rural Water Association to provide technical assistance to businesses to decrease industrial and commercial water use in communities at risk for inadequate groundwater supply or quality.

Subd. 5. **Technical Assistance, Outreach, and Environmental Education** -0- 2,989,000

(a) **Statewide Environmental Education via Public Television Outdoor Series**

$300,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Pioneer Public Television to produce approximately 25 new episodes of a statewide outdoor public television series designed to inspire Minnesotans to connect with the outdoors and restore and protect the environment.

(b) **Minnesota Freshwater Quest: Environmental Education on State Waterways**

$500,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Wilderness Inquiry for approximately 10,000 underserved Minnesota youth to explore and improve local waterways using the place-based and hands-on "Minnesota Freshwater Quest" environmental education program.

(c) **Teach Science: Schools as STEM Living Laboratories**

$368,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Climate Generation: A Will Steger Legacy to prepare students for the challenges and careers of the future by connecting new science

standards, renewable energy, and STEM opportunities in teacher trainings, classroom demonstrations, and program support across the state.

(d) **Mentoring Next Generation of Conservation Professionals**

$500,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Minnesota Valley National Wildlife Refuge Trust, Inc., to provide paid internships and apprenticeships for diverse young people to learn about careers in the conservation field from United States Fish and Wildlife Service professionals while working at the Minnesota Valley National Wildlife Refuge and Wetland Management District.

(e) **Jay C. Hormel Nature Center Supplemental Teaching Staff**

$225,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the city of Austin to expand the Jay C. Hormel Nature Center environmental education program beyond the city of Austin to students in southeastern Minnesota for three years.

(f) **375 Underserved Youth Learn Minnesota Ecosystems by Canoe**

$375,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the YMCA of the Greater Twin Cities to connect approximately 375 underserved and diverse teens from urban areas and first-ring suburbs to environmental sciences in the natural world through canoeing and learning expeditions with experienced outdoor education counselors. This appropriation is available until June 30, 2025, by which time the project must be completed and final products delivered.

(g) **YES! Students Take on Water Quality Challenge - Phase II**

$199,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Prairie Woods Environmental Learning Center to mobilize local watershed stewardship efforts in approximately 20 communities through student-driven action projects.

(h) **Engaging Minnesotans with Phenology: Radio, Podcasts, Citizen Science**

$198,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Northern Community Radio, Inc., in partnership with the Board of Regents

of the University of Minnesota to build the next generation of conservationists using phenology, radio broadcasts, podcasts, and an online, interactive map interface to inspire teachers, students, and the public to get outside and experience nature.

(i) **Driving Conservation Behavior for Native Mussels and Water Quality**

$191,000 the second year is from the trust fund to the Minnesota Zoological Garden to develop research-supported strategies to engage the public in specific conservation behaviors to improve water quality and native mussel health across the state.

(j) **Workshops and Outreach to Protect Raptors from Lead Poisoning**

$133,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota, Raptor Center, in cooperation with the Department of Natural Resources and other conservation partners, to provide hunters with outreach and workshops on alternatives to lead hunting ammunition, including copper ammunition as an alternative, and to promote voluntary selection of nontoxic ammunition to protect raptors and other wildlife in Minnesota from accidental lead poisoning caused by ingestion of ammunition fragments.

Subd. 6. **Aquatic and Terrestrial Invasive Species**	-0-	10,425,000

(a) **Minnesota Invasive Terrestrial Plants and Pests Center (MITPPC) - Phase V**

$5,000,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to support the Minnesota Invasive Terrestrial Plants and Pests Center to fund approximately 15 new, high-priority research projects that will lead to better management of invasive plants, pathogens, and pests on Minnesota's natural and agricultural lands. This appropriation is subject to Minnesota Statutes, section 116P.10. This appropriation is available until June 30, 2026, by which time the project must be completed and final products delivered.

(b) **Protect Community Forests by Managing Ash for Emerald Ash Borer**

$3,500,000 the second year is from the trust fund to the commissioner of natural resources to reduce emerald ash borer by providing surveys, assessments, trainings, assistance, and grants for communities to manage emerald ash borer, plant a diversity of trees, and engage citizens in community forestry activities. This appropriation is available until June 30, 2025, by which time the project must be completed and final products delivered.

(c) **Biological Control of White-Nose Syndrome in Bats - Phase III**

$440,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to continue assessing and developing a biocontrol agent for white-nose syndrome in bats.

(d) **Applying New Tools and Techniques Against Invasive Carp**

$478,000 the second year is from the trust fund to the commissioner of natural resources to apply new monitoring, outreach, and removal techniques and to continue work with commercial anglers to protect Minnesota waters from invasive carp.

(e) **Emerald Ash Borer and Black Ash: Maintaining Forests and Benefits**

$700,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to use ongoing experiments to determine statewide long-term emerald ash borer impacts on water, vegetation, and wildlife; to determine optimal replacement species and practices for forest diversification; and to develop criteria for prioritizing mitigation activities. This appropriation is available until June 30, 2026, by which time the project must be completed and final products delivered.

(f) **Testing Effectiveness of Aquatic Invasive Species Removal Methods**

$110,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota for the Natural Resources Research Institute in Duluth to test how well boat-cleaning methods work, to provide the Department of Natural Resources with a risk assessment, and to provide recommendations for improving boat-launch cleaning stations to prevent the spread of aquatic invasive species.

(g) **Invasive *Didymosphenia* Threatens North Shore Streams**

$197,000 the second year is from the trust fund to the Science Museum of Minnesota to evaluate the recent spread, origin, cause, and economic and ecological threat of didymo formation in North Shore streams and Lake Superior to inform management and outreach.

Subd. 7. **Air Quality and Renewable Energy** -0- 573,000

(a) **Storing Renewable Energy in Flow Battery for Grid Use**

$250,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota, on behalf of the Morris campus, to analyze the potential of adding a flow battery and solar energy generation to the University of Minnesota Morris's existing renewable-energy-intensive microgrid.

(b) **Eco-Friendly Plastics from Cloquet Pulp-Mill Lignin**

$193,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to reduce environmental pollution from plastics by creating eco-friendly replacements using lignin from the pulp mill in Cloquet, Minnesota. This appropriation is subject to Minnesota Statutes, section 116P.10.

(c) **Diverting Unsold Food from Landfills and Reducing Greenhouse Gases**

$130,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Second Harvest Heartland to prevent food from going to landfills and reduce greenhouse gas emissions by helping businesses donate unsold prepared food to food shelves.

Subd. 8. **Methods to Protect or Restore Land, Water, and Habitat** -0- 4,219,000

(a) **Pollinator Central: Habitat Improvement with Citizen Monitoring**

$750,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Great River Greening to restore and enhance approximately 400 acres of pollinator habitat on traditional and nontraditional sites such as roadsides and turf grass from Hastings to St. Cloud to benefit pollinators and build knowledge by engaging approximately 100 citizens in monitoring the impact of habitat improvements. This appropriation is available until June 30, 2025, by which time the project must be completed and final products delivered.

(b) **Pollinator and Beneficial Insect Strategic Habitat Program**

$750,000 the second year is from the trust fund to the Board of Water and Soil Resources for building a new initiative to strategically restore and enhance approximately 1,000 acres of diverse native habitat to benefit multiple insects through grants, cost-share, and outreach. Notwithstanding subdivision 14, paragraph (e), restorations and enhancements may take place on

land enrolled in Conservation Reserve Program and Reinvest in Minnesota easement programs. This appropriation is available until June 30, 2025, by which time the project must be completed and final products delivered.

(c) **Lignin-Coated Fertilizers for Phosphate Control**

$250,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota for the Natural Resources Research Institute in Duluth to test a new, natural, slow-release fertilizer coating made from processed wood to decrease phosphorus runoff from farmland while also storing carbon in soils. This appropriation is subject to Minnesota Statutes, section 116P.10.

(d) **Implementing Hemp Crop Rotation to Improve Water Quality**

$700,000 the second year is from the trust fund to the Minnesota State Colleges and Universities System for Central Lakes College to evaluate how hemp crops reduce nitrogen contamination of surface water and groundwater in conventional crop rotations and demonstrate the environmental and economic benefits of hemp production. This appropriation is available until June 30, 2025, by which time the project must be completed and final products delivered.

(e) **Developing Cover-Crop Systems for Sugar Beet Production**

$300,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to develop agronomic guidelines to support growers adopting cover-crop practices in sugar beet production in west-central and northwest Minnesota.

(f) **Native Eastern Larch Beetle Decimating Minnesota's Tamarack Forests**

$398,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to understand conditions triggering eastern larch beetle outbreaks and develop management techniques to protect tamarack forests from this native insect. This appropriation is available until June 30, 2025, by which time the project must be completed and final products delivered.

(g) **Habitat Associations of Mississippi Bottomland Forest Marsh Birds**

$275,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the National Audubon Society, Minnesota office, to evaluate habitat

associations of bottomland forest birds in response to restoration actions to better target restoration efforts for wildlife. This appropriation is available until June 30, 2025, by which time the project must be completed and final products delivered.

(h) **Peatland Restoration in the Lost River State Forest**

$135,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the Roseau River Watershed District to collect physical attribute data from drained peatlands, incorporate the data into a decision matrix, and generate a report detailing peatland restoration potential throughout the Lost River State Forest.

(i) **Prescribed Burning for Brushland-Dependent Species - Phase II**

$147,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to compare the effects of spring, summer, and fall burns on birds and vegetation and to provide guidelines for maintaining healthy brushland habitat for a diversity of wildlife and plant species.

(j) **Pollinator Habitat Creation Along Urban Mississippi River**

$129,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Friends of the Mississippi River to remove invasive plants and replace them with high-value native species at three urban sites along the Mississippi River to improve habitat for pollinators and other wildlife. This appropriation is available until June 30, 2026, by which time the project must be completed and final products delivered.

(k) **Increase Golden Shiner Production to Protect Aquatic Communities**

$188,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota for the Minnesota Sea Grant in Duluth to identify and demonstrate best methods for in-state production of golden shiners to address angler demand while reducing the risk of introducing and spreading invasive species and to communicate findings through reports, manuals, and workshops. Production of shiners in this project must not take place in wetlands.

(l) **Restoring Turf to Native Pollinator Gardens Across Metro**

$197,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Wilderness in the City to transition turf to native gardens for

pollinator habitat, establish long-term volunteer stewardship networks, and help connect diverse populations with nature throughout the metropolitan regional park system. A letter of commitment from the respective regional park implementing agency must be provided before money from this appropriation is spent at a regional park within the agency's jurisdiction.

Subd. 9. **Land Acquisition, Habitat, and Recreation** -0- 29,901,000

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

$3,000,000 the second year is from the trust fund to the commissioner of natural resources for the scientific and natural area (SNA) program to restore, improve, and enhance wildlife habitat on SNAs; increase public involvement and outreach; and strategically acquire high-quality lands that meet criteria for SNAs under Minnesota Statutes, section 86A.05, from willing sellers.

(b) **Private Native Prairie Conservation through Native Prairie Bank**

$2,000,000 the second year is from the trust fund to the commissioner of natural resources to provide technical stewardship assistance to private landowners, restore and enhance native prairie protected by easements in the native prairie bank, and acquire easements for the native prairie bank in accordance with Minnesota Statutes, section 84.96, including preparing initial baseline property assessments. Up to $60,000 of this appropriation may be deposited in the natural resources conservation easement stewardship account, created in Minnesota Statutes, section 84.69, proportional to the number of easement acres acquired.

(c) **Minnesota State Parks and State Trails Inholdings**

$3,500,000 the second year is from the trust fund to the commissioner of natural resources to acquire high-priority inholdings from willing sellers within the legislatively authorized boundaries of state parks, recreation areas, and trails to protect Minnesota's natural heritage, enhance outdoor recreation, and promote tourism.

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

$2,400,000 the second year is from the trust fund to the commissioner of natural resources to solicit, rank, and fund competitive matching grants for local parks, trail connections, and natural and scenic areas under Minnesota Statutes, section 85.019. This appropriation is for local nature-based recreation, connections to regional and state natural areas, and recreation facilities and may not be used for athletic facilities such as sport fields, courts, and playgrounds.

(e) **Mississippi River Aquatic Habitat Restoration and Mussel Reintroduction**

$1,800,000 the second year is from the trust fund. Of this amount, $1,549,000 is to the commissioner of natural resources for an agreement with the Minneapolis Park and Recreation Board and $251,000 is to the commissioner of natural resources to restore lost habitat and reintroduce mussels in the Mississippi River above St. Anthony Falls. This work includes creating habitat and species restoration plans, implementing the restoration plans, and monitoring effectiveness of the restoration for multiple years after implementation. This appropriation is available until June 30, 2027, by which time the project must be completed and final products delivered.

(f) **Minnesota Hunter Walking Trails: Public Land Recreational Access**

$300,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the Ruffed Grouse Society to improve Minnesota's hunter walking trail system by restoring or upgrading trailheads and trails, developing new walking trails, and compiling enhanced maps for use by managers and the public.

(g) **Turning Back to Rivers: Environmental and Recreational Protection**

$1,000,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with The Trust for Public Land to help local communities acquire priority land along the Mississippi, St. Croix, and Minnesota Rivers and their tributaries to protect natural resources, provide buffers for flooding, and improve access for recreation.

(h) **Metropolitan Regional Parks System Land Acquisition - Phase VI**

$1,000,000 the second year is from the trust fund to the Metropolitan Council for grants to acquire land within the approved park boundaries of the metropolitan regional park system. This appropriation must be matched by at least 40 percent of nonstate money.

(i) **Minnesota State Trails Development**

$994,000 the second year is from the trust fund to the commissioner of natural resources to expand high-priority recreational opportunities on Minnesota's state trails by rehabilitating, improving, and enhancing existing state trails. The high-priority trail bridges to be rehabilitated or replaced under this appropriation include, but are not limited to, those on the Taconite, Great River Ridge, and C.J. Ramstad/Northshore State Trails.

(j) **Elm Creek Restoration - Phase IV**

$500,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the city of Champlin to conduct habitat and stream restoration of approximately 0.7 miles of Elm Creek shoreline above Mill Pond Lake and through the Elm Creek Protection Area.

(k) **Superior Hiking Trail as Environmental Showcase**

$450,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the Superior Hiking Trail Association to rebuild damaged and dangerous segments and create a new trail segment of the Superior Hiking Trail to minimize environmental impacts, make the trail safer for users, and make the trail more resilient for future use and conditions.

(l) **Upper St. Anthony Falls Enhancements**

$2,800,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the Friends of the Lock and Dam in partnership with the city of Minneapolis to design and install green infrastructure, public access, and habitat restorations on riverfront land at Upper St. Anthony Falls for water protection, recreation, and environmental education purposes. Of this amount, up to $600,000 is for planning, design, and engagement. No funds from this appropriation may be spent until Congress directs the U.S. Army Corps of Engineers to convey an interest in the Upper St. Anthony Falls property to the city of Minneapolis for use as a visitor center. After this congressional act is signed into law, up to $100,000 of the planning, design, and engagement funds may be spent. The remaining planning, design, and engagement funds may be spent after a binding agreement has been secured to acquire the land or access and use rights to the land for at least 25 years. Any remaining balance of the appropriation may be spent on installing enhancements after the Upper St. Anthony Falls land has been acquired by the city of Minneapolis.

(m) **Whiskey Creek and Mississippi River Water Quality, Habitat, and Recreation**

$500,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the Mississippi Headwaters Board to acquire and transfer approximately 13 acres of land to the city of Baxter for future construction of water quality, habitat, and recreational improvements to protect the Mississippi River.

(n) **Perham to Pelican Rapids Regional Trail (West Segment)**

$2,600,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Otter Tail County to construct the west segment of the 32-mile Perham to Pelican Rapids Regional Trail that will connect the city of Pelican Rapids to Maplewood State Park.

(o) **Crow Wing County Community Natural Area Acquisition**

$400,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Crow Wing County to acquire approximately 65 acres of land adjacent to the historic fire tower property to allow for diverse recreational opportunities while protecting wildlife habitat and preventing forest fragmentation. Any revenue generated from selling products or assets developed or acquired with this appropriation must be repaid to the trust fund unless a plan is approved for reinvestment of income in the project as provided under Minnesota Statutes, section 116P.10.

(p) **Rocori Trail - Phase III**

$1,200,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the Rocori Trail Construction Board to design and construct Phase III of the Rocori Trail along the old Burlington Northern Santa Fe rail corridor between the cities of Cold Spring and Rockville.

(q) **Mesabi Trail: New Trail and Additional Funding**

$1,000,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the St. Louis and Lake Counties Regional Railroad Authority for constructing the Mesabi Trail beginning at the intersection of County Road 20 and Minnesota State Highway 135 and terminating at 1st Avenue North and 1st Street North in the city of Biwabik in St. Louis County. This appropriation may not be spent until all Mesabi Trail projects funded with trust fund appropriations before fiscal year 2020, with the exception of the project funded under Laws 2017, chapter 96, section 2, subdivision 9, paragraph (g), are completed.

(r) **Ranier Safe Harbor and Transient Dock on Rainy Lake**

$762,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the city of Ranier to construct a dock that accommodates boats 26 feet or longer with the goal of increasing public access for boat recreation on Rainy Lake. Any revenue generated from selling products or assets developed or acquired with this appropriation must be repaid

to the trust fund unless a plan is approved for reinvestment of income in the project as provided under Minnesota Statutes, section 116P.10.

(s) **Crane Lake Voyageurs National Park Campground and Visitor Center**

$3,100,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the town of Crane Lake to design and construct a new campground and to plan and preliminarily prepare a site for constructing a new Voyageurs National Park visitor center on land acquired for these purposes in Crane Lake. Any revenue generated from selling products or assets developed or acquired with this appropriation must be repaid to the trust fund unless a plan is approved for reinvestment of income in the project as provided under Minnesota Statutes, section 116P.10.

(t) **Chippewa County Acquisition, Recreation, and Education**

$160,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Chippewa County to acquire wetland and floodplain forest and abandoned gravel pits along the Minnesota River to provide water filtration, education, and recreational opportunities.

(u) **Sportsmen's Training and Developmental Learning Center**

$85,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the Minnesota Forest Zone Trappers Association to complete a site evaluation and master plan for the Sportsmen's Training and Developmental Learning Center near Hibbing. Any revenue generated from selling products or assets developed or acquired with this appropriation must be repaid to the trust fund unless a plan is approved for reinvestment of income in the project as provided under Minnesota Statutes, section 116P.10.

(v) **Birch Lake Recreation Area**

$350,000 the second year is from the trust fund to the commissioner of natural resources for a grant to the city of Babbitt to expand the Birch Lake Recreation Area by adding a new campground to include new campsites, restrooms, and other facilities. This appropriation is available until June 30, 2025.

Subd. 10. **Emerging Issues Account; Wastewater Renewable Energy Demonstration Grants** -0- 1,095,000

$1,095,000 the second year is from the trust fund to an emerging issues account authorized in Minnesota Statutes, section 116P.08, subdivision 4, paragraph (d). Money appropriated under this

subdivision must be used for grants in consultation with the Public Facilities Authority for renewable energy demonstration projects at wastewater treatment facilities.

Subd. 11. **Contract Agreement Reimbursement** -0- 135,000

$135,000 the second year is from the trust fund to the commissioner of natural resources, at the direction of the Legislative-Citizen Commission on Minnesota Resources, for expenses incurred for preparing and administering contracts for the agreements specified in this section. The commissioner must provide documentation to the Legislative-Citizen Commission on Minnesota Resources on the expenditure of these funds.

Subd. 12. **Availability of Appropriations**

Money appropriated in this section may not be spent on activities unless they are directly related to and necessary for a specific appropriation and are specified in the work plan approved by the Legislative-Citizen Commission on Minnesota Resources. Money appropriated in this section must not be spent on indirect costs or other institutional overhead charges that are not directly related to and necessary for a specific appropriation. Costs that are directly related to and necessary for an appropriation, including financial services, human resources, information services, rent, and utilities, are eligible only if the costs can be clearly justified and individually documented specific to the appropriation's purpose and would not be generated by the recipient but for receipt of the appropriation. No broad allocations for costs in either dollars or percentages are allowed. Unless otherwise provided, the amounts in this section are available until June 30, 2024, when projects must be completed and final products delivered. For acquisition of real property, the appropriations in this section are available for an additional fiscal year if a binding contract for acquisition of the real property is entered into before the expiration date of the appropriation. If a project receives a federal grant, the time period of the appropriation is extended to equal the federal grant period.

Subd. 13. **Data Availability Requirements**

Data collected by the projects funded under this section must conform to guidelines and standards adopted by MN.IT Services. Spatial data must also conform to additional guidelines and standards designed to support data coordination and distribution that have been published by the Minnesota Geospatial Information Office. Descriptions of spatial data must be prepared as specified in the state's geographic metadata guideline and must be submitted to the Minnesota Geospatial Information Office. All data must be accessible and free to the public unless made private under the Data Practices Act, Minnesota Statutes, chapter 13. To the extent

practicable, summary data and results of projects funded under this section should be readily accessible on the Internet and identified as having received funding from the environment and natural resources trust fund.

Subd. 14. **Project Requirements**

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

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

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

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

with implementing the restorations, and, if necessary, give recommendations on improving restorations. The evaluation must be focused on improving future restorations.

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

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

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

(1) be permanent;

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

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

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

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

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

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

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

(j) For new lands acquired with money appropriated under this section, a recipient must prepare an ecological restoration and management plan in compliance with paragraph (c), including

sufficient funding for implementation unless the work plan addresses why a portion of the money is not necessary to achieve a high-quality restoration.

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

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

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

(a) All agreements, grants, or contracts referred to in this section must be administered on a reimbursement basis unless otherwise provided in this section. Notwithstanding Minnesota Statutes, section 16A.41, expenditures made on or after July 1, 2020, or the date the work plan is approved, whichever is later, are eligible for reimbursement unless otherwise provided in this section. Periodic payments must be made upon receiving documentation that the deliverable items articulated in the approved work plan have been achieved, including partial achievements as evidenced by approved progress reports. Reasonable amounts may be advanced to projects to accommodate cash-flow needs or match federal money. The advances must be approved as part of the work plan. No expenditures for capital equipment are allowed unless expressly authorized in the project work plan.

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

Subd. 16. **Purchasing Recycled and Recyclable Materials**

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

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

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

Subd. 18. **Accessibility**

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

Subd. 19. **Carryforward; Extension**

(a) The availability of the appropriations for the following projects is extended to June 30, 2022:

(1) Laws 2017, chapter 96, section 2, subdivision 8, paragraph (k), Conservation Reserve Enhancement Program (CREP) Outreach and Implementation; and

(2) Laws 2018, chapter 214, article 4, section 2, subdivision 6, paragraph (b), Palmer Amaranth Detection and Eradication Continuation.

(b) The availability of the appropriations for the following projects is extended to June 30, 2023:

(1) Laws 2018, chapter 214, article 4, section 2, subdivision 10, Emerging Issues Account; and

(2) Laws 2019, First Special Session chapter 4, article 2, section 2, subdivision 8, paragraph (f), Lawns to Legumes.

(c) The availability of the appropriation under Laws 2018, chapter 214, article 4, section 2, subdivision 4, paragraph (l), Lake Agnes Treatment, is extended to June 30, 2024.

Subd. 20. **Transfers**

The appropriation in Laws 2019, First Special Session chapter 4, article 2, section 2, subdivision 8, paragraph (c), Sauk River Dam Removal and Rock Rapids Replacement, in the amount of $2,768,000, no longer needed for its original purpose is available until June 30, 2023, and transferred as follows:

(1) $849,000 is transferred to the Science Museum of Minnesota to determine how, when, and why lakes in pristine areas of the state without obvious nutrient loading are experiencing algal blooms;

(2) $699,000 is transferred to the Board of Regents of the University of Minnesota to evaluate the ability of the virus that causes COVID-19 and other potentially infectious organisms to travel through wastewater systems, including septic systems, to drinking water sources;

(3) $320,000 is transferred to the commissioner of natural resources to reduce emerald ash borer by providing surveys, assessments, trainings, assistance, and grants for communities to manage emerald ash borer, plant a diversity of trees, and engage citizens in community forestry activities; and

(4) $900,000 is transferred to the Board of Water and Soil Resources for demonstration projects that provide grants or payments to plant residential lawns with native vegetation and pollinator-friendly forbs and legumes to protect a diversity of pollinators. The board must establish criteria for grants or payments awarded under this clause. Grants or payments awarded under this clause may be made for up to 75 percent of the costs of the project, except that in areas identified by the United States Fish and Wildlife Service as areas where there is a high potential for rusty patched bumble bees to be present, grants may be awarded for up to 90 percent of the costs of the project.

Sec. 3. Laws 2017, chapter 96, section 2, subdivision 9, as amended by Laws 2019, First Special Session chapter 4, article 2, section 4, is amended to read:

Subd. 9. **Land Acquisition, Habitat, and Recreation**	999,000	13,533,000	-0-

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

$1,500,000 the first year is from the trust fund to the Metropolitan Council for grants to acquire approximately 70 acres of land within the approved park boundaries of the metropolitan regional park

system. This appropriation may not be used to purchase habitable residential structures. A list of proposed fee title acquisitions must be provided as part of the required work plan. This appropriation must be matched by at least 40 percent of nonstate money that must be committed by December 31, 2017. This appropriation is available until June 30, 2020, by which time the project must be completed and final products delivered.

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

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

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

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

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

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

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

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

(f) **Leech Lake Acquisition**

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

(g) **Mesabi Trail Development**

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

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

$600,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of Tower to construct a trailhead, trail connection to the Mesabi Trail, and boat landing and to restore vegetative habitat on city-owned property. Plant and seed materials must follow the Board of Water and Soil Resources' native vegetation establishment and enhancement guidelines. This appropriation is available until June 30, ~~2020~~ 2023, by which time the project must be completed and final products delivered.

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

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

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

Sec. 4. Laws 2018, chapter 214, article 4, section 2, subdivision 6, is amended to read:

Subd. 6. **Aquatic and Terrestrial Invasive Species**	-0-	5,760,000

(a) Minnesota Invasive Terrestrial Plants and Pests Center - Phase 4

$3,500,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota for high-priority research at the Invasive Terrestrial Plants and Pests Center to protect Minnesota's natural and agricultural resources from terrestrial invasive plants, pathogens, and pests as identified through the center's strategic prioritization process. This appropriation is available until June 30, 2023, by which time the project must be completed and final products delivered.

(b) Palmer Amaranth Detection and Eradication Continuation

$431,000 the second year is from the trust fund to the commissioner of agriculture to continue to monitor, ground survey, and control Palmer amaranth and other prohibited eradicate species of noxious weeds primarily in ~~conservation plantings~~ natural areas and to develop and implement aerial-survey methods to prevent infestation and protect prairies, other natural areas, and agricultural crops.

(c) Evaluate Control Methods for Invasive Hybrid Cattails

$131,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Voyageurs National Park to evaluate the effectiveness of mechanical harvesting and managing muskrat populations to remove exotic hybrid cattails and restore fish and wildlife habitat in Minnesota wetlands. This appropriation is available until June 30, 2021, by which time the project must be completed and final products delivered.

(d) Developing RNA Interference to Control Zebra Mussels

$500,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the United States Geological Survey to develop a genetic control tool that exploits the natural process of RNA silencing to specifically target and effectively control zebra mussels without affecting other species or causing other nontarget effects. This appropriation is available until June 30, 2021, by which time the project must be completed and final products delivered.

(e) Install and Evaluate an Invasive Carp Deterrent for Mississippi River Locks and Dams

$998,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota in cooperation with the United States Army Corps of Engineers and the United States Fish and Wildlife Service to install, evaluate, and optimize a system in Mississippi River locks and dams to deter passage of invasive carp without negatively impacting native fish and to evaluate the ability of predator fish in the pools above the locks and dams to consume young carp. The project must conduct a cost comparison of equipment purchase versus lease options and choose the most effective option. This appropriation is available until June 30, 2021, by which time the project must be completed and final products delivered.

(f) Determining Risk of Toxic Alga in Minnesota Lakes

$200,000 the second year is from the trust fund to the Science Museum of Minnesota for the St. Croix Watershed Research Station to determine the historical distribution, abundance, and toxicity of the invasive blue-green alga, Cylindrospermopsis raciborskii, in about 20 lakes across Minnesota and inform managers and the public about the alga's spread and health risks. This appropriation is available until June 30, 2021, by which time the project must be completed and final products delivered.

Sec. 5. **EFFECTIVE DATE.**

Sections 1, 2, and 4 are effective the day following final enactment.

ARTICLE 3
ENVIRONMENT AND NATURAL RESOURCES TRUST FUND
FISCAL YEAR 2022

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 environment and natural resources trust fund and are available for the fiscal years indicated for each purpose. The figures "2022" and "2023" used in this article mean

that the appropriations listed under them are available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively. "The first year" is fiscal year 2022. "The second year" is fiscal year 2023. "The biennium" is fiscal years 2022 and 2023.

	APPROPRIATIONS Available for the Year Ending June 30	
	2022	**2023**
Sec. 2. **MINNESOTA RESOURCES**		
Subdivision 1. **Total Appropriation**	**$70,881,000**	**$-0-**
The amounts that may be spent for each purpose are specified in the following subdivisions. Appropriations in the first year are available for three years beginning July 1, 2021, unless otherwise stated in the appropriation. Any unencumbered balance remaining in the first year does not cancel and is available for the second year or until the end of the appropriation.		
Subd. 2. **Definition**		
"Trust fund" means the Minnesota environment and natural resources trust fund established under the Minnesota Constitution, article XI, section 14.		
Subd. 3. **Foundational Natural Resource Data and Information**	10,459,000	-0-
(a) What's Bugging Minnesota's Insect-Eating Birds?		
$199,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota for the Natural Resources Research Institute to examine the relationship between insect abundance, timing of insect availability, and breeding success for multiple bird species across land-use intensities to develop comprehensive guidelines to conserve bird and insect diversity.		
(b) Protecting Minnesota's Beneficial Macroalgae: All Stoneworts Aren't Starry		
$811,000 the first year is from the trust fund to the commissioner of natural resources to conduct a statewide inventory to provide baseline data and build in-state knowledge of Minnesota's native stoneworts, a diverse group of aquatic plants that support clear lakes and healthy fish habitat.		
(c) County Groundwater Atlas		
$1,875,000 the first year is from the trust fund to the commissioner of natural resources to continue producing county groundwater atlases to inform management of surface water and groundwater		

resources for drinking and other purposes. This appropriation is for Part B, to characterize the potential water yields of aquifers and aquifers' sensitivity to contamination.

(d) Improving Resiliency and Conservation Outcomes for Minnesota Turtles

$391,000 the first year is from the trust fund to the Minnesota Zoological Garden to improve the conservation of Minnesota's imperiled turtles through animal husbandry, field conservation, and educational programming. This appropriation is available until June 30, 2025, by which time the project must be completed and final products delivered.

(e) Minnesota Biological Survey

$1,500,000 the first year is from the trust fund to the commissioner of natural resources to complete the statewide baseline biological survey by finalizing data, analyses, and publications and by conducting targeted field surveys to fill missing gaps of information needed to support conservation of Minnesota's biodiversity. Any revenues generated through the publication of books or other resources created through this appropriation may be reinvested as described in the work plan approved by the Legislative-Citizen Commission on Minnesota Resources according to Minnesota Statutes, section 116P.10.

(f) Groundwater Contamination Mapping Project - Phase II

$800,000 the first year is from the trust fund to the commissioner of the Pollution Control Agency to improve protection of groundwater resources for drinking water by expanding the web-based interactive groundwater contamination mapping system to include all other state hazardous and solid waste cleanup programs and by upgrading the system to collect monitoring data.

(g) Geologic Atlases for Water Resource Management

$3,092,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota, Minnesota Geological Survey, to continue producing county geologic atlases to inform management of surface water and groundwater resources. This appropriation is to complete Part A, which focuses on the properties and distribution of earth materials to define aquifer boundaries and the connection of aquifers to the land surface and surface water resources.

(h) Redwood County Reinvest in Minnesota Easement Evaluation and Public Outreach

$197,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Redwood County for the Redwood Soil and Water Conservation District to inventory

vegetation, evaluate wetland conditions, and create a countywide stewardship plan for lands protected with permanent conservation easements. This appropriation may also be spent to conduct outreach to volunteers and landowners on effective prairie and wetland habitat management.

(i) Collaborative State and Tribal Wild Rice Monitoring Program

$644,000 the first year is from the trust fund to the commissioner of natural resources to work with Tribal partners to create a collaborative and comprehensive monitoring program to conserve wild-rice waters, develop remote sensing tools for statewide estimates of wild rice coverage, and collect consistent field data on wild rice health and abundance.

(j) Morrison County Performance Drainage and Hydrology Management II

$197,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Morrison Soil and Water Conservation District to complete the Morrison County culvert inventory started in 2016 to help solve landowner conflicts, protect wetlands, improve water quality, and design additional water storage throughout the county.

(k) Exploring Minnesota's Wetlands: Our Resource for Future Medicine

$210,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota, Crookston, to work with White Earth Tribal and Community College to catalog bog microbe diversity in Minnesota's ecoregions, test for potential antibiotic-producing microorganisms, and establish methods to enhance any antibiotic cultures discovered.

(l) A Biodiversity Checkup for Minnesota's Big Woods

$109,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to inform conservation strategies by comparing the historic and contemporary flora of Minnesota's Big Woods to determine if all species have survived in the small remaining remnants of that ecosystem.

(m) Microbiome in Raptors: A New Tool for Conservation

$129,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota for the Raptor Center to improve wildlife care and environmental stewardship by evaluating the impact of antibiotics administered during captivity on raptor gut microbiome, rehabilitation success, and the potential spread of antimicrobial resistance in the natural environment.

(n) Bioacoustics for Broad-Scale Species Monitoring and Conservation

$305,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to improve wildlife conservation efforts by using passive acoustic monitoring devices to determine statewide distribution and reproduction of red-headed woodpeckers and developing a protocol for future use of this technology to monitor population trends and responses to habitat management. This appropriation is available until June 30, 2025, by which time the project must be completed and final products delivered.

Subd. 4. **Water Resources** 4,771,000 -0-

(a) Trout Stream Habitat Restoration Success

$319,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota for the Natural Resources Research Institute to evaluate the effectiveness and durability of previous trout stream habitat restoration projects to improve the success and cost effectiveness of future projects. This appropriation is available until June 30, 2025, by which time the project must be completed and final products delivered.

(b) Novel Nutrient Recovery Process from Wastewater Treatment Plants

$200,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to conduct lab- and pilot-scale tests of a new process to promote nutrient removal and recovery at rural municipal and industrial wastewater treatment plants for water protection and renewable energy production.

(c) Monitoring Emerging Viruses in Minnesota's Urban Water Cycles

$416,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to develop rapid testing, quantification, and human exposure risk assessment models for enveloped viruses such as coronaviruses in urban wastewater and drinking water treatment processes.

(d) Microgeographic Impact of Antibiotics Released from Identified Hotspots

$508,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to inform protection of environmental, animal, and human health from proliferation of antibiotic resistance by quantifying and mapping the extent of antibiotic spread in waters and soils from locations identified as release hot spots.

(e) Sustainable Irrigation Management: Expanding a Web Application

$1,139,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to promote responsible use of Minnesota's groundwater resources by expanding an existing irrigation management assistance tool into a mobile-compatible web application for the top agricultural-producing counties in the state. This appropriation is available until June 30, 2025, by which time the project must be completed and final products delivered.

(f) Assessing Membrane Bioreactor Wastewater Treatment Efficacy

$419,000 the first year is from the trust fund to the Board of Trustees of the Minnesota State Colleges and Universities system for St. Cloud State University to conduct a comprehensive assessment of membrane bioreactor treatment of wastewater to inform managers of options for updating or replacing aging wastewater infrastructure.

(g) Evaluating Coronavirus and Other Microbiological Contamination of Drinking Water Sources from Wastewater

$594,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to survey public and private wells to identify sources of and evaluate solutions to microbiological contamination of drinking water sources by wastewater, including from the virus that causes COVID-19.

(h) St. James Pit Water-Level Control Study

$259,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of Aurora to install sampling wells and conduct a study to determine appropriate mitigation of the abandoned St. James pit mine to protect surface and drinking water and prevent harm to homes and residents.

(i) Long-Term Nitrate Mitigation by Maintaining Profitable Kernza Production

$485,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Stearns County Soil and Water Conservation District to evaluate the effectiveness of aging Kernza stands on water quality and to continue to develop a sustainable supply chain with a focus on post-harvest processing of Kernza for water protection and local economies.

(j) Antibiotic Resistance and Wastewater Treatment: Problems and Solutions

$432,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the University of St. Thomas to quantify the ability of full-scale wastewater treatment plants to eliminate antibiotic resistance genes entering or created in the water treatment process before these genes are released into the natural environment.

Subd. 5. **Environmental Education** 2,687,000 -0-

(a) Increasing Outdoor Learning for Young Minnesotans

$383,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Wolf Ridge Environmental Learning Center to provide scholarships for equitable access to hands-on learning experiences in the outdoors related to outdoor recreation, air and energy, water, habitat, and fish and wildlife. This appropriation is available until June 30, 2025, by which time the project must be completed and final products delivered.

(b) Pollinator Education in the Science Classroom

$366,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to educate approximately 5,000 students about pollinator conservation by providing professional development for science teachers to integrate pollinator education curriculum and materials into their classrooms and by evaluating the program to improve its effectiveness.

(c) Minnesota Freshwater Quest: Environmental Education for Youth

$699,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Wilderness Inquiry to provide place-based STEM environmental education to approximately 15,000 diverse and underserved Minnesota youth through exploration of local ecosystems and waterways in the Minnesota Freshwater Quest program.

(d) Minnesota Master Naturalist: Nature for New Minnesotans

$293,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota in partnership with English-language-learning organizations to adapt and incorporate materials developed for Minnesota Master Naturalists into English-language-learning programs to introduce immigrants and English-language learners to Minnesota's great outdoors.

(e) The Voyageurs Classroom Initiative

$348,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Voyageurs Conservancy to launch a new initiative to connect Minnesota youth, young adults, and their families to Voyageurs National Park by learning about the park's waters, wildlife, and forests and by engaging in the park's preservation.

(f) Restoring Land and Reviving Heritage: Conservation Through Indigenous Culture

$420,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Belwin Conservancy in partnership with Anishinabe Academy to conduct environmental education programming that incorporates ecology and indigenous land traditions and to restore an ecologically significant area of land using modern scientific standards and traditional ecological knowledge.

(g) Expanding Access to Environmental Education for Underserved Communities

$178,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota for the Raptor Center to build environmental literacy and engagement by delivering an environmental education program featuring live raptors and standards-based curriculum to approximately 300 classrooms in underserved communities throughout Minnesota.

Subd. 6. **Aquatic and Terrestrial Invasive Species** 6,148,000 -0-

(a) Starch Allocation Patterns of Invasive Starry Stonewort Harvested from Lake Koronis

$101,000 the first year is from the trust fund to the Board of Trustees of the Minnesota State Colleges and Universities System for Minnesota State University, Mankato, to evaluate the starch allocation patterns of the invasive starry stonewort to identify weaknesses in the plant's growth that could be targeted for management.

(b) Long-Term Efficacy of Invasive Removal in Floodplain Forests

$25,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Macalester College to begin a long-term scientific study at the Ordway Field Station to provide information to land managers on protecting Minnesota's floodplain forests from combined threats of overabundant deer, invasive shrubs, and earthworms. This appropriation is available

until June 30, 2025, by which time the project must be completed and final products delivered. A report on the results of the long-term study must be submitted at the end of the appropriation and an update must be submitted five years after the appropriation ends or at the study's conclusion, whichever is first.

(c) Oak Wilt Suppression at the Northern Edge - Phase II

$423,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Morrison Soil and Water Conservation District to continue to eradicate the northernmost occurrences of oak wilt in the state through mechanical means on select private properties to prevent oak wilt's spread to healthy state forests.

(d) Biocontrol of Invasive Species in Bee Lawns and Parklands

$425,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to establish a biocontrol program to manage the invasive Japanese beetle in a way that reduces insecticide use in bee lawns and pollinator restorations and the associated economic and environmental costs to wildlife and humans.

(e) Building Knowledge and Capacity for AIS Solutions

$3,750,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota for the Minnesota Aquatic Invasive Species Research Center to conduct high-priority projects aimed at solving Minnesota's aquatic invasive species problems using rigorous science and a collaborative process. Additionally, the appropriation may be spent to deliver research findings to end users through strategic communication and outreach. This appropriation is available until June 30, 2025, by which time the project must be completed and final products delivered.

(f) Evaluating Minnesota's Last Best Chance to Stop Carp

$424,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota, in cooperation with the United States Army Corps of Engineers and the Department of Natural Resources, to evaluate invasive carp passage and the costs, processes, and potential for a state-of-the-art deterrent system installed at Mississippi River Lock and Dam Number 5 to impede passage of invasive carp at this location to protect the upper river.

(g) Stop Starry Invasion with Community Invasive Species Containment

$1,000,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Minnesota Lakes and Rivers Advocates to work with civic leaders to purchase, install,

and operate waterless cleaning stations for watercraft; conduct aquatic invasive species education; and implement education upgrades at public accesses to prevent invasive starry stonewort spread beyond the 16 lakes already infested. This appropriation is available until June 30, 2025, by which time the project must be completed and final products delivered.

Subd. 7. **Air Quality, Climate Change, and Renewable Energy** 6,205,000 -0-

(a) Enhanced Thermo-Active Foundations for Space Heating in Minnesota

$312,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota, Duluth, to design and optimize cost-competitive thermally enhanced heat exchanger systems for use in building foundations to improve energy efficiency and conservation of natural resources in Minnesota's cold climate.

(b) Storing Renewable Energy in Flow Battery for Grid Use

$2,408,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota, Morris, to implement a rural, community-scale project that demonstrates how a large flow battery connected to solar and wind generation improves grid stability and enhances use of renewable energy.

(c) Agrivoltaics to Improve the Environment and Farm Resiliency

$646,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota, West Central Research and Outreach Center, Morris, to model and evaluate alternative solar energy system designs to maximize energy production while providing other benefits to cattle and farmers.

(d) Behavioral Response of Bald Eagles to Acoustic Stimuli

$261,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota, St. Anthony Falls Laboratory, to protect wildlife by designing and implementing an acoustic deterrence protocol to discourage bald eagles from entering hazardous air space near wind energy installations.

(e) Create Jobs Statewide by Diverting Materials from Landfills

$2,244,000 the first year is from the trust fund to the commissioner of natural resources for agreements with Better Futures Minnesota and the Natural Resources Research Institute to partner with cities, counties, and businesses to create and implement a collection,

restoration, reuse, and repurpose program that diverts used household goods and building materials from entering the waste stream and thereby reduces greenhouse gas emissions. Net income generated by Better Futures Minnesota as part of this appropriation may be reinvested in the project if a plan for reinvestment is approved in the work plan.

(f) Strengthening Minnesota's Reuse Economy to Conserve Natural Resources

$334,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with ReUSE Minnesota to provide outreach and technical assistance to communities and small businesses to increase reuse, rental, and repair of consumer goods as an alternative to using new materials; to reduce solid-waste disposal impacts; and to create more local reuse jobs. A fiscal management and staffing plan must be approved in the work plan before any trust fund dollars are spent.

Subd. 8. **Methods to Protect, Restore, and Enhance Land, Water, and Habitat** 6,429,000 -0-

(a) Camp Ripley Sentinel Landscape Forest Restoration and Enhancements

$731,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Crow Wing Soil and Water Conservation District to partner with the Nature Conservancy and Great River Greening to develop forest stewardship plans, restore habitat, and conduct prescribed burns to advance forest restoration and enhancement on public and private lands within an approximate ten-mile radius around Camp Ripley. Notwithstanding subdivision 13, paragraph (e), this appropriation may be spent on forest management plans, fires, and restoration on lands with a long-term contract commitment for forest conservation. The restoration must follow the Board of Water and Soil Resources' native vegetation establishment and enhancement guidelines.

(b) Restoring Mussels in Streams and Lakes - Continuation

$619,000 the first year is from the trust fund to the commissioner of natural resources to restore native freshwater mussel assemblages and the ecosystem services they provide in the Mississippi, Cedar, and Cannon Rivers and to inform the public on mussels and mussel conservation.

(c) Pollinator Central II: Habitat Improvement With Community Monitoring

$631,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Great River Greening to restore and enhance pollinator habitat in the metropolitan area to benefit pollinators and people and to build knowledge of the impact through community-based monitoring.

(d) Preserving Minnesota's Only Ball Cactus Population

$103,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota for the Minnesota Landscape Arboretum to move the only known remaining ball cactus population in the state from private to protected land and to propagate and bank ball cactus seeds for education and preservation.

(e) Prescribed-Fire Management for Roadside Prairies - Phase II

$217,000 the first year is from the trust fund to the commissioner of transportation to continue to protect biodiversity and enhance pollinator habitat on roadsides by helping to create a self-sufficient prescribed-fire program at the Department of Transportation.

(f) Restoring Upland Forests for Birds

$193,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the American Bird Conservancy to restore deciduous forest in partnership with Aitkin, Beltrami, and Cass Counties using science-based best management practices to rejuvenate noncommercial stands for focal wildlife species.

(g) Minnesota Green Schoolyards

$250,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with The Trust for Public Land to assess, promote, and demonstrate how schoolyards can be adapted to improve water, air, and habitat quality and to foster next-generation environmental stewards while improving health, education, and community outcomes.

(h) Plumbing the Muddy Depths of Superior Hiking Trail

$187,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Superior Hiking Trail Association to install and implement water management practices to prevent erosion and improve access to the Superior Hiking Trail.

(i) Reducing Plastic Pollution with Biodegradable Erosion Control Products

$200,000 the first year is from the trust fund to the Agricultural Utilization Research Institute in partnership with the Departments of Transportation, Agriculture, and Natural Resources to demonstrate use of regionally grown industrial hemp to create biodegradable alternatives to plastic-based erosion and sediment control products used in transportation construction projects.

(j) Remote Sensing and Super-Resolution Imaging of Microplastics

$309,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota, St. Anthony Falls Laboratory, to develop and test remote sensing techniques for cost-effective monitoring of microplastics in lakes, rivers, and streams as well as in wastewater treatment plants. This appropriation is available until June 30, 2025, by which time the project must be completed and final products delivered.

(k) Woodcrest Trail Expansion

$16,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Foundation for Health Care Continuum, doing business as Country Manor Campus, LLC, to construct a trail for public recreational use on land owned by the senior living facility in central Minnesota.

(l) Urban Pollinator and Native American Cultural Site Restoration

$213,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Friends of the Mississippi River to restore three urban natural areas, including an iconic Native American cultural site, to native prairie and forest with a focus on important pollinator and culturally significant native plants.

(m) Demonstrating Real-World Economic and Soil Benefits of Cover Crops and Alternative Tillage

$288,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Redwood County for the Redwood Soil and Water Conservation District to increase farmer adoption of conservation practices by demonstrating soil improvements and cost savings of cover crops and alternative tillage compared to conventional practices on working farms. This appropriation is available until June 30, 2025, by which time the project must be completed and final products delivered.

(n) Creating Cost-Effective Forage and Management Actions for Pollinators

$198,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to evaluate pollinator forage across time and in response to burning and mowing and to design an open-access web-based tool to share these data for land managers across Minnesota to inform restoration seed mix selection.

(o) Shoreline Stabilization, Fishing, and ADA Improvements at Silverwood Park

$200,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Three Rivers Park District to provide water quality improvements through shoreline stabilization, shoreline fishing improvements, and shoreline ADA access on the island in Silver Lake within Silverwood Park.

(p) Lawns to Legumes Program - Phase II

$993,000 the first year is from the trust fund to the Board of Water and Soil Resources to provide grants, cost-sharing, and technical assistance to plant residential lawns, community parks, and school landscapes with native vegetation and pollinator-friendly forbs and legumes to protect a diversity of pollinators. Notwithstanding subdivision 13, paragraph (e), this appropriation may be spent on pollinator plantings on lands with a long-term commitment from the landowner.

(q) Reintroducing Bison to Spring Lake Park Reserve

$560,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Dakota County, in partnership with the Minnesota Bison Conservation Herd, to establish the holding facilities and infrastructure needed to reintroduce American plains bison (*Bison bison*) to improve the resiliency and biodiversity of the prairie at Spring Lake Park Reserve.

(r) Elm Creek Habitat Restoration Final Phase

$521,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of Champlin to conduct habitat and stream restoration in Elm Creek upstream of Mill Ponds.

Subd. 9. **Land Acquisition, Habitat, and Recreation** 32,062,000 -0-

(a) Perham to Pelican Rapids Regional Trail (McDonald Segment)

$2,245,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Otter Tail County to construct the McDonald Segment of the Perham to Pelican Rapids Regional Trail to connect the cities of Perham and Pelican Rapids to Maplewood State Park.

(b) Mesabi Trail CSAH 88 to Ely

$1,650,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the St. Louis and Lake Counties Regional Railroad Authority to acquire, engineer, and construct a segment of the Mesabi Trail beginning at the intersection of County State-Aid Highway 88 toward Ely.

(c) Southwest Minnesota Single-Track Trail

$190,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Jackson County to create a single-track mountain bike trail and expand an associated parking lot in Belmont County Park to address a lack of opportunity for this kind of outdoor recreation in southwest Minnesota.

(d) Local Parks, Trails, and Natural Areas Grant Programs

$2,250,000 the first year is from the trust fund to the commissioner of natural resources to solicit and rank applications for and fund competitive matching grants for local parks, trail connections, and natural and scenic areas under Minnesota Statutes, section 85.019. Priority must be given to funding projects in the metropolitan area or in other areas of southern Minnesota. For purposes of this paragraph, southern Minnesota is defined as the area of the state south of and including St. Cloud. This appropriation is for local nature-based recreation, connections to regional and state natural areas, and recreation facilities and may not be used for athletic facilities such as sport fields, courts, and playgrounds.

(e) Metropolitan Regional Parks System Land Acquisition - Phase VII

$2,250,000 the first year is from the trust fund to the Metropolitan Council for grants to acquire land within the approved park boundaries of the metropolitan regional park system. This appropriation must be matched by an equal amount from a combination of Metropolitan Council and local agency funds.

(f) Sauk Rapids Lions Park Riverfront Improvements

$463,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of Sauk Rapids to design and construct a second phase of upgrades to Lions and Southside Parks including trails, lighting, riverbank restoration, and a canoe and kayak launch to enhance access to the Mississippi River.

(g) City of Brainerd - Mississippi Landing Trailhead

$2,850,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of Brainerd to design and construct Mississippi Landing Trailhead Park to help connect residents and visitors to the Mississippi River through recreation, education, and restoration.

(h) Native Prairie Stewardship and Prairie Bank Easement Acquisition

$1,341,000 the first year is from the trust fund to the commissioner of natural resources to provide technical stewardship assistance to private landowners, restore and enhance native prairie protected by easements in the native prairie bank, and acquire easements for the native prairie bank in accordance with Minnesota Statutes, section 84.96, including preparing initial baseline property assessments. Up to $60,000 of this appropriation may be deposited in the natural resources conservation easement stewardship account created in Minnesota Statutes, section 84.69, proportional to the number of easement acres acquired.

(i) Moose Lake - Trunk Highway 73 Trail

$330,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of Moose Lake to design and construct a nonmotorized recreational trail in an off-street pedestrian corridor along Highway 73 to connect to several existing regional trails in the Moose Lake area.

(j) SNA Acquisition, Restoration, Citizen-Science, and Outreach

$3,336,000 the first year is from the trust fund to the commissioner of natural resources for the scientific and natural areas (SNA) program to restore, improve, and enhance wildlife habitat on SNAs; increase public involvement and outreach; and strategically acquire lands that meet criteria for SNAs under Minnesota Statutes, section 86A.05, from willing sellers.

(k) Precision Acquisition for Restoration, Groundwater Recharge, and Habitat

$467,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Shell Rock River Watershed District to acquire and restore to wetland a key parcel of land to reduce downstream flooding while providing water storage, groundwater recharge, nutrient reduction, and pollinator and wildlife habitat.

(l) Lake Brophy Single-Track Trail Expansion

$100,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Douglas County in partnership with the Big Ole Bike Club to design and build new expert single-track segments and an asphalt pump track for the existing trail system at Lake Brophy Park to improve outdoor recreation experiences in west-central Minnesota.

(m) Veterans on the Lake

$553,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Lake County for Veterans on the Lake to conduct accessibility upgrades to Veterans on the Lake's existing trails, roadway, and buildings to improve access to the wilderness and outdoor recreation for disabled American veterans.

(n) Crane Lake Voyageurs National Park Visitor Center - Continuation

$2,700,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of Crane Lake to design and construct an approximate 4,500 to 7,000 square-foot visitor center building to serve as an access point to Voyageurs National Park. A fiscal agent or fiscal management plan must be approved in the work plan before any trust fund money is spent. A copy of a resolution or other documentation of the city's commitment to fund operations of the visitor center must be included in the work plan submitted to the Legislative-Citizen Commission on Minnesota Resources.

(o) Brookston Campground, Boat Launch, and Outdoor Recreational Facility Planning

$425,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of Brookston to design a campground, boat launch, and outdoor recreation area on the banks of the St. Louis River in northeastern Minnesota. A fiscal agent must be approved in the work plan before any trust fund dollars are spent.

(p) Moose and Seven Beaver Multiuse Trails Upgrade

$900,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of Hoyt Lakes, in partnership with the Ranger Snowmobile and ATV Club, to design and construct upgrades and extensions to the Moose and Seven Beaver multiuse trails to enhance access for recreation use and connect to regional trails.

(q) Above the Falls Regional Park Acquisition

$950,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Minneapolis Parks and Recreation Board to develop a restoration plan and acquire approximately 3.25 acres of industrial land for public access and habitat connectivity along the Mississippi River as part of Above the Falls Regional Park.

(r) Silver Lake Trail Improvement Project

$1,071,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of Virginia to reconstruct and renovate the walking trail around Silver Lake to allow safe multimodal transportation between schools, parks, community recreation facilities, and other community activity centers in downtown Virginia.

(s) Minnesota State Trails Development

$4,266,000 the first year is from the trust fund to the commissioner of natural resources to expand recreational opportunities on Minnesota state trails by rehabilitating and enhancing existing state trails and replacing or repairing existing state trail bridges. Priority must be given to funding projects in the metropolitan area or in other areas of southern Minnesota. For purposes of this paragraph, southern Minnesota is defined as the area of the state south of and including St. Cloud.

(t) Highbanks Ravine Bat Hibernaculum Project

$825,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of St. Cloud to reroute and upgrade an existing stormwater system in the Highbanks Ravine area to improve an existing bat hibernaculum, reduce erosion, and create additional green space for wildlife habitat.

(u) State Parks and State Trails Inholdings

$2,560,000 the first year is from the trust fund to the commissioner of natural resources to acquire high-priority inholdings from willing sellers within the legislatively authorized boundaries of

state parks, recreation areas, and trails to protect Minnesota's natural heritage, enhance outdoor recreation, and improve the efficiency of public land management.

(v) Accessible Fishing Piers and Shore Fishing Areas

$340,000 the first year is from the trust fund to the commissioner of natural resources to provide accessible fishing piers and develop shore fishing sites to serve new angling communities, underserved populations, and anglers with disabilities.

Subd. 10. **Administrative and Emerging Issues** 2,120,000 -0-

(a) Contract Agreement Reimbursement

$135,000 the first year is from the trust fund to the commissioner of natural resources, at the direction of the Legislative-Citizen Commission on Minnesota Resources, for expenses incurred in preparing and administering contracts for the agreements specified in this section. The commissioner must provide documentation to the Legislative-Citizen Commission on Minnesota Resources on the expenditure of these funds.

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

$1,750,000 the first year is from the trust fund to the Legislative-Citizen Commission on Minnesota Resources for administration in fiscal years 2022 and 2023 as provided in Minnesota Statutes, section 116P.09, subdivision 5. This appropriation is available until June 30, 2023. Notwithstanding Minnesota Statutes, section 116P.11, paragraph (b), Minnesota Statutes, section 16A.281, applies to this appropriation.

(c) Emerging Issues Account

$233,000 the first year is from the trust fund to an emerging issues account authorized in Minnesota Statutes, section 116P.08, subdivision 4, paragraph (d).

(d) Legislative Coordinating Commission (LCC) Administration

$2,000 the first year is from the trust fund to the Legislative Coordinating Commission for the website required in Minnesota Statutes, section 3.303, subdivision 10.

Subd. 11. **Availability of Appropriations**

Money appropriated in this section may not be spent on activities unless they are directly related to and necessary for a specific appropriation and are specified in the work plan approved by the

Legislative-Citizen Commission on Minnesota Resources. Money appropriated in this section must not be spent on indirect costs or other institutional overhead charges that are not directly related to and necessary for a specific appropriation. Costs that are directly related to and necessary for an appropriation, including financial services, human resources, information services, rent, and utilities, are eligible only if the costs can be clearly justified and individually documented specific to the appropriation's purpose and would not be generated by the recipient but for receipt of the appropriation. No broad allocations for costs in either dollars or percentages are allowed. Unless otherwise provided, the amounts in this section are available until June 30, 2024, when projects must be completed and final products delivered. For acquisition of real property, the appropriations in this section are available for an additional fiscal year if a binding contract for acquisition of the real property is entered into before the expiration date of the appropriation. If a project receives a federal grant, the period of the appropriation is extended to equal the federal grant period.

Subd. 12. **Data Availability Requirements**

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

Subd. 13. **Project Requirements**

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

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

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

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

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

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

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

(1) be permanent;

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

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

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

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

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

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

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

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

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

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

Subd. 14. **Payment Conditions and Capital-Equipment Expenditures**

(a) All agreements, grants, or contracts referred to in this section must be administered on a reimbursement basis unless otherwise provided in this section. Notwithstanding Minnesota Statutes, section 16A.41, expenditures made on or after July 1, 2021, or the date the work plan is approved, whichever is later, are eligible for reimbursement unless otherwise provided in this section. Periodic payments must be made upon receiving documentation that the deliverable items articulated in the approved work plan have been achieved, including partial achievements as evidenced by approved progress reports. Reasonable amounts may be advanced to projects to accommodate cash-flow needs or match federal money. The advances must be approved as part of the work plan. No expenditures for capital equipment are allowed unless expressly authorized in the project work plan.

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

Subd. 15. **Purchasing Recycled and Recyclable Materials**

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

Subd. 16. **Energy Conservation and Sustainable Building Guidelines**

A recipient to whom an appropriation is made under this section for a capital improvement project must ensure that the project complies with the applicable energy conservation and sustainable building guidelines and standards contained in law, including Minnesota Statutes, sections 16B.325, 216C.19, and 216C.20, and

rules adopted under those sections. The recipient may use the energy planning, advocacy, and State Energy Office units of the Department of Commerce to obtain information and technical assistance on energy conservation and alternative-energy development relating to planning and constructing the capital improvement project.

Subd. 17. **Accessibility**

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

Subd. 18. **Carryforward; Extension**

(a) Notwithstanding Minnesota Statutes, section 16A.28, or any other law to the contrary, the availability of any appropriation or grant of money from the environment and natural resources trust fund that would otherwise cancel, lapse, or expire on June 30, 2021, is extended to June 30, 2022, if the recipient or grantee does both of the following:

(1) by April 30, 2021, notifies the Legislative-Citizen Commission on Minnesota Resources in the manner specified by the commission that the recipient or grantee intends to avail itself of the extension available under this section; and

(2) modifies the applicable work plan where required by Minnesota Statutes, section 116P.05, subdivision 2, in accordance with the work plan amendment procedures adopted under that section.

(b) The commission must notify the commissioner of management and budget and the commissioner of natural resources of any extension granted under this section.

Subd. 19. **Repurpose of Prior Appropriations; Natural Resources Research Institute**

(a) The following amounts, totaling $840,000, are transferred to the Board of Regents of the University of Minnesota for academic and applied research through the MnDRIVE program at the Natural Resources Research Institute to develop and demonstrate technologies that enhance the long-term health and management of Minnesota's forest resources, extend the viability of incumbent forest-based industries, and accelerate emerging industry opportunities. Of this amount, $500,000 is for extending the demonstrated forest management assessment tool to statewide application:

(1) the unencumbered amount, estimated to be $250,000, in Laws 2017, chapter 96, section 2, subdivision 7, paragraph (e), Geotargeted Distributed Clean Energy Initiative;

(2) the unencumbered amount, estimated to be $20,000, in Laws 2017, chapter 96, section 2, subdivision 8, paragraph (g), Minnesota Bee and Beneficial Species Habitat Restoration;

(3) the unencumbered amount, estimated to be $350,000, in Laws 2018, chapter 214, article 4, section 2, subdivision 9, paragraph (e), Swedish Immigrant Regional Trail Segment within Interstate State Park; and

(4) the unencumbered amount, estimated to be $220,000, in Laws 2019, First Special Session chapter 4, article 2, section 2, subdivision 5, paragraph (a), Expanding Camp Sunrise Environmental Program.

(b) The amounts transferred under this subdivision are available until June 30, 2023.

EFFECTIVE DATE. Subdivisions 18 and 19 are effective the day following final enactment.

ARTICLE 4
POLLUTION CONTROL

Section 1. Minnesota Statutes 2020, section 16A.151, subdivision 2, is amended to read:

Subd. 2. **Exceptions.** (a) If a state official litigates or settles a matter on behalf of specific injured persons or entities, this section does not prohibit distribution of money to the specific injured persons or entities on whose behalf the litigation or settlement efforts were initiated. If money recovered on behalf of injured persons or entities cannot reasonably be distributed to those persons or entities because they cannot readily be located or identified or because the cost of distributing the money would outweigh the benefit to the persons or entities, the money must be paid into the general fund.

(b) Money recovered on behalf of a fund in the state treasury other than the general fund may be deposited in that fund.

(c) This section does not prohibit a state official from distributing money to a person or entity other than the state in litigation or potential litigation in which the state is a defendant or potential defendant.

(d) State agencies may accept funds as directed by a federal court for any restitution or monetary penalty under United States Code, title 18, section 3663(a)(3), or United States Code, title 18, section 3663A(a)(3). Funds received must be deposited in a special revenue account and are appropriated to the commissioner of the agency for the purpose as directed by the federal court.

(e) Tobacco settlement revenues as defined in section 16A.98, subdivision 1, paragraph (t), may be deposited as provided in section 16A.98, subdivision 12.

(f) Any money received by the state resulting from a settlement agreement or an assurance of discontinuance entered into by the attorney general of the state, or a court order in litigation brought by the attorney general of the state, on behalf of the state or a state agency, against one or more opioid manufacturers or opioid wholesale drug

distributors related to alleged violations of consumer fraud laws in the marketing, sale, or distribution of opioids in this state or other alleged illegal actions that contributed to the excessive use of opioids, must be deposited in a separate account in the state treasury and the commissioner shall notify the chairs and ranking minority members of the Finance Committee in the senate and the Ways and Means Committee in the house of representatives that an account has been created. This paragraph does not apply to attorney fees and costs awarded to the state or the Attorney General's Office, to contract attorneys hired by the state or Attorney General's Office, or to other state agency attorneys. If the licensing fees under section 151.065, subdivision 1, clause (16), and subdivision 3, clause (14), are reduced and the registration fee under section 151.066, subdivision 3, is repealed in accordance with section 256.043, subdivision 4, then the commissioner shall transfer from the separate account created in this paragraph to the opiate epidemic response fund under section 256.043 an amount that ensures that $20,940,000 each fiscal year is available for distribution in accordance with section 256.043, subdivisions 2 and 3.

(g) If the Minnesota Pollution Control Agency recovers $250,000 or more in litigation or in settlement of a matter that could have resulted in litigation for a civil penalty from violations of a permit issued by the Minnesota Pollution Control Agency, then 40 percent of the money recovered must be distributed to the community health board, as defined in section 145A.02, where the permitted facility is located. The commissioner of the Minnesota Pollution Control Agency must notify the applicable community health board within 30 days of a final court order in the litigation or the effective date of the settlement agreement that the litigation has concluded or a settlement has been reached. The commissioner of the Minnesota Pollution Control Agency must collect the money and transfer it to the applicable community health board. The community health board must meet directly with the residents potentially affected by the pollution that was the subject of the litigation or settlement to understand the residents' concerns and incorporate those concerns into a project that addresses residents' health concerns resulting from their exposure to pollution. The project must be implemented by the community health board and funded as directed in this paragraph. The Department of Health shall assist the community health board with project development and implementation, if requested by the community health board. The community health board may use up to five percent of the funds transferred to it under this paragraph for the reasonable direct costs it incurs to administer the provisions of this paragraph and for assistance from the Department of Health under this paragraph. This paragraph directs the transfer and use of money only and does not create a right of intervention in the litigation or settlement of the enforcement action for any person or entity.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all litigation actions or settlements from which the Minnesota Pollution Control Agency recovered $250,000 or more on or after that date.

Sec. 2. Minnesota Statutes 2020, section 115.03, subdivision 1, is amended to read:

Subdivision 1. **Generally.** The agency is hereby given and charged with the following powers and duties:

(a) to administer and enforce all laws relating to the pollution of any of the waters of the state;

(b) 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;

(c) 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;

(d) to encourage waste treatment, including advanced waste treatment, instead of stream low-flow augmentation for dilution purposes to control and prevent pollution;

(e) 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:

(1) 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;

(2) 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;

(3) 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;

(4) 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;

(5) 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;

(6) 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;

(7) 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;

(8) 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;

(9) 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~~

(10) requiring that applicants for wastewater discharge permits evaluate in their applications the potential reuses of the discharged wastewater; and

(11) 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. The agency may recover oversight costs exceeding $25,000. Oversight costs include personnel and direct costs associated with inspections, sampling, monitoring, modeling, risk assessment, permit writing, engineering review, economic analysis and review, and other record or document review. Only oversight costs incurred after executing the negotiated agreement are covered by this clause. The agency's legal and litigation costs are not covered by this clause. 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. Reimbursement amounts are appropriated to the commissioner;

(f) 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;

(g) 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;

(h) 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;

(i) 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;

(j) to train water pollution control personnel, and charge such fees therefor as are necessary to cover the agency's costs. All such fees received shall be paid into the state treasury and credited to the Pollution Control Agency training account;

(k) 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;

(l) 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;

(m) 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

(n) 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.

The information required in clause (m) 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.

The powers and duties given the agency in this subdivision also apply to permits issued under chapter 114C.

Sec. 3. Minnesota Statutes 2020, section 115.061, is amended to read:

115.061 DUTY TO NOTIFY; AVOIDING WATER POLLUTION.

(a) Except as provided in paragraph (b), it is the duty of every person to notify the agency immediately of the discharge, accidental or otherwise, of any substance or material under its control which, if not recovered, may cause pollution of waters of the state, and the responsible person shall recover as rapidly and as thoroughly as possible such substance or material and take immediately such other action as may be reasonably possible to minimize or abate pollution of waters of the state caused thereby.

(b) Notification is not required under paragraph (a) for a discharge of five gallons or less of petroleum, as defined in section 115C.02, subdivision 10. This paragraph does not affect the other requirements of paragraph (a).

(c) Promptly after notifying the agency of a discharge event under paragraph (a), a publicly owned treatment works or a publicly or privately owned domestic sewer system owner must provide notice to the potentially impacted public and to any downstream drinking water facility that may be impacted by the discharge event. Notice

to the public and to any drinking water facility must be made using the most efficient communications system available to the facility owner, such as in person, phone call, radio, social media, webpage or another expedited form. In addition, signage must be posted at all impacted public use areas within the same jurisdiction or notification must be provided to the entity that has jurisdiction over any impacted public use areas. A notice under this paragraph must include the date and time of the release, a description of the material released, a warning of the potential public health risk, and the permittee's contact information.

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

Sec. 4. Minnesota Statutes 2020, 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 2020, section 115.071, is amended by adding a subdivision to read:

Subd. 3a. **Public informational meeting.** (a) The commissioner, before finalizing a stipulation agreement or consent decree with a facility in which the agency is seeking a settlement amount greater than $25,000, must hold a public informational meeting at a convenient time at a location near the facility to:

(1) notwithstanding section 13.39, subdivision 2, describe the amount, frequency, duration, and chemical nature of the pollution released or emitted by the facility and the risks to public health and the environment from that exposure; and

(2) allow members of the public, including those persons potentially exposed to pollution released or emitted from the facility, to make the agency aware of:

(i) interactions between the facility and the public regarding the facility's operations;

(ii) operational problems or incidents that have occurred at the facility; and

(iii) suggestions regarding supplemental environmental projects that the public may prefer as part of a stipulation agreement or consent decree between the facility and the agency.

(b) For the purposes of this section, "supplemental environmental project" means a project that benefits the environment or public health and that a regulated facility agrees to undertake as part of a settlement with respect to an enforcement action taken by the agency to resolve noncompliance.

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

Sec. 6. Minnesota Statutes 2020, 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. 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 2020, section 115.071, is amended by adding a subdivision to read:

Subd. 8. **Stipulation agreements.** In exercising enforcement powers over a term of a stipulation agreement when a party asserts a good cause or force majeure claim for an extension of time to comply with a stipulated term, the commissioner must not grant the extension if the assertion is based solely on increased costs.

Sec. 8. Minnesota Statutes 2020, 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 2020, section 115A.03, is amended by adding a subdivision to read:

Subd. 10b. **Environmental justice.** "Environmental justice" means that:

(1) communities of color, Indigenous communities, and low-income communities have a healthy environment and are treated fairly when environmental statutes, rules, and policies are developed, adopted, implemented, and enforced; and

(2) in all decisions that have the potential to affect the environment of an environmental justice area or the public health of its residents, due consideration is given to the history of those residents' cumulative exposure to pollutants and to any current socioeconomic conditions that increase the physical sensitivity of those residents to additional exposure to pollutants.

Sec. 10. Minnesota Statutes 2020, section 115A.03, is amended by adding a subdivision to read:

Subd. 10c. **Environmental justice area.** "Environmental justice area" means one or more census blocks in Minnesota:

(1) in which, based on the most recent data published by the United States Census Bureau:

(i) 40 percent or more of the population is nonwhite;

(ii) 35 percent or more of the households have an income at or below 200 percent of the federal poverty level; or

(iii) 40 percent or more of the population over the age of five have limited English proficiency; or

(2) within Indian country, as defined in United State Code, title 18, section 1151.

Sec. 11. Minnesota Statutes 2020, section 115A.1310, subdivision 12b, is amended to read:

Subd. 12b. **Phase II recycling credits.** "Phase II recycling credits" means ~~the number of pounds of covered electronic devices recycled by a manufacturer during a program year beginning July 1, 2019, and thereafter, from households located outside the 11-county metropolitan area, as defined in section 115A.1314, subdivision 2, less the~~

~~manufacturer's recycling obligation calculated for the same program year in section 115A.1320, subdivision 1, paragraph (g).~~ an amount calculated in a program year beginning July 1, 2019, and in each program year thereafter, according to the formula (1.5 x A) - (B - C), where:

A = the number of pounds of covered electronic devices a manufacturer recycled or arranged to have collected and recycled during a program year from households located outside the 11-county metropolitan area, as defined in section 115A.1314, subdivision 2;

B = the manufacturer's recycling obligation calculated for the same program year in section 115A.1320, subdivision 1, paragraph (g); and

C = the number of pounds of covered electronic devices a manufacturer recycled or arranged to have collected and recycled, up to but not exceeding B, during the same program year from households in the 11-county metropolitan area.

Sec. 12. Minnesota Statutes 2020, section 115A.1312, subdivision 1, is amended to read:

Subdivision 1. **Requirements for sale.** (a) On or after September 1, 2007, a manufacturer must not sell or offer for sale or deliver to retailers for subsequent sale a new video display device unless:

(1) the video display device is labeled with the manufacturer's brand, which label is permanently affixed and readily visible; and

(2) the manufacturer has filed a registration with the agency, as specified in subdivision 2.

~~(b) On or after February 1, 2008, a retailer who sells or offers for sale a new video display device to a household must, before the initial offer for sale, review the agency website specified in subdivision 2, paragraph (g), to determine that all new video display devices that the retailer is offering for sale are labeled with the manufacturer's brands that are registered with the agency.~~

(b) A retailer must not sell, offer for sale, rent, or lease a video display device unless the video display device is labeled according to this subdivision and listed as registered on the agency website according to subdivision 2.

(c) A retailer is not responsible for an unlawful sale under this subdivision if the manufacturer's registration expired or was revoked and the retailer took possession of the video display device prior to the expiration or revocation of the manufacturer's registration and the unlawful sale occurred within six months after the expiration or revocation.

Sec. 13. Minnesota Statutes 2020, section 115A.1314, subdivision 1, is amended to read:

Subdivision 1. **Registration fee.** (a) Each manufacturer who registers under section 115A.1312 must, by August 15 each year, pay to the commissioner of revenue an annual registration fee, on a form and in a manner prescribed by the commissioner of revenue. The commissioner of revenue must deposit the fee in the state treasury and credit the fee to the environmental fund.

(b) The registration fee for manufacturers that sell 100 or more video display devices to households in the state during the previous calendar year is $2,500, plus a variable recycling fee. The registration fee for manufacturers that sell fewer than 100 video display devices in the state during the previous calendar year is a variable recycling fee. The variable recycling fee is calculated according to the formula:

[A - (B + C)] x D, where:

A = the manufacturer's recycling obligation as determined under section 115A.1320;

B = the number of pounds of covered electronic devices ~~recycled by~~ that a manufacturer recycled or arranged to have collected and recycled from households during the immediately preceding program year, as reported under section 115A.1316, subdivision 1;

C = the number of phase I or phase II recycling credits a manufacturer elects to use to calculate the variable recycling fee; and

D = the estimated per-pound cost of recycling, initially set at $0.50 per pound for manufacturers who recycle less than 50 percent of the manufacturer's recycling obligation; $0.40 per pound for manufacturers who recycle at least 50 percent but less than 90 percent of the manufacturer's recycling obligation; $0.30 per pound for manufacturers who recycle at least 90 percent but less than 100 percent of the manufacturer's recycling obligation; and $0.00 per pound for manufacturers who recycle 100 percent or more of the manufacturer's recycling obligation.

(c) A manufacturer may petition the agency to waive the per-pound cost of recycling fee, element D in the formula in paragraph (b), required under this section. The agency shall direct the commissioner of revenue to waive the per-pound cost of recycling fee if the manufacturer demonstrates to the agency's satisfaction a good faith effort to meet its recycling obligation as determined under section 115A.1320. The petition must include:

(1) documentation that the manufacturer has met at least 75 percent of its recycling obligation as determined under section 115A.1320;

(2) a list of political subdivisions and public and private collectors with whom the manufacturer had a formal contract or agreement in effect during the previous program year to recycle or collect covered electronic devices;

(3) the total amounts of covered electronic devices collected from both within and outside of the 11-county metropolitan area, as defined in subdivision 2;

(4) a description of the manufacturer's best efforts to meet its recycling obligation as determined under section 115A.1320; and

(5) any other information requested by the agency.

(d) A manufacturer may retain phase I and phase II recycling credits to be added, in whole or in part, to the actual value of C, as reported under section 115A.1316, subdivision 2, during any succeeding program year, provided that no more than 25 percent of a manufacturer's recycling obligation (A ~~x B~~) for any program year may be met with phase I and phase II recycling credits, separately or in combination, generated in a prior program year. A manufacturer may sell any portion or all of its phase I and phase II recycling credits to another manufacturer, at a price negotiated by the parties, who may use the credits in the same manner.

(e) For the purpose of determining B in calculating a manufacturer's variable recycling fee using the formula under paragraph (b), starting with the program year beginning July 1, 2019, and continuing each year thereafter, the weight of covered electronic devices ~~collected from~~ that a manufacturer recycled or arranged to have collected and recycled from households located outside the 11-county metropolitan area, as defined in subdivision 2, paragraph (b), is calculated at 1.5 times their actual weight.

Sec. 14. Minnesota Statutes 2020, section 115A.1316, subdivision 1, is amended to read:

Subdivision 1. **Manufacturer reporting requirements.** ~~(a) By August 1, 2016, each manufacturer must report to the agency using the form prescribed:~~

~~(1) the total weight of each specific model of its video display devices sold to households during the previous program year; and~~

~~(2) either:~~

~~(i) the total weight of its video display devices sold to households during the previous program year; or~~

~~(ii) an estimate of the total weight of its video display devices sold to households during the previous program year, calculated by multiplying the weight of its video display devices sold nationally times the quotient of Minnesota's population divided by the national population. All manufacturers with sales of 99 or fewer video display devices to households in the state during the previous calendar year must report using the method under this item for calculating sales.~~

~~(b)~~ (a) By March 1~~, 2017, and each March 1 thereafter~~ each year, each manufacturer must report to the agency using the form prescribed:

(1) the total weight of each specific model of its video display devices sold to households during the previous calendar year; and

(2) either:

(i) the total weight of its video display devices sold to households during the previous calendar year; or

(ii) an estimate of the total weight of its video display devices sold to households during the previous calendar year, calculated by multiplying the weight of its video display devices sold nationally times the quotient of Minnesota's population divided by the national population. All manufacturers with sales of 99 or fewer video display devices to households in the state during the previous calendar year must report using the method under this item for calculating sales.

A manufacturer must submit with the report required under this paragraph a description of how the information or estimate was calculated.

~~(c)~~ (b) By August 15 each year, each manufacturer must report to ~~the department until June 30, 2017, and to~~ the agency ~~thereafter,~~:

(1) the total weight of covered electronic devices the manufacturer collected from households and recycled or arranged to have collected and recycled during the preceding program year~~.~~;

~~(d) By August 15 each year, each manufacturer must report separately to the department until June 30, 2017, and to the agency thereafter:~~

~~(1)~~ (2) the number of phase I and phase II recycling credits the manufacturer has purchased and sold during the preceding program year;

~~(2)~~ (3) the number of phase I and phase II recycling credits possessed by the manufacturer that the manufacturer elects to use in the calculation of its variable recycling fee under section 115A.1314, subdivision 1; and

~~(3)~~ (4) the number of phase I and phase II recycling credits the manufacturer retains at the beginning of the current program year.

~~(e)~~ (c) Upon request of the commissioner of revenue, the agency shall provide a copy of each report to the commissioner of revenue.

Sec. 15. Minnesota Statutes 2020, section 115A.1318, subdivision 2, is amended to read:

Subd. 2. **Recycler responsibilities.** (a) As part of the report submitted under section 115A.1316, subdivision 2, a recycler must certify, except as provided in paragraph (b), that facilities that recycle covered electronic devices, including all downstream recycling operations:

(1) use only registered collectors;

(2) comply with all applicable health, environmental, safety, and financial responsibility regulations;

(3) are licensed by all applicable governmental authorities;

(4) use no prison labor to recycle video display devices;

(5) possess liability insurance of not less than $1,000,000 for environmental releases, accidents, and other emergencies;

(6) provide a report annually to each registered collector regarding the video display devices received from that entity; and

(7) do not charge collectors for ~~the transportation and~~ transporting, recycling ~~of~~, or any necessary supplies related to transporting or recycling covered electronic devices that meet a manufacturer's recycling obligation as determined under section 115A.1320, unless otherwise mutually agreed upon.

(b) A nonprofit corporation that contracts with a correctional institution to refurbish and reuse donated computers in schools is exempt from paragraph (a), clauses (4) and (5).

(c) Except to the extent otherwise required by law and unless agreed upon otherwise by the recycler or manufacturer, a recycler has no responsibility for any data that may be contained in a covered electronic device if an information storage device is included in the covered electronic device.

Sec. 16. Minnesota Statutes 2020, section 115A.1320, subdivision 1, is amended to read:

Subdivision 1. **Duties of agency.** (a) The agency shall administer sections 115A.1310 to 115A.1330.

(b) The agency shall establish procedures for:

(1) receipt and maintenance of the registration statements and certifications filed with the agency under section 115A.1312; and

(2) making the statements and certifications easily available to manufacturers, retailers, and members of the public.

(c) The agency shall annually review the following variables that are used to calculate a manufacturer's annual registration fee under section 115A.1314, subdivision 1:

(1) the obligation-setting mechanism for manufacturers as specified under paragraph (g);

(2) the estimated per-pound price of recycling covered electronic devices sold to households; and

(3) the base registration fee.

(d) If the agency determines that any of these values must be changed in order to improve the efficiency or effectiveness of the activities regulated under sections 115A.1312 to 115A.1330, or if the revenues exceed the amount that the agency determines is necessary, the agency shall submit recommended changes and the reasons for them to the chairs of the senate and house of representatives committees with jurisdiction over solid waste policy.

(e) By ~~September 1, 2016, and by May 1, 2017, and each~~ May 1 ~~thereafter~~ each year, the agency shall publish a statewide recycling goal for all video display device waste that is the weight of all video display devices collected for recycling during each of the three most recently completed program years, excluding the most recently concluded program year, divided by two. ~~For the program years beginning July 1, 2016, July 1, 2017, and July 1, 2018, the agency shall establish and publish separate statewide recycling goals for video display devices as follows:~~

~~(1) the agency shall set the statewide recycling goal for video display devices at 25,000,000 pounds, 23,000,000 pounds, and 21,000,000 pounds, respectively, during these successive program years;~~

~~(2) the agency shall set the recycling goal for televisions at 80 percent of the applicable amount in clause (1); and~~

~~(3) the agency shall set the recycling goal for computer monitors at 20 percent of the applicable amount in clause (1).~~

(f) By ~~September 1, 2016, and by May 1, 2017, and each~~ May 1 ~~thereafter~~ each year, the agency shall determine each registered manufacturer's market share of video display devices to be collected and recycled based on the manufacturer's percentage share of the total weight of video display devices sold as reported to the agency under section 115A.1316, subdivision 1.

(g) By ~~September 1, 2016, and by May 1, 2017, and each~~ May 1 ~~thereafter~~ each year, the agency shall provide each manufacturer with a determination of the manufacturer's share of video display devices to be collected and recycled. A manufacturer's market share of video display devices as specified in paragraph (f) is applied proportionally to the statewide recycling goal as specified in paragraph (e) to determine an individual manufacturer's recycling obligation. Upon request by the commissioner of revenue, the agency must provide the information submitted to manufacturers under this paragraph to the commissioner of revenue.

(h) The agency shall provide a report to the governor and the legislature on the implementation of sections 115A.1310 to 115A.1330. For each program year, the report must discuss the total weight of covered electronic devices recycled and a summary of information in the reports submitted by manufacturers and recyclers under section 115A.1316. The report must also discuss the various collection programs used by manufacturers to collect covered electronic devices; information regarding covered electronic devices that are being collected by persons other than registered manufacturers, collectors, and recyclers; and information about covered electronic devices, if any, being disposed of in landfills in this state. The report must examine which covered electronic devices, based on economic and environmental considerations, should be subject to the obligation-setting mechanism under paragraph (g). The report must include a description of enforcement actions under sections 115A.1310 to 115A.1330. The agency may include in its report other information received by the agency regarding the implementation of sections 115A.1312 to 115A.1330. The report must be done in conjunction with the report required under section 115A.121.

(i) The agency shall promote public participation in the activities regulated under sections 115A.1312 to 115A.1330 through public education and outreach efforts.

(j) The agency shall enforce sections 115A.1310 to 115A.1330 in the manner provided by sections 115.071, subdivisions 1, 3, 4, 5, and 6; and 116.072, except for those provisions enforced by the department, as provided in subdivision 2. The agency may revoke a registration of a collector or recycler found to have violated sections 115A.1310 to 115A.1330.

(k) The agency shall facilitate communication between counties, collection and recycling centers, and manufacturers to ensure that manufacturers are aware of video display devices available for recycling.

(l) The agency shall post on its website the contact information provided by each manufacturer under section 115A.1318, subdivision 1, paragraph (e).

Sec. 17. **[115A.40] CITATION.**

Sections 115A.40 to 115A.405 may be cited as the "Landfill Responsibility Act."

Sec. 18. **[115A.401] LEGISLATIVE GOALS AND INTENT.**

(a) It is the goal of the Landfill Responsibility Act to reduce the environmental impacts from all aspects of solid waste, from acquiring product material through disposing of product, and to prioritize the expansion of waste reduction or source reduction activities across the state. In accordance with the goals and policies of this chapter and the waste management preferences in section 115A.02, the Landfill Responsibility Act supports waste reduction and reuse.

(b) The legislature intends for the projects developed under the Landfill Responsibility Act to encourage a greater awareness of the need for and benefits of waste reduction and reuse and to develop a greater degree of cooperation and coordination among all elements of government, industry, and the public in advancing more sustainable actions.

Sec. 19. **[115A.402] DEFINITIONS.**

Subdivision 1. **Applicability.** For the purposes of sections 115A.40 to 115A.405, the terms defined in this section have the meanings given.

Subd. 2. **Applicable area.** "Applicable area" means an area described in a permit for a disposal facility that accepted mixed municipal solid waste during the immediately preceding year.

Subd. 3. **Covered entity.** "Covered entity" means the owner or operator of a disposal facility at which an applicable area is located.

Subd. 4. **Rate charged.** "Rate charged" means the total amount charged by a covered entity, per ton, to accept solid waste at a disposal facility for treatment, storage, processing, transfer, disposal, or any other purpose and includes tipping fees and service charges.

Sec. 20. **[115A.403] LANDFILL RESPONSIBILITY PROJECTS.**

Subdivision 1. **Project application and eligibility.** (a) Every three years, or more frequently at the commissioner's discretion, the commissioner must provide public notice and solicit proposals for eligible landfill responsibility projects.

(b) At any time after the notice is provided under paragraph (a), a person may propose a landfill responsibility project. Proposals must be submitted in the form and manner prescribed by the commissioner. At a minimum, a proposal must include:

(1) a description of the proposer's qualifications with waste reduction or source reduction;

(2) a description of the scope of the project, including how the project will result in waste reduction or source reduction;

(3) the expected amount of waste reduction or source reduction attributable to the project;

(4) a description of the timeline of the project;

(5) a detailed annual budget for the project;

(6) identification and a description of environmental justice areas served by the project;

(7) a description of how the project meets the following minimum requirements:

(i) is administered in the state;

(ii) does not supplant existing work;

(iii) provides a high return in environmental benefits, including but not limited to reducing greenhouse gas emissions;

(iv) demonstrates cost-effectiveness;

(v) has measurable outcomes for waste reduction or source reduction; and

(vi) includes only waste reduction or source reduction activities; and

(8) any other information required by the commissioner to evaluate the project.

(c) Only waste reduction and reuse as a waste management practice under section 115A.02, paragraph (b), clause (1), are eligible for project funding under this section. Waste management practices under section 115A.02, paragraph (b), clauses (2) to (6), are not eligible.

(d) The commissioner must establish and maintain a list of eligible landfill responsibility projects and make the list available to covered entities. The commissioner must evaluate proposals submitted under paragraph (b) and determine whether to include each proposal on the list of eligible landfill responsibility projects. The commissioner may remove a project from the list at any time if the project no longer meets the minimum criteria under paragraph (b), clause (7), or if the commissioner determines the project will not be completed as proposed.

(e) The waste reduction or source reduction activities of an eligible project as described in a proposal under paragraph (b) may not begin until:

(1) the project is included in a plan approved by the commissioner under subdivision 4; or

(2) the proposal is rescinded or the project is removed from the eligible projects list.

Subd. 2. **Obligation.** (a) Each year, a covered entity must fund eligible landfill responsibility projects according to this subdivision in an amount at least equal to the covered entity's obligation determined under paragraph (b).

(b) A covered entity's obligation is three percent of the covered entity's revenue and is calculated according to the formula:

$X=(A*B) * 0.03$

Where:

X is the total obligation that the covered entity must meet in the three-year approved plan

A is the annual average rate charged at an applicable area during the three-year period immediately preceding the date a plan must be submitted under subdivision 3

B is the total tons of solid waste accepted in the applicable area during the three-year period immediately preceding the date a plan must be submitted under subdivision 3

Subd. 3. **Covered entity plans.** (a) By January 1, 2023, and every third year thereafter, or more frequently as determined by the commissioner, a covered entity must submit a plan to the commissioner in the form and manner prescribed by the commissioner. The plan must include:

(1) the covered entity's obligation for the plan period as calculated in subdivision 2;

(2) a selection of projects from the list of eligible projects under subdivision 1, paragraph (d), according to the following:

(i) selection must be made so that 40 percent of the obligation will directly serve environmental justice areas; and

(ii) the total selection must include projects with budgets that annually meet or exceed the covered entity's obligation for the period of the plan;

(3) estimated amounts of waste reduction or source reduction for each selected project, categorized by material type;

(4) a description of how the covered entity will annually meet its obligation for each of the three years in the plan period; and

(5) any other criteria required by the commissioner to determine the sufficiency of the plan.

(b) The commissioner may modify dates for plan submission under paragraph (a) if the commissioner determines it is necessary to implement the Landfill Responsibility Act.

Subd. 4. **Commissioner review.** (a) Upon receiving a plan under subdivision 3, the commissioner must:

(1) notify a covered entity if a plan is incomplete, specifying the specific items that need to be submitted to make the plan complete;

(2) giving first-come first-served preference based on when a plan is submitted, require a covered entity to revise and resubmit a plan if the commissioner determines it necessary to:

(i) ensure that no more than 25 percent of the total obligation of all covered entities is allocated to a single recipient;

(ii) prevent duplicative selection of eligible projects;

(iii) prioritize fully funding individual eligible projects before selecting additional projects for funding; or

(iv) implement the Landfill Responsibility Act and remain consistent with other state law; and

(3) provide covered entities with plan approval, including any modifications required under this paragraph, within 45 days after the plan is submitted under subdivision 3.

(b) After receiving initial approval of a plan, a covered entity must revise and resubmit a plan for approval or disapproval if the eligible projects change during the plan period. If a project can no longer be completed as described, a covered entity must choose another project to meet its obligation. The covered entity must resubmit its plan to the commissioner if there is a substantial change in obligation or if an eligible project is unable to be performed as described.

Subd. 5. **Project implementation.** (a) After a plan is approved under subdivision 4, a covered entity must implement the plan.

(b) After a person receives funding from a covered entity, the covered entity and the person receiving funding must implement the plan according to the proposal submitted under subdivision 1. If a person implementing the project is no longer able to perform the project according to the proposal, the person must immediately notify the covered entity and the commissioner.

Subd. 6. **Reporting requirements.** (a) No later than February 1 each year, a covered entity must submit a report to the commissioner for the preceding calendar year. The annual report must be submitted in a form and manner prescribed by the commissioner and must include:

(1) a description of the covered entity's progress made toward objectives detailed in the plan developed under subdivision 3, including a summary of the projects completed for the reporting year;

(2) evidence, such as receipts, of meeting the covered entity's obligation for the previous year;

(3) the rate charged during the preceding calendar year;

(4) proof of how at least 40 percent of the covered entity's obligation is met through projects directly serving environmental justice; and

(5) any other information requested by the commissioner to determine compliance.

(b) No later than February 1 each year, a person receiving funding for a landfill responsibility project must submit a report to the commissioner for the preceding calendar year. The annual report must be submitted in a form and manner prescribed by the commissioner and must include:

(1) proof of the amount of funding received and the time frame for each eligible project;

(2) the time frame for the project;

(3) a description of the amount of waste reduction or source reduction achieved by the project during the reporting year by weight, categorized by material type;

(4) a description of how the project served environmental justice areas, if applicable;

(5) a description of how the data was measured and the activities used to achieve the specified waste reduction or source reduction amounts; and

(6) any other information requested by the commissioner to determine compliance.

Subd. 7. **Operating record.** A covered entity must record and maintain in an operating record all information used to determine the rate charged, including gate receipts and financial records, for a minimum of five years.

Subd. 8. **Duty to provide information.** If the commissioner requests information to determine compliance with this section, a person must furnish to the commissioner any information that the person may have or may reasonably obtain.

Sec. 21. **[115A.404] LANDFILL RESPONSIBILITY ASSESSMENT.**

(a) By January 1 each year, a covered entity must pay to the commissioner an assessment fee according to this section. The commissioner must deposit the fee in the state treasury and credit the fee to the environmental fund.

(b) The annual assessment fee is calculated for each covered entity according to the formula:

$X = A * (B/C)$

Where:

X is the assessment fee owed by each covered entity

A is the anticipated total annual cost to the agency to administer and implement the Landfill Responsibility Act for the following year, as determined by the commissioner

B is the total amount of solid waste, measured in tons, disposed of in a covered entity's applicable area or applicable areas according to the covered entity's most recent annual report

C is the total amount of solid waste, measured in tons, disposed of in the applicable areas at all covered entities according to the covered entities' most recent annual reports

Sec. 22. **[115A.405] WASTE COMPOSITION STUDY.**

Subdivision 1. **Waste composition study.** By January 1 each year, the commissioner must conduct a waste composition study at covered entities. When identifying facilities for waste composition studies, the commissioner must rotate the covered entities and each covered entity must allow the commissioner to perform a waste composition study at least once every three years.

Subd. 2. **Access.** The commissioner or commissioner's designee, upon presentation of credentials, may enter upon any public or private property to take any action authorized by this section. The covered entity must provide access to pertinent books and records and provide reasonable accommodations for a waste composition study to be completed accurately and safely.

Subd. 3. **Data compilation.** The commissioner must annually compile and summarize the waste composition data. The commissioner must make the summary information available to the public.

Sec. 23. Minnesota Statutes 2020, section 115A.565, subdivision 1, is amended to read:

Subdivision 1. **Grant program established.** The commissioner ~~shall~~ must make competitive grants to political subdivisions or federally recognized Tribes to establish curbside recycling or composting, increase recycling or composting, reduce the amount of recyclable materials entering disposal facilities, or reduce the costs associated with hauling waste by locating collection sites as close as possible to the site where the waste is generated. To be eligible for grants under this section, a political subdivision or federally recognized Tribe must be located outside the seven-county metropolitan area and a city must have a population of less than 45,000.

Sec. 24. Minnesota Statutes 2020, section 115B.17, subdivision 13, is amended to read:

Subd. 13. **Priorities; rules.** (a) By November 1, 1983, the Pollution Control Agency shall establish a temporary list of priorities among releases or threatened releases for the purpose of taking remedial action and, to the extent practicable consistent with the urgency of the action, for taking removal action under this section. The temporary list, with any necessary modifications, shall remain in effect until the Pollution Control Agency adopts rules establishing state criteria for determining priorities among releases and threatened releases. The Pollution Control Agency shall adopt the rules by July 1, 1984. After rules are adopted, a permanent priority list shall be established, and may be modified from time to time, using the current guidance and tools for the Hazard Ranking System adopted by the federal Environmental Protection Agency and according to the criteria set forth in the rules. Before any list is established under this subdivision the Pollution Control Agency shall publish the list in the State Register and allow 30 days for comments on the list by the public.

(b) The temporary list and the rules required by this subdivision shall be based upon the relative risk or danger to public health or welfare or the environment, taking into account to the extent possible the population at risk, the hazardous potential of the hazardous substances at the facilities, the potential for contamination of drinking water supplies, the potential for direct human contact, the potential for destruction of sensitive ecosystems, the administrative and financial capabilities of the Pollution Control Agency, and other appropriate factors.

Sec. 25. Minnesota Statutes 2020, section 115B.406, subdivision 1, is amended to read:

Subdivision 1. **Legislative findings.** The legislature recognizes the need to protect the public health and welfare and the environment at priority qualified facilities. To implement a timely and effective cleanup and prevent multiparty litigation, the legislature finds it is in the public interest to direct the commissioner of the Pollution Control Agency to:

(1) take environmental response actions that the commissioner deems reasonable and necessary to protect the public health or welfare or the environment at priority qualified facilities ~~and to~~;

(2) acquire real property interests at priority qualified facilities to ensure the completion and long-term effectiveness of environmental response actions~~.~~; and

(3) prevent both an unjust financial windfall to and double liability of owners and operators of priority qualified facilities.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to actions commenced on or after January 1, 2021.

Sec. 26. Minnesota Statutes 2020, section 115B.406, subdivision 9, is amended to read:

Subd. 9. **Environmental ~~response costs;~~ liens.** (a) All environmental response costs and reasonable and necessary expenses, including administrative and legal expenses, incurred by the commissioner at a priority qualified facility constitute a lien in favor of the state upon any real property located in the state, other than homestead property, owned by the owner or operator of the priority qualified facility who is subject to the requirements of section 115B.40, subdivision 4 or 5. Notwithstanding section 514.672, a lien under this paragraph continues until the lien is satisfied or is released according to paragraph (c).

(b) If the commissioner conducts an environmental response action at a priority qualified facility and the environmental response action increases the fair market value of the facility above the fair market value of the facility that existed before the response action was initiated, then the state has a lien on the facility for the increase in fair market value of the property attributable to the response action, valued at the time that construction of the final environmental response action was completed, not including operation and maintenance. Notwithstanding section 514.672, a lien under this paragraph continues until the lien is satisfied or is released according to paragraph (c).

(c) A lien under ~~this subdivision~~ paragraph (a) or (b) attaches when the environmental response costs are first incurred. ~~Notwithstanding section 514.672, a lien under this subdivision continues until the lien is satisfied or six years after completion of construction of the final environmental response action, not including operation and maintenance.~~ Notice, filing, ~~and~~ release, and enforcement of the lien are governed by sections 514.671 to 514.676, except where those requirements specifically are related to only cleanup action expenses as defined in section 514.671. The commissioner may release a lien under this subdivision if the commissioner determines that attachment or enforcement of the lien is not in the public interest. A lien under this subdivision is not subject to the foreclosure limitation described in section 514.674, subdivision 2. Relative priority of a lien under this subdivision is governed by section 514.672, except that a lien attached to property that was included in any permit for the priority qualified facility takes precedence over all other liens regardless of when the other liens were or are perfected. Amounts received to satisfy all or a part of a lien must be deposited in the remediation fund. An environmental lien notice for a lien under paragraph (a) or (b) must state that it is a lien in accordance with this section and identify whether the property described in the notice was included in any permit for the priority qualified facility.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to actions commenced on or after January 1, 2021.

Sec. 27. Minnesota Statutes 2020, section 115B.407, is amended to read:

115B.407 ~~ACQUISITION AND DISPOSITION~~ ACQUIRING AND DISPOSING OF REAL PROPERTY AT PRIORITY QUALIFIED FACILITIES.

Subdivision 1. **Acquiring and disposing of real property.** (a) The commissioner may acquire interests in real property by donation or eminent domain at all or a portion of a priority qualified facility. Condemnation under this section includes acquisition of fee title or an easement. After acquiring an interest in real property under this section, the commissioner must take environmental response actions at the priority qualified facility according to sections 115B.39 to 115B.414 after the legislature makes an appropriation for that purpose.

(b) The commissioner may dispose of real property acquired under this section according to section 115B.17, subdivision 16.

(c) Except as modified by this section, chapter 117 governs condemnation proceedings by the commissioner under this section. The exceptions under section 117.189 apply to the use of eminent domain authority under this section. Section 117.226 does not apply to properties acquired by the use of eminent domain authority under this section.

(d) The state is not liable under this chapter solely as a result of acquiring an interest in real property under this section.

Subd. 2. **Eminent domain damages.** (a) For purposes of this subdivision, the following terms have the meanings given:

(1) "after-market value" means the property value of that portion of the subject property remaining after a partial taking;

(2) "as remediated" means the condition of the property assuming the environmental response actions selected by the commissioner have been completed, including environmental covenants and easements and other institutional controls that may apply;

(3) "before-market value" means the property value of the entire subject property before the taking, less the remediation costs;

(4) "property value" means the fair market value of the real property, as remediated, less any reduction in value attributable to the stigma of pollution; and

(5) "remediation costs" means the reasonably foreseeable costs and expenses, including administrative and legal expenses, that the commissioner will incur to implement the environmental response actions that the commissioner selected for the property according to section 115B.406, subdivision 3, less the amount, if any, that the property owner demonstrates was released under section 115B.443, subdivision 8, which must not be greater than the extent of insurance coverage under policies for the property included in a settlement consistent with section 115B.443, subdivision 8.

(b) The damages awarded for condemnation of real property under this section is the greater of $500 or:

(1) for a total taking of the subject property, the before-market value; or

(2) for a partial taking of the subject property, the before-market value less the after-market value.

(c) When awarding damages in a condemnation proceeding under this section, in addition to any other requirement of chapter 117, the finder of fact must report:

(1) the amount determined for the property value of the entire subject property before the taking; and

(2) the itemized amount determined for remediation costs.

(d) The commissioner may seek recovery of environmental response costs only to the extent the costs exceed the lower of the remediation costs or the property value of the entire subject property before the taking as reported under paragraph (c).

(e) If the actual expenses incurred by the commissioner to take environmental response actions at the priority qualified facility as determined at the time construction of the final environmental response action was completed would have yielded a higher award of damages under this section, then the commissioner must reimburse the owner an amount equal to the amount of damages as if the actual expenses were used instead of the remediation costs, less any damages already awarded.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to actions commenced on or after January 1, 2021.

Sec. 28. Minnesota Statutes 2020, section 115B.421, is amended to read:

115B.421 CLOSED LANDFILL INVESTMENT FUND.

(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. Beginning July 1, 2003, funds must be deposited as described in section 115B.445. The fund shall be managed to maximize long-term gain through the State Board of Investment.

~~Money in~~ (b) Interest earned by the fund is appropriated to the commissioner and may be spent ~~by the commissioner after fiscal year 2020~~ in accordance with sections 115B.39 to 115B.444. By January 15 each year, the commissioner must submit a report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment policy and finance on the expenditure of money appropriated under this section. This paragraph expires June 30, 2025.

Sec. 29. Minnesota Statutes 2020, section 115B.49, subdivision 4, is amended to read:

Subd. 4. **Registration; fees.** (a) The owner or operator of a dry cleaning facility ~~shall~~ must register on or before October 1 of each year with the commissioner of revenue in a manner prescribed by the commissioner of revenue and pay a registration fee for the facility. The amount of the fee is~~:~~

~~(1) $500, for facilities with a full-time equivalence of fewer than five;~~ equal to ... percent of the facility's gross revenues for the preceding year.

~~(2) $1,000, for facilities with a full-time equivalence of five to ten; and~~

~~(3) $1,500, for facilities with a full-time equivalence of more than ten.~~

The registration fee must be paid on or before October 18 or the owner or operator of a dry cleaning facility may elect to pay the fee in equal installments. Installment payments must be paid on or before October 18, on or before January 18, on or before April 18, and on or before June 18. All payments made after October 18 bear interest at the rate specified in section 270C.40.

(b) A person who sells dry cleaning solvents for use by dry cleaning facilities in the state shall collect and remit to the commissioner of revenue in the same manner prescribed by the commissioner of revenue, for the taxes imposed under chapter 297A, a fee of:

(1) $3.50 for each gallon of perchloroethylene sold for use by dry cleaning facilities in the state;

(2) 70 cents for each gallon of hydrocarbon-based dry cleaning solvent sold for use by dry cleaning facilities in the state; and

(3) 35 cents for each gallon of other nonaqueous solvents sold for use by dry cleaning facilities in the state.

(c) The audit, assessment, appeal, collection, enforcement, and administrative provisions of chapters 270C and 289A apply to the fee imposed by this subdivision. To enforce this subdivision, the commissioner of revenue may grant extensions to file returns and pay fees, impose penalties and interest on the annual registration fee under paragraph (a) and the monthly fee under paragraph (b), and abate penalties and interest in the manner provided in chapters 270C and 289A. The penalties and interest imposed on taxes under chapter 297A apply to the fees imposed under this subdivision. Disclosure of data collected by the commissioner of revenue under this subdivision is governed by chapter 270B.

Sec. 30. Minnesota Statutes 2020, section 116.06, is amended by adding a subdivision to read:

Subd. 6a. **Commissioner.** "Commissioner" means the commissioner of the Minnesota Pollution Control Agency.

Sec. 31. **[116.064] PERMITTING; ENVIRONMENTAL JUSTICE AREAS.**

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

(b) "Census block" means the smallest geographical unit for which the United States Census Bureau tabulates decennial census data.

(c) "Cumulative impacts analysis" means the potential public health and environmental impacts affecting a specific geographical area from past, present, and foreseeable future exposure to pollutants from all media and incorporates the concept of a community's vulnerability to withstand incremental environmental impacts.

(d) "Environmental justice" means that:

(1) communities of color, Indigenous communities, and low-income communities have a healthy environment and are treated fairly when environmental statutes, rules, and policies are developed, adopted, implemented, and enforced; and

(2) in all decisions that have the potential to affect the environment of an environmental justice area or the public health of its residents, due consideration is given to the history of those residents' cumulative exposure to pollutants and to any current socioeconomic conditions that increase the physical sensitivity of those residents to additional exposure to pollutants.

(e) "Environmental justice area" means one or more census blocks in Minnesota:

(1) in which, based on the most recent data published by the United States Census Bureau:

(i) 40 percent or more of the population is nonwhite;

(ii) 35 percent or more of the households have an income at or below 200 percent of the federal poverty level; or

(iii) 40 percent or more of the population over the age of five have limited English proficiency; or

(2) within Indian country, as defined in United State Code, title 18, section 1151.

Subd. 2. **Rulemaking.** No later than November 1, 2021, the commissioner must begin the process to adopt rules under chapter 14 that implement the provisions of this section to establish a process and decision-making criteria the agency must utilize to address the permitting of facilities that have the potential to impact the environment of environmental justice areas and the health of persons residing within them.

Subd. 3. **Application.** The provisions of this section apply to an application for a new permit, permit renewal, or major permit amendment filed with the agency whose emissions or releases of pollutants may affect an environmental justice area.

Subd. 4. **Environmental justice area; determination.** The agency has the responsibility to determine the geographical boundaries of an environmental justice area. The agency's determination of the boundaries of an environmental justice area may be appealed by the filing of a petition signed by at least 50 residents filed with the commissioner that contains evidence that one or more census blocks meet the definition of environmental justice area in subdivision 1, paragraph (e). The commissioner may, after reviewing the petition, amend the boundaries of an environmental justice area.

Subd. 5. **Process; cumulative impact analysis.** (a) The agency must ensure that residents of an environmental justice area are notified about all steps in the permitting process and the progress of the analysis required to be conducted under this section. Notification must include but not be limited to postings on the agency's website and direct delivery of written materials to environmental justice area residents in applicable languages in areas where English proficiency is limited.

(b) When a new facility or a proposed expansion of an existing facility is located in an environmental justice area, the owner or operator of the facility must:

(1) conduct an analysis of the cumulative impacts that the facility or expansion would cause or contribute to in the environmental justice area; and

(2) if seeking a state permit under chapter 115 or 116, hold at least one public meeting in the environmental justice area before the commissioner issues or denies a permit.

(c) The commissioner may require a permitted facility located in an environmental justice area to hold in-person meetings with nearby residents to share information and discuss community concerns. The commissioner may establish the number and frequency of required meetings as permit conditions.

(d) A cumulative impact analysis must also describe demographic and socioeconomic conditions that may make residents of an environmental justice area more vulnerable to the effects of incremental exposure to environmental pollutants. The analysis, based on publicly available or otherwise obtainable data, must include but is not limited to the following factors:

(1) demographic factors, including the age distribution and racial and ethnic characteristics of the population;

(2) hospital admission rates for respiratory and pulmonary disease, cancer, diabetes, and other conditions that may be exacerbated by exposure to pollutants;

(3) the proportion of the population without medical insurance;

(4) economic variables, including income and poverty levels, the rate of unemployment, the proportion of substandard housing, and the incidence of poor nutrition; and

(5) any available biomonitoring data indicating body burdens of pollutants.

(e) If requested, the agency shall provide any relevant information it has to a permit applicant conducting a cumulative impacts analysis under this section.

(f) The agency's reasonable costs of complying with this subdivision are to be reimbursed by the permit applicant.

(g) The agency shall maintain on its website a list of all environmental justice areas that undergo the analysis required under this subdivision.

Subd. 6. **Permits; environmental justice area.** (a) Notwithstanding the provisions of any other law, the agency must, after reviewing the permit application, the agency's analysis of cumulative pollution impacts conducted under subdivision 5, and any additional relevant information, including testimony and written comments received at a public meeting, determine whether the incremental environmental impacts that would result in an environmental justice area from approval of the permit will, in conjunction with the cumulative pollution impacts and the heightened sensitivity to additional pollution of residents of the environmental justice area, cause or contribute to increased levels of environmental or health impacts compared with denying the permit.

(b) If the agency determines that issuing the permit would cause or contribute to increased levels of environmental or health impacts compared with not issuing the permit, the commissioner must:

(1) deny the permit; or

(2) place conditions on the permit that eliminate any contribution to increased levels of environmental or health impacts from the permitted facility in an environmental justice area.

Subd. 7. **Enforcement.** The commissioner may enforce rules and regulations necessary to implement the provisions of this section.

Sec. 32. Minnesota Statutes 2020, section 116.07, is amended by adding a subdivision to read:

Subd. 4l. **Real property interests.** (a) The commissioner may acquire interests in real property at a solid waste disposal facility, limited to environmental covenants under chapter 114E and easements for the environmental covenants, when the commissioner determines the property interests are related to:

(1) closure;

(2) postclosure care; and

(3) any other actions needed after the postclosure care period expires.

(b) The state is not liable under this chapter or any other law solely as a result of acquiring an interest in real property under this section.

(c) An environmental covenant under this subdivision must be in accordance with chapter 114E and must be signed and acknowledged by every owner of the fee simple title to the real property subject to the covenant.

Sec. 33. Minnesota Statutes 2020, section 116.07, is amended by adding a subdivision to read:

Subd. 4m. **Permit review denial.** If the commissioner determines that a person's request for the agency to review an existing permit is not warranted, the commissioner must state the reasons for the determination in writing within 15 days of the determination.

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

Sec. 34. Minnesota Statutes 2020, section 116.07, is amended by adding a subdivision to read:

Subd. 4n. **Nonexpiring state individual permits; public informational meeting.** (a) For each facility issued a nonexpiring state individual air quality permit by the agency, the agency must hold a separate public informational meeting at regular intervals to allow the public to make comments or inquiries regarding any aspect of the permit, including but not limited to permit conditions, testing results, the facility's operations, and permit compliance. The public informational meeting must be held at a location near the permitted facility and convenient to the public. Persons employed at the facility who are responsible for the facility meeting the conditions of the permit and agency officials must be present at the public informational meeting. For nonexpiring state individual air quality permits issued after December 31, 2016, a public informational meeting must be held under this subdivision no later than five years after the permit is issued and every five years thereafter. For nonexpiring state individual air quality permits issued on or before December 31, 2015, a public informational meeting must be held under this subdivision no later than December 31, 2022, and every five years thereafter.

(b) For the purposes of this section, "state individual air quality permit" means an air quality permit that is issued to an individual facility required to obtain a permit under Minnesota Rules, part 7007.0250, subparts 2 to 6, and is not a general permit issued under Minnesota Rules, part 7007.1100.

(c) As required under subdivision 4d, the agency's direct and indirect reasonable costs of conducting the activities under this subdivision must be recovered through air quality permit fees.

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

Sec. 35. Minnesota Statutes 2020, section 116.07, subdivision 6, is amended to read:

Subd. 6. **Pollution Control Agency; exercise of powers.** (a) In exercising all ~~its~~ powers, the commissioner of the Pollution Control Agency ~~shall give due consideration to~~ must:

(1) consider the establishment, maintenance, operation and expansion of business, commerce, trade, industry, traffic, and other economic factors and other material matters affecting the feasibility and practicability of any proposed action, including, but not limited to, the burden on a municipality of any tax which may result therefrom, and ~~shall~~ must take or provide for such action as may be reasonable, feasible, and practical under the circumstances~~.~~; and

(2) to the extent reasonable, feasible, and practical under the circumstances:

(i) ensure that actions or programs that have a direct, indirect, or cumulative impact on environmental justice areas incorporate community-focused practices and procedures in agency processes, including communication, outreach, engagement, and education to enhance meaningful, timely, and transparent community access;

(ii) collaborate with other state agencies to identify, develop, and implement means to eliminate and reverse environmental and health inequities and disparities;

(iii) promote the utility and availability of environmental data and analysis for environmental justice areas, other agencies, federally recognized Tribal governments, and the public;

(iv) encourage coordination and collaboration with residents of environmental justice areas to address environmental and health inequities and disparities; and

(v) ensure environmental justice values are represented to the agency from a commissioner-appointed environmental justice advisory committee that is composed of diverse members and that is developed and operated in a manner open to the public and in accordance with the duties described in the bylaws and charter adopted and maintained by the commissioner.

(b) For the purposes of this section, "environmental justice" and "environmental justice area" have the meanings given under section 115A.03, subdivisions 10b and 10c.

Sec. 36. Minnesota Statutes 2020, 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) 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. The agency may recover oversight costs exceeding $25,000. Oversight costs include personnel and direct costs associated with inspections, sampling, monitoring, modeling, risk assessment, permit writing, engineering review, economic analysis and review, and other record or document review. Only oversight costs incurred after executing the negotiated agreement are covered by this clause. The agency's legal and litigation costs are not covered by this clause. 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. Reimbursement amounts are appropriated to the commissioner.

Sec. 37. Minnesota Statutes 2020, section 116.07, is amended by adding a subdivision to read:

Subd. 9a. **Stipulation agreements.** In exercising enforcement powers over a term of a stipulation agreement when a party asserts a good cause or force majeure claim for an extension of time to comply with a stipulated term, the commissioner must not grant the extension if the assertion is based solely on increased costs.

Sec. 38. Minnesota Statutes 2020, 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. 39. **[116.0735] AUTHORITY TO REQUIRE INFORMATION ON CONTAMINANTS.**

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

(b) "Activities" means actions by a person that produce, emit, discharge, release, threaten to release, or otherwise cause a contaminant to enter the environment or the human body and that occurred at a point in time or continue to occur. Activities includes but is not limited to manufacturing, distributing, using, or selling products.

(c) "Agency" means the Minnesota Pollution Control Agency.

(d) "Agency action" means investigating, monitoring, surveying, testing, or other similar action necessary or appropriate to identify the existence and extent of a release of a contaminant or threat of a release, the source and nature of the contaminant, and the extent of danger to the public health or welfare or the environment.

(e) "Biomonitoring" means the process by which chemicals and their metabolites are identified and measured in a biospecimen.

(f) "Biospecimen" means a sample of human fluid, serum, or tissue that is reasonably available as a medium to measure the presence and concentration of chemicals or their metabolites in a human body.

(g) "Commissioner" means the commissioner of the agency.

(h) "Contaminant" means a substance with a distinct molecular composition or a group of structurally related substances, including the breakdown products of the substance or substances that form through decomposition, degradation, or metabolism, that may:

(1) harm normal development of a fetus or child or cause other developmental toxicity;

(2) cause cancer, genetic damage, or reproductive harm;

(3) disrupt the endocrine or hormone system;

(4) damage the nervous system, immune system, or organs or cause other systemic toxicity;

(5) be persistent, bioaccumulative, or toxic; or

(6) be very persistent or very bioaccumulative.

(i) "Monitoring" means sampling environmental media and analyzing general and specific data relating to the presence of contaminants.

(j) "Person" means an individual, partnership, association, public or private corporation, or other entity, including the United States government; any association, commission, or interstate body; the state and any agency, department, or political subdivision of the state; and any officer or governing or managing body of a municipality, governmental subdivision, public or private corporation, or other entity.

(k) "Supplier" means a person who provides goods or services that lead to or are incorporated into a finished product used in commerce or by consumers.

Subd. 2. **Agency action.** The commissioner may take agency action whenever:

(1) the commissioner detects a contaminant:

(i) during the agency's monitoring of Minnesota's environment;

(ii) through receipt of environmental monitoring data from a local, state, or federal agency or nongovernmental organization in the United States; or

(iii) through receipt of biomonitoring data of residents of the United States; or

(2) the commissioner has reason to believe that:

(i) a release of a contaminant has occurred, is about to occur, or is connected to a person's activities; or

(ii) illness, disease, environmental harm, or complaints thereof may be attributable to exposure to a contaminant connected to a person's activities.

Subd. 3. **Duty to provide information.** (a) When requested by the commissioner or the commissioner's designee, a person the commissioner has reason to believe is engaged in activities where agency action is proposed to be taken must furnish to the commissioner any information that the person may have or may reasonably obtain that is relevant to the contaminant under investigation.

(b) For purposes of this subdivision, the commissioner may:

(1) request in writing that a person produce electronic or physical documents, papers, books, or other tangible items in the possession, custody, or control of the person;

(2) request in writing that a person provide information submitted to the person from a supplier or within the supply chain for production of a commercial or consumer good;

(3) examine and copy books, papers, records, memoranda, and other electronic or physical data of a person who has a duty to provide information under this subdivision; and

(4) enter upon public or private property to take an action authorized under this section, including to obtain information from a person who has a duty to provide the information under this subdivision and to conduct agency action.

(c) A person must submit requested information to the commissioner within the time specified in the commissioner's written request. If a person fails or refuses to comply with the commissioner's request for information, the commissioner may petition the district court for an order to compel compliance with the request or take other enforcement action authorized by law.

Subd. 4. **Classifying data.** Except as otherwise provided in this subdivision, data obtained from a person under this section are public data as defined in section 13.02. Upon certification by the subject of the data that the data relate to sales figures, processes or methods of production unique to that person, or information that would tend to adversely affect the competitive position of that person, the commissioner must classify the data as private or nonpublic data as defined in section 13.02. Notwithstanding any other law to the contrary, data classified as private or nonpublic under this subdivision may be disclosed when relevant:

(1) in any proceeding under this section;

(2) in further agency actions, including permitting, setting local water quality standards, or other similar actions; and

(3) to other public agencies involved in protecting human health, welfare, or the environment.

Sec. 40. Minnesota Statutes 2020, 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 a pattern of behavior that includes 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 a pattern of behavior specified in paragraph (a), then regardless of the presence of imminent and substantial danger, the commissioner may investigate and may:

(1) exercise emergency powers according to subdivision 1;

(2) suspend or revoke a permit;

(3) issue an order to cease operation or activities;

(4) require financial assurances;

(5) reopen and modify a permit to require additional terms;

(6) require additional agency oversight; or

(7) pursue other actions deemed necessary to abate pollution and protect human health.

Sec. 41. Minnesota Statutes 2020, section 325E.046, is amended to read:

325E.046 STANDARDS FOR LABELING ~~PLASTIC~~ BAGS, FOOD OR BEVERAGE PRODUCTS, AND PACKAGING.

Subdivision 1. **~~"~~Biodegradable~~"~~ label.** A manufacturer, distributor, or wholesaler may not sell or offer for sale and any other person may not knowingly sell or offer for sale in this state a ~~plastic bag~~ covered product labeled "biodegradable," "degradable," "decomposable," or any form of those terms, or in any way imply that the ~~bag~~ covered product will ~~chemically decompose into innocuous elements in a reasonably short period of time in a landfill, composting, or other terrestrial environment unless a scientifically based standard for biodegradability is developed and the bags are certified as meeting the standard.~~ break down, fragment, degrade, biodegrade, or decompose in a landfill or other environment, unless an ASTM standard specification is adopted for the term claimed and the specification is approved by the legislature.

Subd. 2. **~~"~~Compostable~~"~~ label.** (a) A manufacturer, distributor, or wholesaler may not sell or offer for sale and any other person may not knowingly sell or offer for sale in this state a ~~plastic bag~~ covered product labeled "compostable" unless, at the time of sale or offer for sale, the ~~bag~~ covered product:

(1) meets the ASTM Standard Specification for ~~Compostable~~ Labeling of Plastics Designed to be Aerobically Composted in Municipal or Industrial Facilities (D6400)~~. Each bag must be labeled to reflect that it meets the standard. For purposes of this subdivision, "ASTM" has the meaning given in section 296A.01, subdivision 6.~~, or its successor, or the ASTM 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, and the covered product is labeled to reflect that it meets the specification;

(2) is comprised of only wood without any coatings or additives; or

(3) is comprised of only paper without any coatings or additives.

(b) A covered product labeled "compostable" and meeting the criteria under paragraph (a) must be clearly and prominently labeled on the product, or on the product's smallest unit of sale, to reflect that it is intended for an industrial or commercial compost facility. The label required under this paragraph must be in a legible text size and font.

Subd. 2a. **Certification of compostable products.** Beginning January 1, 2024, a manufacturer, distributor, or wholesaler may not sell or offer for sale and any other person may not knowingly sell or offer for sale in this state a covered product labeled as "compostable" unless the covered product is certified as meeting the requirements of subdivision 2 by an entity that:

(1) is a nonprofit corporation;

(2) as its primary focus of operation, promotes the production, use, and appropriate end of life for materials and products that are designed to fully biodegrade in specific biologically active environments such as industrial composting; and

(3) is technically capable of and willing to perform analysis necessary to determine a product's compliance with subdivision 2.

Subd. 3. **Enforcement; civil penalty; injunctive relief.** (a) A ~~manufacturer, distributor, or wholesaler~~ person who violates ~~subdivision 1 or 2~~ this section is subject to a civil or administrative penalty of $100 for each prepackaged saleable unit sold or offered for sale up to a maximum of $5,000 and may be enjoined from those violations.

(b) The attorney general may bring an action in the name of the state in a court of competent jurisdiction for recovery of civil penalties or for injunctive relief as provided in this subdivision. The attorney general may accept an assurance of discontinuance of acts in violation of ~~subdivision 1 or 2~~ this section in the manner provided in section 8.31, subdivision 2b.

(c) The commissioner of the Pollution Control Agency may enforce this section under sections 115.071 and 116.072.

(d) When requested by the attorney general or the commissioner of the Pollution Control Agency, a person selling or offering for sale a covered product labeled as "compostable" must furnish to the attorney general or the commissioner any information that the person may have or may reasonably obtain that is relevant to show compliance with this section.

Subd. 4. **Definitions.** For purposes of this section, the following terms have the meanings given:

(1) "ASTM" has the meaning given in section 296A.01, subdivision 6;

(2) "covered product" means a bag, food or beverage product, or packaging;

(3) "food or beverage product" means a product that is used to wrap, package, contain, serve, store, prepare, or consume a food or beverage, such as plates, bowls, cups, lids, trays, straws, utensils, and hinged or lidded containers; and

(4) "packaging" has the meaning given in section 115A.03, subdivision 22b.

EFFECTIVE DATE. This section is effective January 1, 2023.

Sec. 42. **[325F.075] FOOD PACKAGING; PFAS.**

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

(b) "Food package" means a container applied to or providing a means to market, protect, handle, deliver, serve, contain, or store a food or beverage. Food package includes:

(1) a unit package, an intermediate package, and a shipping container;

(2) unsealed receptacles, such as carrying cases, crates, cups, plates, bowls, pails, rigid foil and other trays, wrappers and wrapping films, bags, and tubs; and

(3) an individual assembled part of a food package, such as any interior or exterior blocking, bracing, cushioning, weatherproofing, exterior strapping, coatings, closures, inks, and labels.

(c) "Perfluoroalkyl and polyfluoroalkyl substances" or "PFAS" means a class of fluorinated organic chemicals containing at least one fully fluorinated carbon atom.

Subd. 2. **Prohibition.** No person shall manufacture, knowingly sell, offer for sale, distribute for sale, distribute, or offer for use in Minnesota a food package that contains PFAS.

Subd. 3. **Enforcement.** (a) The commissioner of the Pollution Control Agency may enforce this section under sections 115.071 and 116.072. The commissioner may coordinate with the commissioners of commerce and health in enforcing this section.

(b) When requested by the commissioner of the Pollution Control Agency, a person must furnish to the commissioner any information that the person may have or may reasonably obtain that is relevant to show compliance with this section.

EFFECTIVE DATE. This section is effective January 1, 2023.

Sec. 43. **POSITION ESTABLISHED; POLLUTION CONTROL AGENCY.**

The commissioner of the Pollution Control Agency shall establish a new full-time equivalent position of community liaison, funded through air quality permit fees, as specified in Minnesota Statutes, section 116.07, subdivision 4d, to conduct the administrative tasks necessary to successfully implement Minnesota Statutes, section 116.07, subdivision 4a, and other regulatory activities requiring interaction between the agency and residents in communities exposed to air pollutants emitted by facilities permitted by the agency.

Sec. 44. **PFAS WATER QUALITY STANDARDS.**

The commissioner of the Pollution Control Agency must adopt rules establishing water quality standards for perfluorooctanoic acid (PFOA) and perfluorooctanesulfonic acid (PFOS). The commissioner must adopt the rules establishing the PFOA and PFOS water quality standards by July 1, 2024, and Minnesota Statutes, section 14.125, does not apply.

Sec. 45. **HEALTH RISK LIMIT; PERFLUOROOCTANE SULFONATE.**

By July 1, 2023, the commissioner of health must amend the health risk limit for perfluorooctane sulfonate (PFOS) in Minnesota Rules, part 4717.7860, subpart 15, so that the health risk limit does not exceed 0.015 parts per billion. In amending the health risk limit for PFOS, the commissioner must comply with Minnesota Statutes, section 144.0751, requiring a reasonable margin of safety to adequately protect the health of infants, children, and adults.

Sec. 46. **CARPET STEWARDSHIP PROGRAM; REPORT.**

Subdivision 1. **Carpet stewardship program plan.** The commissioner of the Pollution Control Agency must develop a plan for establishing a carpet stewardship program designed to reduce carpet-related waste generation by promoting the collection and recycling of discarded carpet. The plan must include:

(1) an organizational structure for the program, including roles for the state, carpet producers, retailers, collection site operators, and recyclers;

(2) a timeline for implementing the program;

(3) a fee structure that ensures the costs of the program are recovered, including recommendations for determining the amount, methods of collecting the fee, and how fee revenues will be managed;

(4) a plan for how discarded carpet will be collected and transported to recyclers in this state;

(5) strategies for improving education and training of retailers, carpet installers, and collection site operators to improve the recycling rates of carpet; and

(6) draft legislation necessary for implementing the plan.

Subd. 2. **Task force; public engagement.** (a) The commissioner must convene a task force to assist with developing the plan required under subdivision 1. The task force must include:

(1) one representative of a statewide association representing retailers;

(2) two representatives of producers;

(3) two representatives of recyclers;

(4) one representative of statewide associations representing waste disposal companies;

(5) one representative of an environmental organization;

(6) one representative of county or municipal waste management programs;

(7) two representatives of companies that use discarded carpet to manufacture products other than new carpet;

(8) one representative of carpet installers; and

(9) two members of the general public.

(b) Members of the task force must not be registered lobbyists.

(c) The commissioner must provide opportunities for the public to provide input on the program.

Subd. 3. **Report.** The commissioner must submit a report with the plan required under this section to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over the environment by January 15, 2022.

Sec. 47. **SEED DISPOSAL RULEMAKING REQUIRED.**

The commissioner of the Pollution Control Agency, in consultation with the commissioner of agriculture and the University of Minnesota, must adopt rules under Minnesota Statutes, chapter 14, providing for the safe and lawful disposal of unwanted or unused seed that is treated or coated with pesticide. The rules must clearly identify the regulatory jurisdiction of state agencies and local governments with regard to such seed.

Sec. 48. **REPEALER.**

(a) Minnesota Statutes 2020, sections 115.44, subdivision 9; 115B.48, subdivision 8; and 115C.13, are repealed.

(b) Minnesota Rules, part 7044.0350, is repealed.

ARTICLE 5
NATURAL RESOURCES

Section 1. Minnesota Statutes 2020, section 16B.335, subdivision 2, is amended to read:

Subd. 2. **Other projects.** All other capital projects for which a specific appropriation is made must not proceed until the recipient undertaking the project has notified the chairs and ranking minority members of the senate Capital Investment and Finance Committees and the house of representatives Capital Investment and Ways and Means Committees that the work is ready to begin. Notice is not required for:

(1) capital projects needed to comply with the Americans with Disabilities Act~~, for~~;

(2) asset preservation projects to which section 16B.307 applies~~, or for~~;

(3) projects funded by an agency's operating budget; or

(4) projects funded by a capital asset preservation and replacement account under section 16A.632, ~~or~~ a higher education asset preservation and replacement account under section 135A.046, or a natural resources asset preservation and replacement account under section 84.946.

Sec. 2. Minnesota Statutes 2020, section 17.4982, subdivision 6, is amended to read:

Subd. 6. **Certifiable diseases.** "Certifiable diseases" includes any of the following expressed as clinical symptoms or based on the presence of the pathogen: channel catfish virus, *Renibacterium salmoninarum* (bacterial kidney disease), *Aeromonas salmonicida* (bacterial furunculosis), *Yersinia ruckeri* (enteric redmouth disease), *Edwardsiella ictaluri* (enteric septicemia of catfish), infectious hematopoietic necrosis virus, infectious pancreatic necrosis virus, *Myxobolus cerebralis* (whirling disease), *Tetracapsuloides bryosalmonae* (proliferative kidney disease), viral hemorrhagic septicemia virus, epizootic epitheliotropic virus, *Ceratomyxa shasta* (ceratomyxosis), and any emergency fish disease.

Sec. 3. Minnesota Statutes 2020, section 17.4982, subdivision 8, is amended to read:

Subd. 8. **Containment facility.** "Containment facility" means a licensed facility for salmonids, catfish, or species on the ~~viral hemorrhagic septicemia (VHS) susceptible list published by the United States Department of Agriculture, Animal and Plant Health Inspection Services,~~ VHS-susceptible-species list that complies with clauses (1), (3), and (4), or clauses (2), (3), and (4):

(1) disinfects its effluent to the standards in section 17.4991 before the effluent is discharged to public waters;

(2) does not discharge to public waters or to waters of the state directly connected to public waters;

(3) raises aquatic life that is prohibited from being released into the wild and must be kept in a facility approved by the commissioner unless processed for food consumption;

(4) contains aquatic life requiring a fish health inspection prior to transportation.

Sec. 4. Minnesota Statutes 2020, section 17.4982, subdivision 9, is amended to read:

Subd. 9. **Emergency fish disease.** "Emergency fish disease" means designated fish diseases or pathogens not already present in this state that could impact populations of aquatic life if inadvertently released by infected aquatic life, including channel catfish virus, viral hemorrhagic septicemia virus, infectious hematopoietic necrosis virus, infectious pancreatic necrosis virus, whirling disease, ceratomyxosis, proliferative kidney disease, and epizootic epitheliotropic virus disease.

Sec. 5. Minnesota Statutes 2020, section 17.4982, subdivision 12, is amended to read:

Subd. 12. **Fish health inspection.** (a) "Fish health inspection" means an on-site, statistically based sampling, collection, and testing of fish in accordance with processes in the Fish Health Blue Book or the Diagnostic Manual for Aquatic Animal Diseases, published by the International Office of Epizootics (OIE) to test for causative pathogens. The samples for inspection must be collected by a fish health inspector or a fish collector in cooperation with the producer. Testing of samples must be done by an approved laboratory.

(b) The inspection for viral hemorrhagic septicemia (VHS), infectious pancreatic necrosis (IPN), and infectious hematopoietic necrosis (IHN) in salmonids and for VHS in nonsalmonids must include at a minimum viral testing of ovarian fluids at the 95 percent confidence level of detecting two percent incidence of disease.

(c) The inspection for certifiable diseases and pathogens for wild fish must follow the guidelines of the Fish Health Blue Book or the Diagnostic Manual for Aquatic Animal Diseases.

Sec. 6. Minnesota Statutes 2020, section 17.4982, is amended by adding a subdivision to read:

Subd. 21a. **VHS-susceptible species.** "VHS-susceptible species" are aquatic species that are natural hosts for viral hemorrhagic septicemia according to the Fish Health Blue Book or the book's successor.

Sec. 7. Minnesota Statutes 2020, section 17.4982, is amended by adding a subdivision to read:

Subd. 21b. **VHS-susceptible-species list.** "VHS-susceptible-species list" is the VHS-susceptible species listed in the Fish Health Blue Book that are found in or that can survive in the Great Lakes region.

Sec. 8. Minnesota Statutes 2020, section 17.4985, subdivision 2, is amended to read:

Subd. 2. **Bill of lading.** (a) A state-issued bill of lading is required for:

(1) intrastate transportation of aquatic life other than salmonids, catfish, or species on the ~~official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services,~~ VHS-susceptible-species list between licensed private fish hatcheries, aquatic farms, or aquarium facilities licensed for the species being transported if the aquatic life is being transported into a watershed where it is not currently present, if walleyes whose original source is south of marked State Highway 210 are being transported to a facility north of marked State Highway 210, or if the original source of the aquatic life is outside Minnesota and contiguous states; and

(2) stocking ~~of~~ waters other than public waters with aquatic life other than salmonids, catfish, or species on the ~~official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services~~ VHS-susceptible-species list.

(b) When aquatic life is transported under paragraph (a), a copy of the bill of lading must be submitted to the regional fisheries manager at least 72 hours before the transportation.

(c) For transportation and stocking of waters that are not public waters:

(1) a bill of lading must be submitted to the regional fisheries manager 72 hours before transporting fish for stocking;

(2) a bill of lading must be submitted to the regional fisheries manager within five days after stocking if the waters to be stocked are confirmed by telecopy or telephone prior to stocking by the regional fisheries office not to be public waters; or

(3) a completed bill of lading may be submitted to the regional fisheries office by telecopy prior to transporting fish for stocking. Confirmation that the waters to be stocked are not public waters may be made by returning the bill of lading by telecopy or in writing, in which cases additional copies need not be submitted to the Department of Natural Resources.

(d) Bill of lading forms may only be issued by the Department of Natural Resources in St. Paul, and new bill of lading forms may not be issued until all previously issued forms have been returned.

Sec. 9. Minnesota Statutes 2020, section 17.4985, subdivision 3, is amended to read:

Subd. 3. **Exemptions for transportation permits and bills of lading.** (a) A state-issued bill of lading or transportation permit is not required by an aquatic farm licensee for ~~importation of~~ importing animals not on the ~~official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services; transportation of~~ VHS-susceptible-species list, transporting animals not on the ~~official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services; or export for~~ VHS-susceptible-species list, or exporting the following:

(1) minnows taken under an aquatic farm license in this state and transported intrastate;

(2) aquarium or ornamental fish including goldfish and tropical, subtropical, and saltwater species that cannot survive in the waters of the state, which may be imported or transported if accompanied by shipping documents;

(3) fish or fish eggs that have been processed for use as food, bait, or other purposes unrelated to fish propagation;

(4) live fish from a licensed aquatic farm, which may be transported directly to an outlet for processing or for other food purposes if accompanied by shipping documents;

(5) fish being exported if accompanied by shipping documents;

(6) sucker eggs, sucker fry, or fathead minnows transported intrastate for bait propagation or feeding of cultural aquatic life, except that if either species becomes listed on the ~~official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services~~ VHS-susceptible-species list, then a transportation permit is required;

(7) species of fish that are found within the state used in connection with public shows, exhibits, demonstrations, or fishing pools for periods not exceeding 14 days;

(8) fish being transported through the state if accompanied by shipping documents; or

(9) intrastate transportation of aquatic life between or within licensed private fish hatcheries, aquatic farms, or aquarium facilities licensed for the species being transported, except where required in subdivision 2 and except that salmonids, catfish, or species on the ~~official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services,~~ VHS-susceptible-species list may only be transferred or transported intrastate without a transportation permit if they had no record of bacterial kidney disease or viral hemorrhagic septicemia at the time they were imported into the state and if they have had a fish health inspection within the preceding year that has shown no certifiable diseases to be present.

Aquatic life being transferred between licensed private fish hatcheries, aquatic farms, or aquarium facilities must be accompanied by shipping documents and salmonids, catfish, or species on the ~~official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services,~~ VHS-susceptible-species list being transferred or transported intrastate without a transportation permit must be accompanied by a copy of their most recent fish health inspection.

(b) Shipping documents required under paragraph (a) must show the place of origin, owner or consignee, destination, number, and species.

Sec. 10. Minnesota Statutes 2020, section 17.4985, subdivision 5, is amended to read:

Subd. 5. **Permit application.** An application for a transportation permit must be made on forms provided by the commissioner. An incomplete application must be rejected. An application for a transportation permit for salmonids, catfish, or species on the ~~official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services,~~ VHS-susceptible-species list; their eggs~~,~~; or their sperm must be accompanied by certification that the source of the eggs or sperm are free of certifiable diseases, except that eggs with enteric redmouth, whirling disease, or furunculosis may be imported, transported, or stocked following treatment approved by the commissioner, and fish with bacterial kidney disease or viral hemorrhagic septicemia may be imported, transported, or stocked into areas where the disease has been identified as being present. A copy of the transportation permit showing the date of certification inspection must accompany the shipment of fish while in transit and must be available for inspection by the commissioner. By 14 days after a completed application is received, the commissioner must approve or deny the importation permits as provided in this section.

Sec. 11. Minnesota Statutes 2020, section 17.4986, subdivision 2, is amended to read:

Subd. 2. **Licensed facilities.** (a) The commissioner shall issue transportation permits to import:

(1) indigenous and naturalized species except trout, salmon, catfish, or species on the ~~official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services,~~ VHS-susceptible-species list and sperm from any source to a standard facility;

(2) trout, salmon, catfish, or species on the ~~official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services,~~ VHS-susceptible-species list from a nonemergency enzootic disease area to a containment facility if the fish are certified within the previous year to be free of certifiable diseases, except that eggs with enteric redmouth, whirling disease, or furunculosis may be imported following treatment approved by the commissioner, and fish with bacterial kidney disease or viral hemorrhagic septicemia may be imported into areas where the disease has been identified as being present; and

(3) trout, salmon, catfish, or species on the ~~official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services,~~ VHS-susceptible-species list from a facility in a nonemergency enzootic disease area with a disease-free history of

three years or more to a standard facility, except that eggs with enteric redmouth, whirling disease, or furunculosis may be imported following treatment approved by the commissioner, and fish with bacterial kidney disease or viral hemorrhagic septicemia may be imported into areas where the disease has been identified as being present.

(b) If a source facility in a nonemergency enzootic disease area cannot demonstrate a history free from disease, aquatic life may only be imported into a quarantine facility.

Sec. 12. Minnesota Statutes 2020, section 17.4986, subdivision 4, is amended to read:

Subd. 4. **Disease-free history.** Disease-free histories required under this section must include the results of a fish health inspection. When disease-free histories of more than one year are required for importing salmonids, catfish, or species on the ~~official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services~~ VHS-susceptible-species list, the disease history must be of consecutive years that include the year previous to, or the year of, the transportation request.

Sec. 13. Minnesota Statutes 2020, section 17.4991, subdivision 3, is amended to read:

Subd. 3. **Fish health inspection.** (a) An aquatic farm propagating salmonids, catfish, or species on the ~~viral hemorrhagic septicemia (VHS) susceptible list published by the United States Department of Agriculture, Animal and Plant Health Inspection Services,~~ VHS-susceptible-species list and having an effluent discharge from the aquatic farm into public waters must have a fish health inspection conducted at least once every 12 months by a certified fish health inspector. Testing must be conducted according to laboratory methods of the Fish Health Blue Book or the Diagnostic Manual for Aquatic Animal Diseases, published by the International Office of Epizootics (OIE).

(b) An aquatic farm propagating any species on the VHS susceptible list and having an effluent discharge from the aquatic farm into public waters must test for VHS virus using the guidelines of the Fish Health Blue Book or the Diagnostic Manual for Aquatic Animal Diseases. The commissioner may, by written order published in the State Register, prescribe alternative testing time periods and methods from those prescribed in the Fish Health Blue Book or the OIE Diagnostic Manual if the commissioner determines that biosecurity measures will not be compromised. These alternatives are not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. The commissioner must provide reasonable notice to affected parties of any changes in testing requirements.

(c) Results of fish health inspections must be provided to the commissioner for all fish that remain in the state. All data used to prepare and issue a fish health certificate must be maintained for three years by the issuing fish health inspector, approved laboratory, or accredited veterinarian.

(d) A health inspection fee must be charged based on each lot of fish sampled. The fee by check or money order payable to the Department of Natural Resources must be prepaid or paid at the time a bill or notice is received from the commissioner that the inspection and processing of samples is completed.

(e) Upon receipt of payment and completion of inspection, the commissioner shall notify the operator and issue a fish health certificate. The certification must be made according to the Fish Health Blue Book or the Diagnostic Manual for Aquatic Animal Diseases by a person certified as a fish health inspector.

(f) All aquatic life in transit or held at transfer stations within the state may be inspected by the commissioner. This inspection may include the collection of stock for purposes of pathological analysis. Sample size necessary for analysis will follow guidelines listed in the Fish Health Blue Book or the Diagnostic Manual for Aquatic Animal Diseases.

(g) Salmonids, catfish, or species on the VHS susceptible list must have a fish health inspection before being transported from a containment facility, unless the fish are being transported directly to an outlet for processing or other food purposes or unless the commissioner determines that an inspection is not needed. A fish health inspection conducted for this purpose need only be done on the lot or lots of fish that will be transported. The commissioner must conduct a fish health inspection requested for this purpose within five working days of receiving written notice. Salmonids and catfish may be immediately transported from a containment facility to another containment facility once a sample has been obtained for a health inspection or once the five-day notice period has expired.

Sec. 14. Minnesota Statutes 2020, section 17.4992, subdivision 2, is amended to read:

Subd. 2. **Restriction on the sale of fish.** (a) Except as provided in paragraph (b), species on the ~~official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services,~~ VHS-susceptible-species list must be free of viral hemorrhagic septicemia and species of the family salmonidae or ictaluridae, except bullheads, must be free of certifiable diseases if sold for stocking or transfer to another aquatic farm.

(b) The following exceptions apply to paragraph (a):

(1) eggs with enteric redmouth, whirling disease, or furunculosis may be transferred between licensed facilities or stocked following treatment approved by the commissioner;

(2) fish with bacterial kidney disease or viral hemorrhagic septicemia may be transferred between licensed facilities or stocked in areas where the disease has been identified as being present; and

(3) the commissioner may allow transfer between licensed facilities or stocking of fish with enteric redmouth or furunculosis when the commissioner determines that doing so would pose no threat to the state's aquatic resources.

Sec. 15. Minnesota Statutes 2020, section 17.4993, subdivision 1, is amended to read:

Subdivision 1. **Taking from public waters.** (a) Under an aquatic farm license, a licensee may only take minnow sperm, minnow eggs, and live minnows for aquatic farm purposes from ~~public waters that have~~ a water body if:

(1) the water body has been tested for viral hemorrhagic septicemia ~~when~~ and the testing indicates the disease is not present; or

(2) the water body is located within a viral hemorrhagic septicemia-free zone posted on the Department of Natural Resources website.

(b) A licensee may take sucker eggs and sperm only in approved waters with a sucker egg license endorsement as provided by section 17.4994.

Sec. 16. Minnesota Statutes 2020, section 18B.09, subdivision 2, is amended to read:

Subd. 2. **Authority.** (a) Statutory and home rule charter cities may enact an ordinance, which may include penalty and enforcement provisions, containing one or both of the following:

(1) the pesticide application warning information contained in subdivision 3~~, including their own licensing, penalty, and enforcement provisions.~~; and

(2) the pesticide prohibition contained in subdivision 4.

(b) Statutory and home rule charter cities may not enact an ordinance ~~that contains~~ more restrictive ~~pesticide application warning information~~ than ~~is contained~~ that which is provided in ~~subdivision~~ subdivisions 3 and 4.

Sec. 17. Minnesota Statutes 2020, section 18B.09, is amended by adding a subdivision to read:

Subd. 4. **Application of certain pesticides prohibited.** (a) A person may not apply or use a pollinator-lethal pesticide within the geographic boundaries of a city that has enacted an ordinance under subdivision 2 prohibiting such use.

(b) For purposes of this subdivision, "pollinator-lethal pesticide" means a pesticide that has a pollinator protection box on the label or labeling or a pollinator, bee, or honey bee precautionary statement in the environmental hazards section of the label or labeling.

(c) This subdivision does not apply to:

(1) pet care products used to mitigate fleas, mites, ticks, heartworms, or other animals that are harmful to the health of a domesticated animal;

(2) personal care products used to mitigate lice and bedbugs;

(3) indoor pest control products used to mitigate insects indoors, including ant bait;

(4) a pesticide as used or applied by the Metropolitan Mosquito Control District for public health protection if the pesticide has a vector disease control label; and

(5) a pesticide-treated wood product.

(d) The commissioner must maintain a list of pollinator-lethal pesticides on the department's website.

Sec. 18. Minnesota Statutes 2020, section 84.027, subdivision 13a, is amended to read:

Subd. 13a. **~~Game and fish~~ Natural resources expedited permanent rules.** (a) In addition to the authority granted in subdivision 13, the commissioner of natural resources may adopt rules under section 14.389 that are authorized under:

(1) chapters 97A, 97B, and 97C to describe zone or permit area boundaries, to designate fish spawning beds or fish preserves, to select hunters or anglers for areas, to provide for registration of game or fish, to prevent or control wildlife disease, or to correct errors or omissions in rules that do not have a substantive effect on the intent or application of the original rule; ~~or~~

(2) section 84D.12 to designate prohibited invasive species, regulated invasive species, and unregulated nonnative species~~.~~; or

(3) section 116G.15 to change the placement and boundaries of land use districts established in the Mississippi River Corridor Critical Area.

(b) The commissioner of natural resources may adopt rules under section 14.389 that are authorized under chapters 97A, 97B, and 97C, for purposes in addition to those listed in paragraph (a), clause (1), subject to the notice and public hearing provisions of section 14.389, subdivision 5.

Sec. 19. Minnesota Statutes 2020, section 84.027, subdivision 18, is amended to read:

Subd. 18. **Permanent school fund authority; reporting.** (a) The commissioner of natural resources has the authority and responsibility to administer school trust lands under sections 92.122 and 127A.31. The commissioner shall ~~biannually~~ biennially report to the Legislative Permanent School Fund Commission and the legislature on the management of the school trust lands that shows how the commissioner has and will continue to achieve the following goals:

(1) manage the school trust lands efficiently and in a manner that reflects the undivided loyalty to the beneficiaries consistent with the commissioner's fiduciary duties;

(2) reduce the management expenditures of school trust lands and maximize the revenues deposited in the permanent school trust fund;

(3) manage the sale, exchange, and commercial leasing of school trust lands, requiring returns of not less than fair market value, to maximize the revenues deposited in the permanent school trust fund and retain the value from the long-term appreciation of the school trust lands;

(4) manage the school trust lands to maximize the long-term economic return for the permanent school trust fund while maintaining sound natural resource conservation and management principles;

(5) optimize school trust land revenues and maximize the value of the trust consistent with balancing short-term and long-term interests, so that long-term benefits are not lost in an effort to maximize short-term gains; and

(6) maintain the integrity of the trust and prevent the misapplication of its lands and its revenues.

(b) When the commissioner finds an irresolvable conflict between maximizing the long-term economic return and protecting natural resources and recreational values on school trust lands, the commissioner shall give precedence to the long-term economic return in managing school trust lands. By July 1, 2018, the permanent school fund must be compensated for all school trust lands included under a designation or policy provision that prohibits long-term economic return. The commissioner shall submit recommendations to the appropriate legislative committees and divisions on methods of funding for the compensation required under this paragraph, including recommendations for appropriations from the general fund, nongeneral funds, and the state bond fund. Any uncompensated designation or policy provision restrictions on the long-term economic return on school trust lands remaining after July 1, 2018, must be compiled and submitted to the Legislative Permanent School Fund Commission for review.

(c) By December 31, 2013, the report required under paragraph (a) must provide an inventory and identification of all school trust lands that are included under a designation or policy provision that prohibits long-term economic return. The report must include a plan to compensate the permanent school fund through the purchase or exchange of the lands or a plan to manage the school trust land to generate long-term economic return to the permanent school fund. Subsequent reports under paragraph (a) must include a status report of the commissioner's progress in maximizing the long-term economic return on lands identified in the 2013 report.

(d) When management practices, policies, or designations by the commissioner diminish or prohibit the long-term economic return on school trust land, the conflict must be resolved as provided in section 92.122.

Sec. 20. Minnesota Statutes 2020, section 84.66, subdivision 1, is amended to read:

Subdivision 1. **Purpose.** The Minnesota forests for the future program identifies and protects private, working forest lands for their timber, scenic, recreational, fish and wildlife habitat, threatened and endangered species, natural carbon sequestration, and other cultural and environmental values.

Sec. 21. Minnesota Statutes 2020, section 84.66, subdivision 3, is amended to read:

Subd. 3. **Establishment.** The commissioner of natural resources shall establish and administer a Minnesota forests for the future program. Land selected for inclusion in the program shall be evaluated on the land's potential for:

(1) producing timber and other forest products;

(2) maintaining forest landscapes;

(3) providing public recreation; and

(4) providing ecological, fish and wildlife habitat, natural carbon sequestration, and other cultural and environmental values and values consistent with working forest lands.

Sec. 22. Minnesota Statutes 2020, section 84.82, subdivision 1a, is amended to read:

Subd. 1a. **General requirements.** A person may not operate ~~or transport~~ a snowmobile unless the snowmobile has been registered under this section. A person may not sell a snowmobile without furnishing the buyer a bill of sale on a form prescribed by the commissioner.

Sec. 23. Minnesota Statutes 2020, section 84.82, subdivision 7a, is amended to read:

Subd. 7a. **Collector snowmobiles; limited use.** The commissioner may issue a special permit to a person or organization to operate ~~or transport~~ a collector snowmobile without registration in parades or organized group outings, such as races, rallies, and other promotional events and for up to ten days each year for personal transportation. The commissioner may impose a reasonable restriction on a permittee and may revoke, amend, suspend, or modify a permit for cause.

Sec. 24. Minnesota Statutes 2020, section 84.92, subdivision 8, is amended to read:

Subd. 8. **All-terrain vehicle or vehicle.** "All-terrain vehicle" or "vehicle" means a motorized vehicle with: (1) not less than three, but not more than six ~~low pressure or non-pneumatic~~ tires; (2) a total dry weight of 2,000 pounds or less; and (3) a total width from outside of tire rim to outside of tire rim that is 65 inches or less. All-terrain vehicle includes a class 1 all-terrain vehicle and class 2 all-terrain vehicle. All-terrain vehicle does not include a golf cart, mini-truck, dune buggy, or go-cart or a vehicle designed and used specifically for lawn maintenance, agriculture, logging, or mining purposes.

Sec. 25. Minnesota Statutes 2020, section 84.943, subdivision 3, is amended to read:

Subd. 3. **Appropriations matched by private funds.** (a) Appropriations transferred to the critical habitat private sector matching account and money credited to the account under section 168.1296, subdivision 5, may be expended only to the extent that they are matched ~~equally~~ with contributions from private sources or by funds contributed to the nongame wildlife management account. The private contributions may be made in cash, property, land, or interests in land. Appropriations transferred to the account that are not matched within three years from the date of the appropriation shall cancel to the source of the appropriation. For the purposes of this section, the private contributions of property, land, or interests in land that are retained by the commissioner shall be valued in accordance with their appraised value.

(b) Except as provided under paragraph (c), for every dollar used as a match under paragraph (a), the commissioner may expend up to $2 from the account for the purposes described in subdivision 6.

(c) The commissioner may spend up to $2.50 from the account for every dollar used as a match under paragraph (a) for nongame purposes under subdivision 6, clause (2).

Sec. 26. Minnesota Statutes 2020, 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 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 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 or improvement of land or interests in land as provided in section 84.944.~~ To the extent of available appropriations other than bond proceeds, the money matched to the nongame wildlife management account may be used for the management of nongame wildlife projects as specified in section 290.431. ~~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.~~

Sec. 27. Minnesota Statutes 2020, 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 to:

(i) purchase land or an interest in land;

(ii) inventory and monitor lands acquired under this section; or

(iii) accept gifts of land or interests in land as program projects;

(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 specified for another purpose under this subdivision by the donor.

Sec. 28. Minnesota Statutes 2020, section 84.943, is amended by adding a subdivision to read:

Subd. 7. **Report.** By January 15, 2024, and every two years thereafter, the commissioner must submit a report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over the environment and natural resources on the expenditure of money from the critical habitat private sector matching account and the nongame wildlife management account during the previous biennium.

Sec. 29. Minnesota Statutes 2020, section 84.946, subdivision 4, is amended to read:

Subd. 4. **Priorities; report.** The commissioner of natural resources must establish priorities for natural resource asset preservation and replacement projects. By ~~January 15~~ March 1 each year, the commissioner must submit to the commissioner of management and budget a list of the projects that have been paid for with money from a natural resource asset preservation and replacement appropriation during the preceding calendar year.

Sec. 30. **[84.9735] INSECTICIDES ON STATE LANDS.**

A person may not use a product containing an insecticide in a wildlife management area, state park, state forest, aquatic management area, or scientific and natural area if the insecticide is from the neonicotinoid class of insecticides or contains chlorpyrifos.

Sec. 31. **[84.9765] OUTDOOR ENGAGEMENT GRANT ACCOUNT.**

Subdivision 1. **Establishment.** The outdoor engagement grant account is established as an account in the natural resources fund. The purpose of the account is to provide funding from private sources to support the no child left inside grant program under section 84.976.

Subd. 2. **Funding sources.** Appropriations, gifts, grants, and other contributions to the outdoor engagement grant account must be credited to the account. All interest and other earnings on money in the account must be credited to the account.

Subd. 3. **Appropriation; expenditures.** Money in the account is appropriated to the commissioner of natural resources and may be used only for grants under section 84.976.

Sec. 32. Minnesota Statutes 2020, section 84D.02, subdivision 3, is amended to read:

Subd. 3. **Management plan.** By December 31, 2021, and every five years thereafter, the commissioner ~~shall~~ must prepare ~~and maintain~~ a long-term plan, which may include specific plans for individual species and actions, for the statewide management of invasive species of aquatic plants and wild animals. The plan must address:

(1) coordinated detection and prevention of accidental introductions;

(2) coordinated dissemination of information about invasive species of aquatic plants and wild animals among resource management agencies and organizations;

(3) a coordinated public education and awareness campaign;

(4) coordinated control of selected invasive species of aquatic plants and wild animals on lands and public waters;

(5) participation by lake associations, local citizen groups, and local units of government in the development and implementation of local management efforts;

(6) a reasonable and workable inspection requirement for watercraft and equipment including those participating in organized events on the waters of the state;

(7) the closing of points of access to infested waters, if the commissioner determines it is necessary, for a total of not more than seven days during the open water season for control or eradication purposes;

(8) maintaining public accesses on infested waters to be reasonably free of aquatic macrophytes; ~~and~~

(9) notice to travelers of the penalties for violation of laws relating to invasive species of aquatic plants and wild animals; and

(10) the impacts of climate change on invasive species management.

Sec. 33. Minnesota Statutes 2020, section 84D.11, subdivision 1a, is amended to read:

Subd. 1a. **Permit for invasive carp.** The commissioner may issue a permit to departmental divisions for tagging bighead, black, grass, or silver carp for research or control. Under the permit, the carp may be released into the water body from which the carp was captured. ~~This subdivision expires December 31, 2021.~~

Sec. 34. Minnesota Statutes 2020, section 84D.15, is amended to read:

84D.15 INVASIVE SPECIES ~~ACCOUNT~~ ACCOUNTS.

Subdivision 1. **Creation.** The invasive species account ~~is~~ and the invasive species research account are created in the state treasury in the natural resources fund.

Subd. 2. **Receipts.** (a) Money received from ~~surcharges on watercraft licenses under section 86B.415, subdivision 7,~~ civil penalties under section 84D.13~~,~~ and service provider permits under section 84D.108~~,~~ must be deposited in the invasive species account. Each year, the commissioner of management and budget must transfer from the game and fish fund to the invasive species account, the annual surcharge collected on nonresident fishing licenses under section 97A.475, subdivision 7, paragraph (b). Each fiscal year, the commissioner of management and budget shall transfer $375,000 from the water recreation account under section 86B.706 to the invasive species account.

(b) Money received from surcharges on watercraft licenses under section 86B.415, subdivision 7, paragraph (a), must be deposited as follows:

(1) $21 from each surcharge must be deposited in the invasive species account; and

(2) $4 from each surcharge must be deposited in the invasive species research account.

(c) Money received from surcharges on watercraft licenses under section 86B.415, subdivision 7, paragraph (b), must be deposited in the invasive species research account.

Subd. 3. **Use of money in invasive species account.** Money credited to the invasive species account in subdivision 2 ~~shall~~ must be used for management of invasive species and implementation of this chapter as it pertains to invasive species, including control, public awareness, law enforcement, assessment and monitoring, management planning, habitat improvements, and research. Of the money credited to the account, at least $2 from each surcharge on watercraft licenses under section 86B.415, subdivision 7, paragraph (a), must be used for grants to lake associations to manage aquatic invasive plant species.

Subd. 4. **Use of money in invasive species research account.** Money credited to the invasive species research account under subdivision 2, paragraph (b), must be used for grants to the Board of Regents of the University of Minnesota for the Minnesota Aquatic Invasive Species Research Center to research aquatic invasive species.

Sec. 35. Minnesota Statutes 2020, section 85.015, subdivision 10, is amended to read:

Subd. 10. **Luce Line Trail, Hennepin, McLeod, and Meeker Counties.** (a) The trail shall originate at Gleason Lake in Plymouth Village, Hennepin County, ~~and shall~~ follow the route of the Chicago Northwestern Railroad, and include a connection to Greenleaf Lake State Recreation Area.

(b) The trail shall be developed for multiuse wherever feasible. The department shall cooperate in maintaining its integrity for modes of use consistent with local ordinances.

(c) In establishing, developing, maintaining, and operating the trail, the commissioner shall cooperate with local units of government and private individuals and groups. Before acquiring any parcel of land for the trail, the commissioner of natural resources shall develop a management program for the parcel and conduct a public hearing on the proposed management program in the vicinity of the parcel to be acquired. The management program of the commissioner shall include but not be limited to the following: (a) fencing of portions of the trail where necessary to protect adjoining landowners; and (b) the maintenance of the trail in a litter free condition to the extent practicable.

(d) The commissioner shall not acquire any of the right-of-way of the Chicago Northwestern Railway Company until the abandonment of the line described in this subdivision has been approved by the Surface Transportation Board or the former Interstate Commerce Commission. Compensation, in addition to the value of the land, shall include improvements made by the railroad, including but not limited to, bridges, trestles, public road crossings, or any portion thereof, it being the desire of the railroad that such improvements be included in the conveyance. The fair market value of the land and improvements shall be recommended by two independent appraisers mutually agreed upon by the parties. The fair market value thus recommended shall be reviewed by a review appraiser agreed to by the parties, and the fair market value thus determined, and supported by appraisals, may be the purchase price. The commissioner may exchange lands with landowners abutting the right-of-way described in this section to eliminate diagonally shaped separate fields.

Sec. 36. Minnesota Statutes 2020, section 85.019, is amended by adding a subdivision to read:

Subd. 6. **Administering grants.** Up to 2.5 percent of appropriations for grants under this section from revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (h), clause (4), may be used by the commissioner for the actual costs of administering the grants.

Sec. 37. Minnesota Statutes 2020, section 85.052, subdivision 1, is amended to read:

Subdivision 1. **Authority to establish.** (a) The commissioner may establish, by written order, provisions for the use of state parks for the following:

(1) special parking space for automobiles or other motor-driven vehicles in a state park or state recreation area;

(2) special parking spurs, campgrounds for automobiles, sites for tent camping, other types of lodging, camping, or day use facilities, and special auto trailer coach parking spaces, for the use of the individual charged for the space or facility;

~~(3) improvement and maintenance of golf courses already established in state parks, and charging reasonable use fees; and~~

~~(4)~~ (3) providing water, sewer, and electric service to trailer or tent campsites and charging a reasonable use fee~~.~~; and

(4) administrative penalties related to courtesy warnings and letters issued for failure to display a state park permit as required under section 85.053, subdivision 2.

(b) Provisions established under paragraph (a) are exempt from section 16A.1283 and the rulemaking provisions of chapter 14. Section 14.386 does not apply.

(c) For the purposes of this subdivision, "lodging" means an enclosed shelter, room, or building with furnishings for overnight use.

Sec. 38. Minnesota Statutes 2020, section 85.052, subdivision 2, is amended to read:

Subd. 2. **State park ~~pageants~~ special events.** (a) The commissioner may stage state park ~~pageants~~ special events in a state park, municipal park, or on other land near or adjoining a state park and charge an entrance or use fee for the ~~pageant~~ special event. All receipts from the ~~pageants~~ special events must be used in the same manner as though the ~~pageants~~ special events were conducted in a state park.

(b) The commissioner may establish, by written order, state park ~~pageant~~ special event areas to hold historical or other ~~pageants~~ special events conducted by the commissioner of a state agency or other public agency. Establishment of the areas is exempt from the rulemaking provisions of chapter 14, and section 14.386 does not apply.

Sec. 39. Minnesota Statutes 2020, section 85.052, subdivision 6, is amended to read:

Subd. 6. **State park reservation system.** (a) The commissioner may, by written order, develop reasonable reservation policies for campsites and other lodging. These policies are exempt from rulemaking provisions under chapter 14 and section 14.386 does not apply.

(b) The revenue collected from the state park reservation fee established under subdivision 5, including interest earned, shall be deposited in the state park account in the natural resources fund and is annually appropriated to the commissioner for the cost of operating the state park reservation and point-of-sale system.

Sec. 40. Minnesota Statutes 2020, section 85.052, is amended by adding a subdivision to read:

Subd. 7. **Special-use permits.** The commissioner may, by written order, develop reasonable policies for special-use permits to use state parks, state recreation areas, and state waysides. These policies are exempt from rulemaking provisions under chapter 14, and section 14.386 does not apply.

Sec. 41. Minnesota Statutes 2020, section 85.053, subdivision 2, is amended to read:

Subd. 2. **Requirement.** Except as provided in section 85.054, a motor vehicle may not enter a state park, state recreation area, or state wayside over 50 acres in area, without a state park permit issued under this section or a state parks and trails plate issued under section 168.1295. Except for vehicles permitted under subdivisions 7, paragraph (a), clause (2), and 8, the state park permit must be affixed to the lower right corner windshield of the motor vehicle and must be completely affixed by its own adhesive to the windshield, or the commissioner may, by written order, provide an alternative means to display and validate state park permits. A motor vehicle owner or lessee is responsible for ensuring the owner's or lessee's vehicle has a state park permit, and the commissioner may issue warnings and citations under section 84.0835 to the owner or lessee of a vehicle not in compliance.

Sec. 42. Minnesota Statutes 2020, section 85.053, is amended by adding a subdivision to read:

Subd. 5a. **Free permit; members of federally recognized Tribes.** (a) The commissioner must issue an annual state park permit for no charge to any member of the 11 federally recognized Tribes in Minnesota. To qualify for a free state park permit under this subdivision, an individual must present a qualifying Tribal identification, as determined by each of the Tribal governments, to the park attendant on duty or other designee of the commissioner.

(b) For vehicles permitted under paragraph (a), the permit issued under this subdivision is valid only when displayed on a vehicle owned and occupied by the person to whom the permit is issued.

(c) The commissioner may issue a daily state park permit free of charge to an individual who qualifies under paragraph (a) and does not own or operate a motor vehicle.

EFFECTIVE DATE. This section is effective January 1, 2022.

Sec. 43. Minnesota Statutes 2020, section 85.054, subdivision 1, is amended to read:

Subdivision 1. **State Park Open House Days.** (a) A state park permit is not required for a motor vehicle to enter a state park, state monument, state recreation area, or state wayside, on four days each calendar year at each park, which the commissioner shall designate as State Park Open House Days. The commissioner may designate two consecutive days as State Park Open House Days, if the open house is held in conjunction with a special ~~pageant~~ event described in section 85.052, subdivision 2.

(b) The commissioner shall announce the date of each State Park Open House Day at least 30 days in advance of the date it occurs.

(c) The purpose of State Park Open House Days is to acquaint the public with state parks, recreation areas, and waysides.

(d) On State Park Open House Days, registered overnight guests in state parks and state recreation areas are exempt from the requirements for a state park permit under section 85.053 until after the camping or lodging check-out time of the following day in the park where the overnight stay occurred.

Sec. 44. Minnesota Statutes 2020, section 85.055, subdivision 1, is amended to read:

Subdivision 1. **Fees.** (a) The fee for state park permits for:

(1) an annual use of state parks is ~~$35~~ $45;

(2) a second or subsequent vehicle state park permit is ~~$26~~ $35;

(3) a state park permit valid for one day is ~~$7~~ $10;

(4) a daily vehicle state park permit for groups is ~~$5~~ $8;

(5) an annual permit for motorcycles is ~~$30~~ $40;

(6) an employee's state park permit is without charge; and

(7) a state park permit for persons with disabilities under section 85.053, subdivision 7, paragraph (a), clauses (1) to (3), is ~~$12~~ $20.

(b) The fees specified in this subdivision include any sales tax required by state law.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 45. Minnesota Statutes 2020, section 85.43, is amended to read:

85.43 DISPOSITION OF RECEIPTS; PURPOSE.

~~(a)~~ Fees from cross-country-ski passes shall be deposited in the state treasury and credited to a cross-country-ski account in the natural resources fund and, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, are appropriated to the commissioner of natural resources for ~~the following purposes~~:

(1) grants-in-aid for cross-country-ski trails to:

(i) counties and municipalities for construction and maintenance of cross-country-ski trails; and

(ii) special park districts as provided in section 85.44 for construction and maintenance of cross-country-ski trails; ~~and~~

(2) ~~administration of~~ administering the cross-country-ski trail grant-in-aid program~~.~~; and

(3) developing and maintaining state cross-country-ski trails.

~~(b) Development and maintenance of state cross-country ski trails are eligible for funding from the cross-country-ski account if the money is appropriated by law.~~

EFFECTIVE DATE. This section is effective retroactively from July 1, 2019.

Sec. 46. Minnesota Statutes 2020, section 85.47, is amended to read:

85.47 ~~SPECIAL USE~~ SPECIAL-USE PERMITS; FEES.

Subdivision 1. **Special-use permits.** The commissioner may, by written order, develop reasonable policies for special-use permits to use state trails and state water access sites. The policies are exempt from rulemaking provisions under chapter 14, and section 14.386 does not apply.

Subd. 2. **Disposition of fees.** Fees collected for ~~special use~~ special-use permits to use state trails and state water access sites not on state forest, state park, or state recreation area lands ~~and for use of state water access sites~~ must be deposited in the natural resources fund and are appropriated to the commissioner of natural resources for operating and maintaining state trails and water access sites.

Sec. 47. Minnesota Statutes 2020, section 86B.415, subdivision 1, is amended to read:

Subdivision 1. **Watercraft 19 feet or less.** (a) Except as provided in paragraph (b) and ~~subdivision~~ subdivisions 1a and 4, the fee for a watercraft license for watercraft 19 feet or less in length is ~~$27~~ $39.

(b) The watercraft license ~~fee~~ fees for the specified watercraft are as follows:

(1) for watercraft, other than personal watercraft, 19 feet in length or less that is offered for rent or lease, the fee is ~~$9~~ $13;

(2) for a sailboat, 19 feet in length or less, the fee is ~~$10.50~~ $15.25;

(3) for a watercraft 19 feet in length or less used by a nonprofit corporation for teaching boat and water safety, the ~~fee is~~ fees are as provided in subdivision 4;

(4) for a watercraft owned by a dealer under a dealer's license, the fee is as provided in subdivision 5;

(5) for a personal watercraft, the fee is ~~$37.50~~ $54.50, except for a personal watercraft that is offered for rent or lease according to section 86B.313, subdivision 4, the fee is $47; and

(6) for a watercraft less than 17 feet in length, other than a watercraft listed in clauses (1) to (5), the fee is ~~$18~~ $26.

Sec. 48. Minnesota Statutes 2020, section 86B.415, subdivision 1a, is amended to read:

Subd. 1a. **Canoes, kayaks, sailboards, paddleboards, paddleboats, or rowing shells.** Except as provided under subdivision 4, the fee for a watercraft license for a canoe, kayak, sailboard, paddleboard, paddleboat, or rowing shell over ten feet in length is ~~$10.50~~ $15.25.

Sec. 49. Minnesota Statutes 2020, section 86B.415, subdivision 2, is amended to read:

Subd. 2. **Watercraft over 19 feet.** Except as provided in subdivisions 1a, 3, 4, and 5, the watercraft license fee:

(1) for a watercraft more than 19 feet but less than 26 feet in length is ~~$45~~ $65.25;

(2) for a watercraft 26 feet but less than 40 feet in length is ~~$67.50~~ $98; and

(3) for a watercraft 40 feet in length or longer is ~~$90~~ $130.50.

Sec. 50. Minnesota Statutes 2020, section 86B.415, subdivision 3, is amended to read:

Subd. 3. **Watercraft over 19 feet for hire.** Except as provided under subdivision 4, the license fee for a watercraft more than 19 feet in length for hire with an operator is ~~$75~~ $108.75 each.

Sec. 51. Minnesota Statutes 2020, section 86B.415, subdivision 4, is amended to read:

Subd. 4. **Watercraft used by nonprofit ~~corporation for teaching~~ organization or homestead resort.** (a) The watercraft license fee for a watercraft used by a nonprofit organization for teaching boat and water safety is $4.50 each.

(b) The following fees apply to watercraft owned and used by a homestead resort, as defined under section 273.13, subdivision 22, paragraph (c), that contains ten rental units or less, when the watercraft remains on a single water body:

(1) for a watercraft 40 feet in length or longer, $90;

(2) for a watercraft 26 feet but less than 40 feet in length, $67.50;

(3) for a watercraft more than 19 feet but less than 26 feet in length, $45;

(4) for a watercraft more than 19 feet in length for hire with an operator, $75;

(5) for a watercraft 17 to 19 feet in length, $27, except as provided in clauses (6) to (10);

(6) for a watercraft, other than personal watercraft, 19 feet in length or less that is offered for rent or lease, $9;

(7) for a sailboat 19 feet in length or less, $10.50;

(8) for a personal watercraft, $37.50;

(9) for a canoe, kayak, sailboard, paddleboard, paddleboat, or rowing shell over ten feet in length, $10.50; and

(10) for a watercraft less than 17 feet in length, other than a watercraft listed in clauses (6) to (9), $18.

Sec. 52. Minnesota Statutes 2020, section 86B.415, subdivision 5, is amended to read:

Subd. 5. **Dealer's license.** There is no separate fee for watercraft owned by a dealer under a dealer's license. The fee for a dealer's license is ~~$67.50~~ $98.

Sec. 53. Minnesota Statutes 2020, section 86B.415, subdivision 7, is amended to read:

Subd. 7. **Watercraft surcharge.** (a) A ~~$10.60~~ $25 surcharge is placed on each watercraft licensed under subdivisions 1 to 3, and 5 for control, public awareness, law enforcement, monitoring, and research of aquatic invasive species such as zebra mussel, purple loosestrife, and Eurasian watermilfoil in public waters and public wetlands.

(b) A $5 surcharge is placed on each watercraft licensed under subdivision 4 for deposit in the invasive species research account under section 84D.15.

Sec. 54. Minnesota Statutes 2020, section 88.79, subdivision 1, is amended to read:

Subdivision 1. **Employing competent foresters; service to private owners.** The commissioner of natural resources may employ competent foresters to furnish owners of forest lands within the state of Minnesota who own not more than 1,000 acres of forest land, forest management services consisting of:

(1) advice in management and protection of timber, including written stewardship and forest management plans;

(2) selection and marking of timber to be cut;

(3) measurement of products;

(4) aid in marketing harvested products;

(5) provision of tree-planting equipment;

(6) advice in community forest management; ~~and~~

(7) advice in tree selection and care for natural carbon sequestration and climate resiliency; and

~~(7)~~ (8) such other services as the commissioner of natural resources deems necessary or advisable to promote maximum sustained yield of timber and other benefits upon such forest lands.

Sec. 55. Minnesota Statutes 2020, section 89.001, subdivision 8, is amended to read:

Subd. 8. **Forest resources.** "Forest resources" means those natural assets of forest lands, including timber and other forest crops; carbon sequestration for climate change mitigation; biological diversity; recreation; fish and wildlife habitat; wilderness; rare and distinctive flora and fauna; air; water; soil; climate; and educational, aesthetic, and historic values.

Sec. 56. Minnesota Statutes 2020, section 89.35, subdivision 2, is amended to read:

Subd. 2. **Purpose of planting.** The purposes for which trees may be produced, procured, distributed, and planted under sections 89.35 to 89.39 ~~shall~~ include auxiliary forests, woodlots, windbreaks, shelterbelts, erosion control, soil conservation, water conservation, provision of permanent food and cover for wild life, environmental education, natural carbon sequestration, species adaptation to climate change, and afforestation and reforestation on

public or private lands of any kind, but ~~shall~~ do not include ~~the~~ raising ~~of~~ fruit for human consumption or planting for purely ornamental purposes. It is hereby declared that all such authorized purposes are in furtherance of the public health, safety, and welfare.

Sec. 57. Minnesota Statutes 2020, 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 ~~500~~ 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. 58. Minnesota Statutes 2020, section 89A.03, subdivision 2, is amended to read:

Subd. 2. **Purpose.** The council must develop recommendations to the governor and to federal, state, county, and local governments with respect to forest resource policies and practices that result in the sustainable management, use, and protection of the state's forest resources. The policies and practices must:

(1) acknowledge the interactions of complex sustainable forest resources, multiple ownership patterns, and local to international economic forces;

(2) give equal consideration to the long-term economic, ecological, and social needs and limits of the state's forest resources;

(3) foster the productivity of the state's forests to provide a diversity of sustainable benefits at site levels and landscape levels;

(4) enhance the ability of the state's forest resources to provide future benefits and services;

(5) foster no net loss of forest land in Minnesota;

(6) encourage appropriate mixes of forest cover types and age classes within landscapes to promote biological diversity and viable forest-dependent fish and wildlife habitats;

(7) acknowledge the importance of the state's forest resources in providing natural carbon storage and the role climate change will have on tree species selection and adaptation;

~~(7)~~ (8) encourage collaboration and coordination with multiple constituencies in planning and managing the state's forest resources; and

~~(8)~~ (9) address the environmental impacts and implement mitigations as recommended in the generic environmental impact statement on timber harvesting.

Sec. 59. Minnesota Statutes 2020, section 89A.11, is amended to read:

89A.11 SUNSET.

Sections 89A.01; 89A.02; 89A.03; 89A.04; 89A.05; 89A.06; 89A.07; 89A.08; 89A.09; 89A.10; 89A.105; and 89A.11 ~~are repealed~~ expire June 30, ~~2021~~ 2028.

Sec. 60. Minnesota Statutes 2020, section 97A.015, subdivision 25, is amended to read:

Subd. 25. **Game fish.** "Game fish" means fish from the following families and species: Acipenseridae (lake sturgeon and shovelnose sturgeon), Anguillidae (American eel), Centrarchidae (black crappie; largemouth bass; rock bass; smallmouth bass; white crappie; and sunfishes, including bluegill, green sunfish, longear sunfish, orangespotted sunfish, pumpkinseed, and warmouth), Esocidae (muskellunge and northern pike), Gadidae (burbot), Ictaluridae (blue catfish, channel catfish, and flathead catfish), Lepisosteidae (gar), Moronidae (white bass and yellow bass), Percidae (sauger, walleye, and yellow perch), Polyodontidae (paddlefish), and Salmonidae (Atlantic salmon, brook trout, brown trout, chinook salmon, cisco (tullibee), coho salmon, kokanee salmon, lake trout, lake whitefish, pink salmon, and rainbow trout). Game fish includes hybrids of game fish.

Sec. 61. Minnesota Statutes 2020, section 97A.015, subdivision 43, is amended to read:

Subd. 43. **Rough fish.** "Rough fish" means carp, buffalo, sucker, sheepshead, bowfin, ~~gar,~~ goldeye, and bullhead, except for any fish species listed as endangered, threatened, or of special concern in Minnesota Rules, chapter 6134.

Sec. 62. Minnesota Statutes 2020, section 97A.401, subdivision 1, is amended to read:

Subdivision 1. **Commissioner's authority.** The commissioner may issue special permits for the activities in this section. A special permit may be issued in the form of a general permit to a governmental subdivision or to the general public to conduct one or more activities under subdivisions 2 to ~~7~~ 8.

Sec. 63. Minnesota Statutes 2020, section 97A.401, is amended by adding a subdivision to read:

Subd. 8. **Snakes, lizards, and salamanders.** The commissioner must prescribe conditions and may issue permits to breed, propagate, and sell native snakes, lizards, and salamanders. A native snake, lizard, or salamander that is obtained from a permitted breeder or that was possessed before August 1, 2021, may be possessed as a pet unless otherwise prohibited under section 84.0895.

Sec. 64. Minnesota Statutes 2020, section 97A.421, subdivision 1, is amended to read:

Subdivision 1. **General.** (a) The annual license of a person convicted of a violation of the game and fish laws relating to the license or wild animals covered by the license is void when:

(1) a second conviction occurs within three years under a license to trap fur-bearing animals, take small game, or to take fish by angling or spearing;

(2) a ~~third~~ second conviction occurs within ~~one year~~ three years under a minnow dealer's license;

(3) a second conviction occurs within three years for violations of section 97A.425 that do not involve falsifications or intentional omissions of information required to be recorded, or attempts to conceal unlawful acts within the records;

(4) two or more misdemeanor convictions occur within a three-year period under a private fish hatchery license;

(5) the conviction occurs under a license not described in clause (1), (2), or (4) or is for a violation of section 97A.425 not described in clause (3); or

(6) the conviction is related to assisting a person in the illegal taking, transportation, or possession of wild animals, when acting as a hunting or angling guide.

(b) Except for big-game licenses and as otherwise provided in this section, for one year after the conviction the person may not obtain the kind of license or take wild animals under a lifetime license, issued under section 97A.473 or 97A.474, relating to the game and fish law violation.

Sec. 65. Minnesota Statutes 2020, section 97A.475, subdivision 41, is amended to read:

Subd. 41. **Turtle ~~licenses~~ license.** ~~(a) The fee for a turtle seller's license to sell turtles and to take, transport, buy, and possess turtles for sale is $250.~~

~~(b)~~ The fee for a recreational turtle license to take, transport, and possess turtles for personal use is $25.

~~(c) The fee for a turtle seller's apprentice license is $100.~~

Sec. 66. Minnesota Statutes 2020, section 97A.505, subdivision 3b, is amended to read:

Subd. 3b. **Wild animals taken on Red Lake Reservation lands ~~within Northwest Angle~~.** Wild animals taken and tagged on the Red Lake Reservation lands in accordance with the Red Lake Band's Conservation Code ~~on the Red Lake Reservation lands in Minnesota north of the 49th parallel shall be~~ and all applicable federal law are considered lawfully taken and possessed under state law. Possessing wild animals harvested under this subdivision is in addition to any state limits.

Sec. 67. Minnesota Statutes 2020, section 97A.505, subdivision 8, is amended to read:

Subd. 8. **Importing ~~hunter-harvested~~ Cervidae carcasses.** (a) Importing ~~hunter-harvested~~ Cervidae carcasses procured by any means into Minnesota is prohibited except for cut and wrapped meat, quarters or other portions of meat with no part of the spinal column or head attached, antlers, hides, teeth, finished taxidermy mounts, and antlers attached to skull caps that are cleaned of all brain tissue. ~~Hunter-harvested~~

(b) Cervidae carcasses ~~taken~~ originating from outside of Minnesota may be transported on a direct route through the state by nonresidents.

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

Sec. 68. Minnesota Statutes 2020, 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 ~~(c)~~ (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 requirements under paragraph (a), during the open season where deer may be taken by firearms under applicable laws and ordinances, a person in a fabric or synthetic ground blind on public land must have:

(1) a blaze orange safety covering on the top of the blind visible for 360 degrees around the blind; or

(2) at least 144 square inches of blaze orange material on each side of the blind.

~~(b)~~ (c) Except as provided in rules adopted under paragraph ~~(c)~~ (d), and in addition to the ~~requirement~~ requirements in ~~paragraph~~ paragraphs (a) and (b), 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)~~ (d) The commissioner may, by rule, prescribe an alternative color in cases where ~~paragraph~~ paragraphs (a) ~~or (b)~~ to (c) would violate the Religious Freedom Restoration Act of 1993, Public Law 103-141.

~~(d)~~ (e) A violation of paragraph ~~(b) shall~~ (c) does not result in a penalty, but is punishable only by a safety warning.

Sec. 69. **[97B.673] NONTOXIC SHOT REQUIRED FOR TAKING SMALL GAME IN CERTAIN AREAS.**

Subdivision 1. **Nontoxic shot on wildlife management areas in farmland zone.** After July 1, 2022, a person may not take small game, rails, or common snipe on any wildlife management area within the farmland zone with shot other than:

(1) steel shot;

(2) copper-plated, nickel-plated, or zinc-plated steel shot; or

(3) shot made of other nontoxic material approved by the director of the United States Fish and Wildlife Service.

Subd. 2. **Farmland zone.** For the purposes of this section, the farmland zone is the portion of the state that falls south and west of Minnesota Highway 70 westward from the Wisconsin border to Minnesota Highway 65 to Minnesota Highway 23 to U.S. Highway 169 at Milaca to Minnesota Highway 18 at Garrison to Minnesota Highway 210 at Brainerd to U.S. Highway 10 at Motley to U.S. Highway 59 at Detroit Lakes northward to the Canadian border.

Sec. 70. Minnesota Statutes 2020, section 97B.811, subdivision 4a, is amended to read:

Subd. 4a. **Restrictions on certain motorized decoys.** ~~From the opening day of the duck season through the Saturday nearest October 8, a person may not use a motorized decoy, or other motorized device designed to attract migratory waterfowl.~~ During the ~~remainder of the~~ duck season, the commissioner may, by rule, designate all or any portion of a wetland or lake closed to the use of motorized decoys or motorized devices designed to attract migratory waterfowl. ~~On water bodies and lands fully contained within wildlife management area boundaries, a person may not use motorized decoys or motorized devices designed to attract migratory waterfowl at any time during the duck season.~~

Sec. 71. Minnesota Statutes 2020, section 97C.005, subdivision 3, is amended to read:

Subd. 3. **Seasons, limits, and other rules.** The commissioner may, in accordance with the procedures in subdivision 2, paragraphs (c) and (e), or by rule under chapter 14, establish open seasons, limits, methods, and other requirements for taking fish on special management waters. The commissioner may, by written order published in the State Register, amend daily, possession, or size limits to make midseason adjustments based on available harvest, angling pressure, and population data to manage the fisheries in the 1837 Ceded Territory in compliance with the court orders in Mille Lacs Band of Chippewa v. Minnesota, 119 S. Ct.1187 (1999) and in the state waters of Upper Red Lake. The midseason adjustments in daily, possession, or size limits are not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. Before the written order is effective, the commissioner shall attempt to notify persons or groups of persons affected by the written order by public announcement, posting, and other appropriate means as determined by the commissioner.

Sec. 72. Minnesota Statutes 2020, section 97C.081, subdivision 3, is amended to read:

Subd. 3. **Contests requiring permit.** (a) Unless subdivision 3a applies, a person must have a permit from the commissioner to conduct a fishing contest if:

(1) there are more than 25 boats for open-water contests, more than 150 participants for ice-fishing contests, or more than 100 participants for shore-fishing contests;

(2) entry fees are more than $25 per person; or

(3) the contest is limited to trout species.

(b) The commissioner shall charge a fee for the permit that recovers the costs of issuing the permit and of monitoring the activities allowed by the permit. Notwithstanding section 16A.1283, the commissioner may, by written order published in the State Register, establish contest permit fees. The fees are not subject to the rulemaking provisions of chapter 14, and section 14.386 does not apply.

(c) The commissioner may require the applicant to furnish evidence of financial responsibility in the form of a surety bond or bank letter of credit in the amount of $25,000 if entry fees are over $25 per person, or total prizes are valued at more than $25,000, and if the applicant has either:

(1) not previously conducted a fishing contest requiring a permit under this subdivision; or

(2) ever failed to make required prize awards in a fishing contest conducted by the applicant.

(d) The permit fee for any individual contest may not exceed the following amounts:

(1) $70 for an open-water contest not exceeding 50 boats and without off-site weigh-in;

(2) $225 for an open-water contest with more than 50 boats and without off-site weigh-in;

(3) $280 for an open-water contest not exceeding 50 boats with off-site weigh-in;

(4) $560 for an open-water contest with more than 50 boats with off-site weigh-in; ~~or~~

(5) $135 for an ice-fishing contest with more than 150 participants~~.~~; or

(6) $50 for a contest where all participants are age 18 years or under.

Sec. 73. Minnesota Statutes 2020, section 97C.081, subdivision 3a, is amended to read:

Subd. 3a. **No permit required.** A person may conduct a fishing contest without a permit from the commissioner if:

(1) the contest is not limited to specifically named waters;

~~(2) all the contest participants are age 18 years or under;~~

~~(3)~~ (2) the contest is limited to rough fish and participants are required to fish with a hook and line; or

~~(4)~~ (3) the total prize value is $500 or less.

Sec. 74. Minnesota Statutes 2020, section 97C.342, subdivision 2, is amended to read:

Subd. 2. **Bait restrictions.** (a) Frozen or dead fish on the ~~official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services~~ VHS-susceptible-species list under section 17.4982, subdivision 21b; cisco (all *Coregonus*, including lake herring and tullibee); and smelt (all *Osmerus*, *Spirincus*, *Hypomesus*, and *Allosmerus*) being used as bait in waters of the state must originate from water bodies certified disease-free. A water body is certified as disease-free if:

(1) the water body has been tested for viral hemorrhagic septicemia and the testing indicates the disease is not present; or

(2) the water body is located within a viral hemorrhagic septicemia-free zone posted on the Department of Natural Resources website.

(b) Certification for ~~these~~ individually tested water bodies is valid for one year from the date of test results. Certification of water bodies within a viral hemorrhagic septicemia-free zone posted on the Department of Natural Resources website is valid for the dates included in the posting. A viral hemorrhagic septicemia-free certification is also referred to as fish health certification.

Sec. 75. Minnesota Statutes 2020, section 97C.515, subdivision 2, is amended to read:

Subd. 2. **Permit for transportation.** (a) A person may transport live minnows through the state with a permit from the commissioner. The permit must state the name and address of the person, the number and species of minnows, the point of entry into the state, the destination, and the route through the state. The permit is not valid for more than 12 hours after it is issued.

(b) Minnows transported under this subdivision must be in a tagged container. The tag number must correspond with tag numbers listed on the minnow transportation permit.

(c) The commissioner may require the person transporting minnow species found on the ~~official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services~~ VHS-susceptible-species list under section 17.4982, subdivision 21b, to provide health certification for viral hemorrhagic septicemia. The certification must disclose any incidentally isolated replicating viruses, and must be dated within the 12 months preceding transport.

Sec. 76. Minnesota Statutes 2020, section 97C.605, subdivision 1, is amended to read:

Subdivision 1. ~~**Resident angling license required**~~ **Taking turtles; requirements.** ~~In addition to any other license required in this section,~~ (a) A person may not take, possess, or transport turtles without a resident angling license~~, except as provided in subdivision 2c~~ and a recreational turtle license.

(b) Turtles taken from the wild are for personal use only and may not be resold.

Sec. 77. Minnesota Statutes 2020, section 97C.605, subdivision 2c, is amended to read:

Subd. 2c. **License exemptions.** (a) A person does not need ~~a turtle seller's license or an angling license~~ the licenses specified under subdivision 1:

~~(1) when buying turtles for resale at a retail outlet;~~

~~(2)~~ (1) when buying a turtle at a retail outlet; or

~~(3) if the person is a nonresident buying a turtle from a licensed turtle seller for export out of state. Shipping documents provided by the turtle seller must accompany each shipment exported out of state by a nonresident. Shipping documents must include: name, address, city, state, and zip code of the buyer; number of each species of turtle; and name and license number of the turtle seller; or~~

~~(4)~~ (2) to take, possess, and rent ~~or sell~~ up to 25 turtles greater than four inches in length for the purpose of providing the turtles to participants at a nonprofit turtle race, if the person is a resident under age 18. The person is responsible for the well-being of the turtles.

(b) A person with an aquatic farm license with a turtle endorsement or a private fish hatchery license with a turtle endorsement may sell, obtain, possess, transport, and propagate turtles and turtle eggs according to Minnesota Rules, part 6256.0900, without the licenses specified under subdivision 1.

Sec. 78. Minnesota Statutes 2020, section 97C.605, subdivision 3, is amended to read:

Subd. 3. **Taking; methods prohibited.** ~~(a)~~ A person may not take turtles ~~in any manner, except~~ by ~~the use of~~ using:

(1) explosives, drugs, poisons, lime, and other harmful substances;

(2) traps~~, except as provided in paragraph (b) and rules adopted under this section~~;

(3) nets other than anglers' fish landing nets; ~~or~~

(4) commercial equipment~~, except as provided in rules adopted under this section.~~; or

(5) spears, harpoons, or any other implements that impale turtles.

~~(b) Until new rules are adopted under this section, a person with a turtle seller's license may take turtles with a floating turtle trap that:~~

~~(1) has one or more openings above the water surface that measure at least ten inches by four inches; and~~

~~(2) has a mesh size of not less than one-half inch, bar measure.~~

Sec. 79. Minnesota Statutes 2020, section 97C.611, is amended to read:

97C.611 ~~SNAPPING TURTLES~~ TURTLE SPECIES; LIMITS.

Subdivision 1. **Snapping turtles.** A person may not possess more than three snapping turtles of the species *Chelydra serpentina* ~~without a turtle seller's license~~. Until new rules are adopted under section 97C.605, a person may not take snapping turtles of a size less than ten inches wide including curvature, measured from side to side across the shell at midpoint. After new rules are adopted under section 97C.605, a person may only take snapping turtles of a size specified in the adopted rules.

Subd. 2. **Western painted turtles.** (a) A person may not possess more than three Western painted turtles of the species *Chrysemys picta*. Western painted turtles must be between 4 and 5-1/2 inches in shell length.

(b) This subdivision does not apply to persons acting under section 97C.605, subdivision 2c, paragraph (a), clause (2).

Subd. 3. **Spiny softshell.** A person may not possess spiny softshell turtles of the species *Apalone spinifera* after December 1, 2021, without an aquatic farm or private fish hatchery license with a turtle endorsement.

Subd. 4. **Other species.** A person may not possess any other species of turtle except with an aquatic farm or private fish hatchery license with a turtle endorsement or as specified under section 97C.605, subdivision 2c.

Sec. 80. Minnesota Statutes 2020, section 97C.805, subdivision 2, is amended to read:

Subd. 2. **Restrictions.** (a) ~~The~~ Netting ~~of~~ lake whitefish and ciscoes is subject to the restrictions in this subdivision.

(b) A person may not use:

(1) more than ~~two nets~~ one net;

(2) a net more than 100 feet long; or

(3) a net more than three feet wide.

(c) The mesh size of the ~~nets~~ net may not be less than:

(1) 1-3/4 inches, stretch measure, for nets used to take ciscoes; and

(2) 3-1/2 inches, stretch measure, for all other nets.

(d) A net may not be set in water, including ice thickness, deeper than six feet.

(e) The commissioner may designate waters where nets may be set so that portions of the net extend into water deeper than six feet under conditions prescribed by the commissioner to protect game fish. A pole or stake must project at least two feet above the surface of the water or ice at one end of ~~each~~ the net.

(f) A net may not be set within 50 feet of another net.

(g) A person may not have angling equipment in possession while netting lake whitefish or ciscoes.

Sec. 81. Minnesota Statutes 2020, section 97C.836, is amended to read:

97C.836 LAKE SUPERIOR LAKE TROUT; EXPANDED ASSESSMENT HARVEST.

The commissioner shall provide for taking of lake trout by licensed commercial operators in Lake Superior management zones MN-3 and MN-2 for expanded assessment and sale. The commissioner shall authorize expanded assessment taking and sale of lake trout in Lake Superior management zone MN-3 beginning annually in 2007 and zone MN-2 beginning annually in 2010. Total assessment taking and sale may not exceed 3,000 lake trout in zone MN-3 and 2,000 lake trout in zone MN-2 and may be reduced when necessary to protect the lake trout population or to manage the effects of invasive species or fish disease. Taking lake trout for expanded assessment and sale shall be allowed from June 1 to September 30, but may end earlier in the respective zones if the quotas are reached. The quotas must be reassessed at the expiration of the current ten-year Fisheries Management Plan for the Minnesota Waters of Lake Superior ~~dated September 2006~~.

Sec. 82. Minnesota Statutes 2020, section 103G.255, is amended to read:

103G.255 ALLOCATING AND CONTROLLING WATERS OF THE STATE.

Both surface water and groundwater are public assets managed by the state for the benefit of the public. Based on this paramount consideration, the commissioner shall administer:

(1) the use, allocation, and control of waters of the state;

(2) the establishment, maintenance, and control of lake levels and water storage reservoirs; and

(3) the determination of the ordinary high-water level of waters of the state.

Sec. 83. Minnesota Statutes 2020, section 103G.271, is amended by adding a subdivision to read:

Subd. 2a. **Public meeting.** Before issuing a water-use permit or a plan for consumptive use of more than 216,000 gallons per day average in a 30-day period, the commissioner must hold a public meeting in the county affected most by the potential impact to the public groundwater resource. At least 21 days before the public meeting, the commissioner must publish notice of the meeting in a newspaper of general circulation in the county and must mail the notice to persons who have registered their names with the commissioner for this purpose.

Sec. 84. Minnesota Statutes 2020, section 103G.271, subdivision 4a, is amended to read:

Subd. 4a. **Mt. Simon-Hinckley aquifer.** ~~(a)~~ The commissioner may not issue new water-use permits that will appropriate water from the Mt. Simon-Hinckley aquifer ~~in a metropolitan county, as defined in section 473.121, subdivision 4,~~ unless the appropriation is for potable water use, there are no feasible or practical alternatives to this source, and a water conservation plan is incorporated with the permit.

~~(b) The commissioner shall terminate all permits authorizing appropriation and use of water from the Mt. Simon-Hinckley aquifer for once-through systems in a metropolitan county, as defined in section 473.121, subdivision 4, by December 31, 1992.~~

Sec. 85. Minnesota Statutes 2020, section 103G.271, is amended by adding a subdivision to read:

Subd. 4b. **Bulk transport or sale.** (a) To maintain the supply of drinking water for future generations and except as provided under paragraph (b), the commissioner may not issue a new water-use permit to appropriate water in excess of one million gallons per year for bulk transport or sale of water for consumptive use to a location more than 50 miles from the point of the proposed appropriation.

(b) Paragraph (a) does not apply to a water-use permit for a public water supply, as defined under section 144.382, subdivision 4, issued to a local unit of government, rural water district established under chapter 116A, or Tribal unit of government if:

(1) the use is solely for the public water supply;

(2) the local unit of government, rural water district established under chapter 116A, or Tribal unit of government has a property interest at the point of the appropriation;

(3) the communities that will use the water are located within 100 miles of the point of appropriation; and

(4) the requirements in sections 103G.265, 103G.285, and 103G.287 are met.

Sec. 86. Minnesota Statutes 2020, section 103G.287, subdivision 5, is amended to read:

Subd. 5. **Sustainability standard.** (a) The commissioner may issue water-use permits for appropriation from groundwater only if the commissioner determines that the groundwater use is sustainable to supply the needs of future generations and the proposed use will not harm ecosystems, degrade water, or reduce water levels beyond the reach of public water supply and private domestic wells constructed according to Minnesota Rules, chapter 4725.

(b) When determining whether a consumptive use of groundwater is sustainable, the commissioner must make a determination that the level of recharge to the aquifer impacted is sufficient to replenish the groundwater supply to meet the needs of future generations.

Sec. 87. Minnesota Statutes 2020, section 116G.07, is amended by adding a subdivision to read:

Subd. 4. **Exemption; Mississippi River Corridor Critical Area.** Plans and regulations of local units of government within the Mississippi River Corridor Critical Area are exempt from subdivisions 1 to 3 and are subject to section 116G.15, subdivision 8.

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

Sec. 88. Minnesota Statutes 2020, section 116G.15, is amended by adding a subdivision to read:

Subd. 8. **Reviewing and approving local plans and regulations.** (a) In the Mississippi River Corridor Critical Area, the commissioner of natural resources is responsible for carrying out the duties of the board and the Metropolitan Council is responsible for carrying out the duties of the regional development commission under sections 116G.07 to 116G.10. Notwithstanding sections 116G.07, subdivisions 2 and 3, and 116G.10, subdivision 3, the responsibilities and procedures for reviewing and approving local plans and regulations in the Mississippi River Corridor Critical Area, and amendments thereto, are subject to this subdivision.

(b) Within 60 days of receiving a draft plan from a local unit of government, the commissioner, in coordination with the Metropolitan Council, must review the plan to determine the plan's consistency with:

(1) this section;

(2) Minnesota Rules, chapter 6106; and

(3) the local unit of government's comprehensive plan.

(c) Within 60 days of receiving draft regulations from a local unit of government, the commissioner must review the regulations to determine the regulations' consistency with:

(1) Minnesota Rules, chapter 6106; and

(2) the commissioner-approved plan adopted by the local unit of government under paragraph (b).

(d) Upon review of a draft plan and regulations under paragraphs (b) and (c), the commissioner must:

(1) conditionally approve the draft plan and regulations by written decision; or

(2) return the draft plan and regulations to the local unit of government for modification, along with a written explanation of the need for modification.

(i) When the commissioner returns a draft plan and regulations to the local unit of government for modification, the local unit of government must revise the draft plan and regulations within 60 days after receiving the commissioner's written explanation and must resubmit the revised draft plan and regulations to the commissioner.

(ii) The Metropolitan Council and the commissioner must review the revised draft plan and regulations upon receipt from the local unit of government as provided under paragraphs (b) and (c).

(iii) If the local unit of government or the Metropolitan Council requests a meeting, a final revision need not be made until a meeting is held with the commissioner on the draft plan and regulations. The request extends the 60-day time limit specified in item (i) until after the meeting is held.

(e) Only plans and regulations receiving final approval from the commissioner have the force and effect of law. The commissioner must grant final approval under this section only if:

(1) the plan is an element of a comprehensive plan that is authorized by the Metropolitan Council according to sections 473.175 and 473.858; and

(2) the local unit of government adopts a plan and regulations that are consistent with the draft plan and regulations conditionally approved under paragraph (d).

(f) The local unit of government must implement and enforce the commissioner-approved plan and regulations after the plan and regulations take effect.

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

Sec. 89. Minnesota Statutes 2020, section 168.1295, subdivision 1, is amended to read:

Subdivision 1. **General requirements and procedures.** (a) The commissioner shall issue state parks and trails plates to an applicant who:

(1) is a registered owner of a passenger automobile, recreational vehicle, one-ton pickup truck, or motorcycle;

(2) pays a fee in the amount specified for special plates under section 168.12, subdivision 5;

(3) pays the registration tax required under section 168.013;

(4) pays the fees required under this chapter;

(5) contributes a minimum of ~~$60~~ $70 annually to the state parks and trails donation account established in section 85.056; and

(6) complies with this chapter and rules governing registration of motor vehicles and licensing of drivers.

(b) The state parks and trails plate application must indicate that the contribution specified under paragraph (a), clause (5), is a minimum contribution to receive the plate and that the applicant may make an additional contribution to the account.

(c) State parks and trails plates may be personalized according to section 168.12, subdivision 2a.

Sec. 90. Minnesota Statutes 2020, section 290C.01, is amended to read:

290C.01 PURPOSE.

It is the policy of this state to promote sustainable forest resource management on the state's public and private lands. The state's private forests comprise approximately one-half of the state forest land resources. These forests play a critical role in protecting water quality and soil resources, and provide extensive wildlife habitat, natural carbon sequestration, diverse recreational experiences, and significant forest products that support the state's economy. Ad valorem property taxes represent a significant annual cost that can discourage long-term forest management investments. In order to foster silviculture investments and retain these forests for their economic and ecological benefits, this chapter, hereafter referred to as the "Sustainable Forest Incentive Act," is enacted to encourage the state's private forest landowners to make a long-term commitment to sustainable forest management.

Sec. 91. **TIMBER PERMITS; CANCELLATION AND EXTENSION.**

Subdivision 1. **Eligibility.** (a) For the purposes of this section, an "eligible permit" is a timber permit issued before July 1, 2020.

(b) In order to be eligible under this section, a permit holder must not be delinquent or have an active willful trespass with the state.

(c) In order to be eligible under subdivisions 2, 4, and 5, a permit holder must submit the written request to the commissioner of natural resources before the expiration of the permit or by July 1, 2021, whichever is earlier.

Subd. 2. **Extensions.** Upon written request to the commissioner of natural resources by the holder of an eligible permit with more than 30 percent of the total permit volume in any combination of spruce or balsam fir, the commissioner may grant an extension of the permit for two years without penalty or interest.

Subd. 3. **Unused balsam fir.** The commissioner of natural resources may cancel any provision in a timber sale that requires the security payment for or removal of all or part of the balsam fir when the permit contains more than 50 cords of balsam fir. The commissioner may require the permit holder to fell or pile the balsam fir to meet management objectives.

Subd. 4. **Refunds.** (a) Upon written request to the commissioner of natural resources by the holder of an eligible permit that is inactive and intact with more than 30 percent of the total permit volume in any combination of spruce or balsam fir, the commissioner may cancel the permit and refund the sale security, advance payments, or bid guarantee as applicable for the permit to the permit holder.

(b) Upon written request to the commissioner of natural resources by the holder of an eligible active permit with more than 30 percent of the total permit volume in any combination of spruce or balsam fir and a previously existing cutting block agreement, the commissioner may cancel any intact cutting block designated in the permit that was not bonded or bonded before July 1, 2020, and refund security, as applicable, for the cutting block to the permit holder. Any partially harvested cutting block is ineligible to be canceled under this paragraph. The remaining provisions of the permit remain in effect.

Subd. 5. **Good Neighbor Authority.** The commissioner of natural resources, in consultation with the United States Forest Service, may negotiate and provide holders of eligible permits with more than 30 percent of the total permit volume in any combination of spruce or balsam fir a method to voluntarily return intact cutting blocks designated in Good Neighbor Authority permits. Upon written request by the eligible permit holder, the commissioner may cancel any intact cutting block designated in the permit that was not bonded or bonded before July 1, 2020, and refund applicable security for the cutting block to the permit holder. Any partially harvested cutting block is ineligible to be canceled under this subdivision. The remaining provisions of the permit remain in effect.

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

Sec. 92. **TURTLE SELLER'S LICENSES; TRANSFER AND RENEWAL.**

The commissioner of natural resources must not renew or transfer a turtle seller's license after the effective date of this section.

Sec. 93. **CARBON SEQUESTRATION IN FORESTS OF THE STATE; GOALS.**

The commissioner of natural resources must establish goals for increasing carbon sequestration in public and private forests in the state. To achieve the goals, the commissioner must identify sustainable forestry strategies that increase the ability of forests to sequester atmospheric carbon while enhancing other ecosystem services, such as improved soil and water quality. By January 15, 2023, the commissioner must submit a report with the goals and recommended forestry strategies to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over natural resources policy.

Sec. 94. **STATE PARK PERMIT FEES; FISCAL YEAR 2022.**

(a) Notwithstanding Minnesota Statutes, section 85.055, subdivision 1, the fees for state park permits from July 1, 2021, to June 30, 2022, are as follows:

(1) $40 for an annual state park permit;

(2) $31 for a second or subsequent vehicle state park permit;

(3) $8.50 for a state park permit valid for one day;

(4) $6.50 for a daily vehicle state park permit for groups;

(5) $35 for an annual permit for motorcycles; and

(6) $16 for a state park permit for persons with disabilities under Minnesota Statutes, section 85.053, subdivision 7, paragraph (a), clauses (1) to (3).

(b) Employee state park permits remain free as provided under Minnesota Statutes, section 85.055, subdivision 1, clause (6).

Sec. 95. **REPEALER.**

Minnesota Statutes 2020, sections 85.0505, subdivision 3; 85.0507; 85.054, subdivision 19; and 97C.605, subdivisions 2, 2a, 2b, and 5, and Minnesota Rules, part 6256.0500, subparts 2, 2a, 2b, 4, 5, 6, 7, and 8, are repealed.

ARTICLE 6
WATER AND SOIL RESOURCES

Section 1. Minnesota Statutes 2020, section 103B.103, is amended to read:

103B.103 EASEMENT STEWARDSHIP ACCOUNTS.

Subdivision 1. **Accounts established; sources.** (a) The water and soil conservation easement stewardship account and the mitigation easement stewardship account are created in the special revenue fund. The accounts consist of money credited to the accounts and interest and other earnings on money in the accounts. The State Board of Investment must manage the accounts to maximize long-term gain.

(b) Revenue from contributions and money appropriated for any purposes of the account as described in subdivision 2 must be deposited in the water and soil conservation easement stewardship account. Revenue from contributions, wetland ~~banking~~ mitigation fees designated for stewardship purposes by the board, easement stewardship payments authorized under subdivision 3, and money appropriated for any purposes of the account as described in subdivision 2 must be deposited in the mitigation easement stewardship account.

Subd. 2. **Appropriation; purposes of accounts.** (a) Five percent of the balance on July 1 each year in the water and soil conservation easement stewardship account and five percent of the balance on July 1 each year in the mitigation easement stewardship account are annually appropriated to the board and may be spent only to cover the costs of managing easements held by the board, including costs associated with:

(1) repairing or replacing structures;

(2) maintaining vegetation and hydrology;

(3) monitoring~~,~~;

(4) landowner contacts~~,~~;

(5) records storage and management~~,~~;

(6) processing landowner notices~~,~~;

(7) requests for approval or amendments~~,~~;

(8) enforcement~~,~~; and

(9) legal services associated with easement management activities.

(b) When the amount appropriated under paragraph (a) is not sufficient to cover the costs of easements held by the board, the board may use money from the mitigation easement stewardship account and the water and soil conservation easement stewardship account to cover costs associated with:

(1) legal compliance costs;

(2) repairing or replacing structures; and

(3) maintaining vegetation and hydrology.

(c) In addition to the amounts appropriated under paragraph (a), up to 25 percent of the balance on July 1 each year in the water and soil conservation easement stewardship account and 25 percent of the balance on July 1 each year in the mitigation easement stewardship account are annually appropriated to the board for the purposes of paragraph (b). In consultation with the commissioner of management and budget, the board must establish a process, including criteria, for the use of money appropriated under this paragraph. The board must include a summary of how money appropriated under this paragraph in the prior two fiscal years was used in the report required under section 103B.101, subdivision 9, paragraph (a), clause (7).

Subd. 3. **Financial contributions.** The board shall seek a financial contribution to the water and soil conservation easement stewardship account for each conservation easement acquired by the board. The board shall seek a financial contribution or assess an easement stewardship payment to the mitigation easement stewardship account for each wetland ~~banking~~ mitigation easement acquired by the board. Unless otherwise provided by law,

the board shall determine the amount of the contribution or payment, which must be an amount calculated to earn sufficient money to meet the costs of managing the easement at a level that neither significantly overrecovers nor underrecovers the costs. In determining the amount of the financial contribution, the board shall consider:

(1) the estimated annual staff hours needed to manage the conservation easement, taking into consideration factors such as easement type, size, location, and complexity;

(2) the average hourly wages for the class or classes of state and local employees expected to manage the easement;

(3) the estimated annual travel expenses to manage the easement;

(4) the estimated annual miscellaneous costs to manage the easement, including supplies and equipment, information technology support, and aerial flyovers;

(5) the estimated annualized costs of legal services, including the cost to enforce the easement in the event of a violation; ~~and~~

(6) the estimated annualized costs for repairing or replacing structures and maintaining vegetation and hydrology; and

~~(6)~~ (7) the expected rate of return on investments in the account.

Sec. 2. **[103B.104] LAWNS TO LEGUMES PROGRAM.**

The Board of Water and Soil Resources must establish a program to provide grants or payments to plant residential lawns with native vegetation and pollinator-friendly forbs and legumes to protect a diversity of pollinators. The board must establish criteria for grants or payments awarded under this section. Grants or payments awarded under this section may be made for up to 75 percent of the costs of the project, except that, in areas identified by the United States Fish and Wildlife Service as areas where there is a high potential for rusty patched bumble bees to be present, grants may be awarded for up to 90 percent of the costs of the project.

Sec. 3. **[103C.237] SOIL AND WATER CONSERVATION DISTRICT FEE.**

Subdivision 1. **Fee.** (a) A county that contains at least one soil and water conservation district must impose an additional fee of $25 per transaction on the recording or registration of a mortgage subject to the tax under section 287.035 and an additional fee of $25 on the recording or registration of a deed subject to the tax under section 287.21.

(b) A county that does not contain at least one soil and water conservation district, but carries out the duties of a soil and water conservation district, must impose the fee described in paragraph (a).

Subd. 2. **Fee deposited; account.** The fee described in subdivision 1 must be deposited in a special soil and water conservation district account in the county general revenue fund.

Subd. 3. **Distribution to soil and water conservation districts.** (a) The county treasurer must transfer money from the special soil and water conservation district account to existing soil and water conservation districts within the county in May, October, and December each year. If a county contains more than one soil and water conservation district, money must be allocated equally among each district.

(b) A county imposing a fee under subdivision 1, paragraph (b), must use money in the special soil and water conservation account on soil and water conservations duties within the county.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 4. Minnesota Statutes 2020, section 103C.315, subdivision 4, is amended to read:

Subd. 4. **Compensation.** A supervisor shall receive compensation for services up to ~~$75~~ $125 per day, and may be reimbursed for expenses, including traveling expenses, necessarily incurred in the discharge of duties. A supervisor may be reimbursed for the use of the supervisor's own automobile in the performance of official duties at a rate up to the maximum tax-deductible mileage rate permitted under the federal Internal Revenue Code.

Sec. 5. **[103C.701] SOIL-HEALTHY FARMING GOALS.**

(a) It is the goal of the state to encourage soil health, as defined in section 103C.101, subdivision 10a, farming practices. This may be done by achieving the following objectives:

(1) preventing or minimizing soil erosion;

(2) retaining water quantity to provide for infiltration;

(3) improving surface water and groundwater quality;

(4) sustaining soil organic matter; and

(5) supporting soil life and pollinators.

(b) To achieve the objectives under paragraph (a), the state sets a goal of 30 percent of Minnesota privately owned farmland using soil health practices including but not limited to cover crops, perennial crops, no-till or reduced tillage, strip cropping, or managed rotational grazing by 2030.

Sec. 6. **[103F.05] WATER QUALITY AND STORAGE PROGRAM.**

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

(b) "Board" means the Board of Water and Soil Resources.

(c) "Local units of government" has the meaning given under section 103B.305, subdivision 5.

(d) "Water quality and storage practices" are those practices that sustain or improve water quality via surface water rate and volume and ecological management, including but not limited to:

(1) retention structures and basins;

(2) acquisition of flowage rights;

(3) soil and substrate infiltration;

(4) wetland restoration, creation, or enhancement;

(5) channel restoration or enhancement; and

(6) floodplain restoration or enhancement.

Subd. 2. **Establishment.** (a) The board must establish a program to provide financial assistance to local units of government to control water volume and rates to protect infrastructure, improve water quality and related public benefits, and mitigate climate change impacts.

(b) In establishing a water quality and storage program, the board must give priority to the Minnesota River basin and the Lower Mississippi River basin in Minnesota.

Subd. 3. **Financial assistance.** (a) The board may provide financial assistance to local units of government to cover the costs of water storage projects and other water quality practices consistent with a plan approved according to chapter 103B, 103C, or 103D. Eligible costs include costs for property and equipment acquisition, design, engineering, construction, and management. The board may acquire conservation easements under sections 103F.501 to 103F.531 as necessary to implement a project or practice under this section.

(b) The board must enter into agreements with local units of government receiving financial assistance under this section. The agreements must specify the terms of state and local cooperation, including the financing arrangement for constructing any structures and assuring maintenance of the structures after completion.

Subd. 4. **Matching contribution.** The board must require a matching contribution when providing financial assistance under this section and may adjust matching requirements if federal funds are available for the project.

Subd. 5. **Technical assistance.** (a) The board may employ or contract with an engineer or hydrologist to work on the technical implementation of the program established under this section.

(b) When implementing the program, the board must:

(1) assist local units of government in achieving the goals of the program;

(2) review and analyze projects and project sites; and

(3) evaluate the effectiveness of completed projects constructed under the program.

(c) The board must cooperate with the commissioner of natural resources, the United States Department of Agriculture Natural Resources Conservation Service, and other agencies as needed to analyze hydrological, climate, and engineering information on proposed sites.

Subd. 6. **Requirements.** (a) A local unit of government applying for financial assistance under this section must provide a copy of a resolution or other documentation of the local unit of government's support for the project. The documentation must include provisions for local funding and management, the proposed method of obtaining necessary land rights for the proposed project, and an assignment of responsibility for maintaining any structures or practices upon completion.

(b) A local unit of government, with the assistance of the board, must evaluate the public benefits that are reasonably expected upon completing the proposed project. The evaluation must be submitted to the board before the final design.

Subd. 7. **Interstate cooperation.** The board may enter into or approve working agreements with neighboring states or their political subdivisions to accomplish projects consistent with the program established under this section.

Subd. 8. **Federal aid availability.** The board must regularly analyze the availability of federal funds and programs to supplement or complement state and local efforts consistent with the purposes of this section.

Sec. 7. **[103F.06] SOIL HEALTH COST-SHARE PROGRAM.**

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

(b) "Board" means the Board of Water and Soil Resources.

(c) "Local units of government" has the meaning given under section 103B.305, subdivision 5.

(d) "Soil health" has the meaning given under section 103C.101, subdivision 10a.

(e) "Soil health practices" are those practices that sustain or improve soil health, including but not limited to:

(1) no-till or strip-till;

(2) mulching;

(3) cover cropping;

(4) perennial cropping;

(5) stand diversification;

(6) contour, field edge, pollinator, wildlife, or buffer strips planted with perennials;

(7) agroforestry;

(8) managed rotational grazing; and

(9) management practices that minimize soil compaction or increase aeration.

Subd. 2. **Establishment.** The board must establish a cost-share program consistent with the provisions of section 103C.501 for the purpose of establishing soil health practices to mitigate climate change impacts and improve water quality and related public benefits.

Subd. 3. **Financial assistance.** (a) The board may provide financial assistance to local units of government for the costs of soil health and related water quality practices consistent with a plan approved according to chapter 103B, 103C, or 103D. The board must establish costs eligible for financial assistance under this section, including costs for conservation planning, cover crop seeding, equipment acquisition or use, and other practices to improve soil health.

(b) The board must enter into agreements with local units of government receiving financial assistance under this section.

Subd. 4. **Technical assistance.** (a) The board may employ or contract with agronomists, biologists, or hydrologists in implementing the cost-share program.

(b) When implementing the program, the board must:

(1) assist local units of government in achieving the goals of the program;

(2) review and assess practice standards; and

(3) evaluate the effectiveness of completed practices constructed with assistance from the cost-share program.

(c) The board must cooperate with the Minnesota Office for Soil Health at the University of Minnesota, the United States Department of Agriculture Natural Resources Conservation Service, and other agencies and private sector organizations as needed to enhance program effectiveness.

Subd. 5. **Federal aid availability.** The board must regularly complete an analysis of the availability of federal funds and programs to supplement or complement state and local efforts consistent with the purposes of this section.

Sec. 8. **SOIL HEALTH COST-SHARE PROGRAM; REPORT.**

By January 15, 2024, the Board of Water and Soil Resources must evaluate the effectiveness of the soil health cost-share program under Minnesota Statutes, section 103F.06, and submit a report with the results and recommendations to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over the environment and natural resources. The report must include an assessment of the applicability and viability of tools to assist farm operators and landowners in evaluating nutrient, soil organic matter, and soil loss management practices on individual fields.

ARTICLE 7
FARMED CERVIDAE

Section 1. Minnesota Statutes 2020, section 35.155, subdivision 1, is amended to read:

Subdivision 1. **Running at large prohibited.** (a) An owner may not allow farmed Cervidae to run at large. The owner must make all reasonable efforts to return escaped farmed Cervidae to their enclosures as soon as possible. The owner must immediately notify the commissioner of natural resources of the escape of farmed Cervidae if the farmed Cervidae are not returned or captured by the owner within 24 hours of their escape.

(b) An owner is liable for expenses of another person in capturing, caring for, and returning farmed Cervidae that have left their enclosures if the person capturing the farmed Cervidae contacts the owner as soon as possible.

(c) If an owner is unwilling or unable to capture escaped farmed Cervidae, the commissioner of natural resources may destroy the escaped farmed Cervidae. The commissioner of natural resources must allow the owner to attempt to capture the escaped farmed Cervidae prior to destroying the farmed Cervidae. Farmed Cervidae that are not captured by 24 hours after escape may be destroyed.

(d) A hunter licensed by the commissioner of natural resources under chapter 97A may kill and possess escaped farmed Cervidae in a lawful manner and is not liable to the owner for the loss of the animal.

(e) Escaped farmed Cervidae killed by a hunter or destroyed by the commissioner of natural resources must be tested for chronic wasting disease at the owner's expense.

EFFECTIVE DATE. This section is effective September 1, 2021.

Sec. 2. Minnesota Statutes 2020, section 35.155, subdivision 4, is amended to read:

Subd. 4. **Fencing.** Farmed Cervidae must be confined in a manner designed to prevent escape. Except as provided in subdivision 4a, all perimeter fences for farmed Cervidae must be at least 96 inches in height and be constructed and maintained in a way that prevents the escape of farmed Cervidae ~~or,~~ entry into the premises by

free-roaming Cervidae, or physical contact between farmed Cervidae and free-roaming Cervidae. ~~After July 1, 2019,~~ All new fencing installed and all fencing used to repair deficiencies must be high tensile. ~~By December 1, 2019,~~ All entry areas for farmed Cervidae enclosure areas must have two redundant gates, which must be maintained to prevent the escape of animals through an open gate. If a fence deficiency allows entry or exit by farmed or wild Cervidae, the owner must repair the deficiency within a reasonable time, as determined by the Board of Animal Health, not to exceed 45 days. If a fence deficiency is detected during an inspection, the facility must be reinspected at least once in the subsequent three months. The farmed Cervidae owner must pay a reinspection fee equal to one-half the applicable annual inspection fee under subdivision 7a for each reinspection related to a fence violation. If the facility experiences more than one escape incident in any six-month period or fails to correct a deficiency found during an inspection, the board may revoke the facility's registration and order the owner to remove or destroy the animals as directed by the board. If the board revokes a facility's registration, the commissioner of natural resources may seize and destroy animals at the facility.

EFFECTIVE DATE. This section is effective September 1, 2022.

Sec. 3. Minnesota Statutes 2020, section 35.155, is amended by adding a subdivision to read:

Subd. 4a. **Fencing; commercial herds.** In addition to the requirements in subdivision 4, commercially farmed white-tailed deer must be confined by two or more perimeter fences, with each perimeter fence at least 120 inches in height.

EFFECTIVE DATE. This section is effective September 1, 2022.

Sec. 4. Minnesota Statutes 2020, section 35.155, subdivision 6, is amended to read:

Subd. 6. **Identification.** (a) Farmed Cervidae must be identified by means approved by the Board of Animal Health. The identification must include a distinct number that has not been used during the previous three years and must be visible to the naked eye during daylight under normal conditions at a distance of 50 yards. The identification for white-tailed deer must also include contact information with a phone number or address that enables the reader to readily identify the owner of escaped deer. This contact information does not need to be visible from a distance of 50 yards. White-tailed deer must be identified before October 31 of the year in which the animal is born, at the time of weaning, or before movement from the premises, whichever occurs first. Elk and other cervids must be identified by December 31 of the year in which the animal is born or before movement from the premises, whichever occurs first. As coordinated by the board, the commissioner of natural resources may destroy any animal that is not identified as required under this subdivision.

(b) The Board of Animal Health shall register farmed Cervidae. The owner must submit the registration request on forms provided by the board. The forms must include sales receipts or other documentation of the origin of the Cervidae. The board must provide copies of the registration information to the commissioner of natural resources upon request. The owner must keep written records of the acquisition and disposition of registered farmed Cervidae.

EFFECTIVE DATE. This section is effective September 1, 2022.

Sec. 5. Minnesota Statutes 2020, section 35.155, subdivision 10, is amended to read:

Subd. 10. **Mandatory registration.** (a) A person may not possess live Cervidae in Minnesota unless the person is registered with the Board of Animal Health and meets all the requirements for farmed Cervidae under this section. Cervidae possessed in violation of this subdivision may be seized and destroyed by the commissioner of natural resources.

(b) A person whose registration is revoked by the board is ineligible for future registration under this section unless the board determines that the person has undertaken measures that make future escapes extremely unlikely.

(c) The board must not allow new registrations under this section for possessing white-tailed deer.

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

Sec. 6. Minnesota Statutes 2020, section 35.155, subdivision 11, is amended to read:

Subd. 11. **Mandatory surveillance for chronic wasting disease; depopulation.** (a) An inventory for each farmed Cervidae herd must be verified by an accredited veterinarian and filed with the Board of Animal Health every 12 months.

(b) Movement of farmed Cervidae from any premises to another location must be reported to the Board of Animal Health within 14 days of the movement on forms approved by the Board of Animal Health. A person must not move farmed white-tailed deer from any premises to another location.

(c) All animals from farmed Cervidae herds that are over 12 months of age that die or are slaughtered must be tested for chronic wasting disease.

(d) The owner of a premises where chronic wasting disease is detected must:

(1) depopulate the premises of Cervidae after the appraisal process for federal indemnification has been completed or, if an indemnification application is not submitted, within a reasonable time determined by the board in consultation with the commissioner of natural resources;

(2) maintain the fencing required under ~~subdivision~~ subdivisions 4 and 4a on the premises for ~~five~~ ten years after the date of detection; ~~and~~

(3) post the fencing on the premises with biohazard signs as directed by the board~~.~~; and

(4) not raise farmed Cervidae on the premises for at least ten years.

Sec. 7. **TRANSFER OF DUTIES; FARMED CERVIDAE.**

(a) Except as provided in paragraph (b), the responsibilities for administering and enforcing the statutes and rules listed in clauses (1) and (2) are transferred pursuant to Minnesota Statutes, section 15.039, from the Board of Animal Health to the commissioner of natural resources:

(1) Minnesota Statutes, sections 35.153 and 35.155; and

(2) Minnesota Rules, parts 1721.0370 to 1721.0420.

(b) Notwithstanding Minnesota Statutes, section 15.039, subdivision 7, the transfer of personnel will not take place. The commissioner of natural resources must contract with the Board of Animal Health for any veterinary services required to administer this program.

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

Sec. 8. **REVISOR INSTRUCTION.**

The revisor of statutes must recodify the relevant sections in Minnesota Statutes, chapter 35, and Minnesota Rules, chapter 1721, as necessary to conform with section 7. The revisor must also change the responsible agency and make necessary cross-reference changes consistent with section 7 and the renumbering.

ARTICLE 8
DRIVING UNDER THE INFLUENCE UNIFORMITY

Section 1. **[84.765] OPERATING OFF-ROAD RECREATIONAL VEHICLES WHILE IMPAIRED.**

Subdivision 1. **Definitions.** As used in this section, "controlled substance," "intoxicating substance," and "off-road recreational vehicle" have the meanings given in section 169A.03.

Subd. 2. **Acts prohibited.** (a) An owner or other person having charge or control of an off-road recreational vehicle must not authorize or allow an individual the person knows or has reason to believe is under the influence of alcohol, a controlled substance, or an intoxicating substance to operate the off-road recreational vehicle anywhere in the state or on the ice of a boundary water of the state.

(b) A person who operates or is in physical control of an off-road recreational vehicle anywhere in the state or on the ice of a boundary water of the state is subject to chapter 169A.

(c) The provisions of chapters 169A, 171, and 609 relating to revoking, suspending, or canceling a driver's license, an instruction permit, or a nonresident operating privilege for alcohol, controlled substance, or intoxicating substance violations apply to operators of off-road recreational vehicles and operating privileges for off-road recreational vehicles.

(d) The commissioner of public safety must notify a person of the period during which the person is prohibited from operating an off-road recreational vehicle under section 169A.52, 169A.54, or 171.177.

(e) The court must promptly forward to the commissioner of public safety copies of all convictions and criminal and civil sanctions imposed under chapter 169A and section 171.177.

(f) If the person operating or in physical control of an off-road recreational vehicle is a program participant in the ignition interlock device program described in section 171.306, the off-road recreational vehicle may be operated only if it is equipped with an approved ignition interlock device and all requirements of section 171.306 are satisfied. For purposes of this paragraph, "program participant" and "ignition interlock device" have the meanings given in section 171.306, subdivision 1.

Subd. 3. **Penalties.** (a) A person who violates subdivision 2, paragraph (a), or an ordinance conforming to subdivision 2, paragraph (a), is guilty of a misdemeanor.

(b) A person who operates an off-road recreational vehicle during the period the person is prohibited from operating an off-road recreational vehicle under subdivision 2, paragraph (d), is subject to the penalty provided in section 171.24.

Sec. 2. Minnesota Statutes 2020, section 84.795, subdivision 5, is amended to read:

Subd. 5. **Operating under influence of alcohol or controlled substance.** A person may not operate or be in control of an off-highway motorcycle anywhere in this state or on the ice of any boundary water of this state while under the influence of alcohol or a controlled substance, as provided in section 169A.20, and is subject to sections 169A.50 to 169A.53 or 171.177. ~~A conservation officer of the Department of Natural Resources is a peace officer for the purposes of sections 169A.20 and 169A.50 to 169A.53 or 171.177 as applied to the operation of an off-highway motorcycle in a manner not subject to registration under chapter 168.~~

Sec. 3. Minnesota Statutes 2020, section 84.83, subdivision 5, is amended to read:

Subd. 5. **Fines and forfeited bail.** ~~The disposition of~~ Fines and forfeited bail collected from prosecutions of violations of sections 84.81 to ~~84.91~~ 84.90 or rules adopted thereunder~~, and violations of section 169A.20 that involve off-road recreational vehicles, as defined in section 169A.03, subdivision 16, are governed by section 97A.065.~~ must be deposited in the state treasury. Half the receipts must be credited to the general fund, and half the receipts must be credited to the snowmobile trails and enforcement account in the natural resources fund.

Sec. 4. **[86B.33] OPERATING WHILE IMPAIRED.**

Subdivision 1. **Definitions.** For purposes of this section, "controlled substance," "intoxicating substance," and "motorboat in operation" have the meanings given under section 169A.03.

Subd. 2. **Acts prohibited.** (a) An owner or other person having charge or control of a motorboat must not authorize or allow an individual the person knows or has reason to believe is under the influence of alcohol, a controlled substance, or an intoxicating substance to operate the motorboat in operation on waters of the state.

(b) A person who operates or is in physical control of a motorboat on waters of the state is subject to chapter 169A.

(c) The provisions of chapters 169A, 171, and 609 relating to revoking, suspending, or canceling a driver's license, an instruction permit, or a nonresident operating privilege for alcohol, controlled substance, or intoxicating substance violations apply to motorboat operators and to operating privileges for motorboats.

(d) The commissioner of public safety must notify a person of the period during which the person is prohibited from operating a motorboat under section 169A.52, 169A.54, or 171.177.

(e) The court must promptly forward to the commissioner of public safety copies of all convictions and criminal and civil sanctions imposed under chapter 169A and section 171.177.

(f) If the person operating or in physical control of a motorboat is a program participant in the ignition interlock device program described in section 171.306, the motorboat may be operated only if it is equipped with an approved ignition interlock device and all requirements of section 171.306 are satisfied. For purposes of this paragraph, "program participant" and "ignition interlock device" have the meanings given in section 171.306, subdivision 1.

Subd. 3. **Penalties.** (a) A person who violates subdivision 2, paragraph (a), or an ordinance conforming with subdivision 2, paragraph (a), is guilty of a misdemeanor.

(b) A person who operates a motorboat during the period the person is prohibited from operating a motorboat under subdivision 2, paragraph (d), is guilty of a misdemeanor.

Sec. 5. Minnesota Statutes 2020, section 86B.705, subdivision 2, is amended to read:

Subd. 2. **Fines and bail money.** (a) All fines, installment payments, and forfeited bail money collected from persons convicted of ~~violations of~~ violating this chapter or rules adopted thereunder~~, or of a violation of section 169A.20 involving a motorboat, shall~~ must be deposited in the state treasury.

(b) ~~One half of~~ Half the receipts ~~shall~~ must be credited to the general ~~revenue~~ fund~~. The other one half of~~, and half the receipts ~~shall~~ must be ~~transmitted to the commissioner of natural resources and~~ credited to the water recreation account for the purpose of boat and water safety.

Sec. 6. Minnesota Statutes 2020, section 97A.065, subdivision 2, is amended to read:

Subd. 2. **Fines and forfeited bail.** ~~(a)~~ Fines and forfeited bail collected from prosecutions of violations of: the game and fish laws or rules adopted thereunder; sections 84.091 to 84.15 or rules adopted thereunder; ~~sections 84.81 to 84.91 or rules adopted thereunder; section 169A.20, when the violation involved an off-road recreational vehicle as defined in section 169A.03, subdivision 16;~~ chapter 348; and any other law relating to wild animals or aquatic vegetation, must be ~~paid to the treasurer of the county where the violation is prosecuted. The county treasurer shall submit one-half of~~ deposited in the state treasury. Half the receipts ~~to the commissioner and credit the balance to the county general revenue fund except as provided in paragraphs (b) and (c). In a county in a judicial district under section 480.181, subdivision 1, paragraph (b), the share that would otherwise go to the county under this paragraph must be submitted to the commissioner of management and budget for deposit in the state treasury and credited to the general fund~~ must be credited to the general fund, and half the receipts must be credited to the game and fish fund under section 97A.055.

~~(b) The county treasurer shall submit one-half of the receipts collected under paragraph (a) from prosecutions of violations of sections 84.81 to 84.91 or rules adopted thereunder, and 169A.20, except receipts that are surcharges imposed under section 357.021, subdivision 6, to the commissioner and credit the balance to the county general fund. The commissioner shall credit these receipts to the snowmobile trails and enforcement account in the natural resources fund.~~

~~(c) The county treasurer shall indicate the amount of the receipts that are surcharges imposed under section 357.021, subdivision 6, and shall submit all of those receipts to the commissioner of management and budget.~~

Sec. 7. Minnesota Statutes 2020, section 169A.20, subdivision 1, is amended to read:

Subdivision 1. **Driving while impaired crime; motor vehicle.** It is a crime for any person to drive, operate, or be in physical control of any motor vehicle, as defined in section 169A.03, subdivision 15, ~~except for motorboats in operation and off-road recreational vehicles,~~ within this state or on any boundary water of this state when:

(1) the person is under the influence of alcohol;

(2) the person is under the influence of a controlled substance;

(3) the person is under the influence of an intoxicating substance and the person knows or has reason to know that the substance has the capacity to cause impairment;

(4) the person is under the influence of a combination of any two or more of the elements named in clauses (1) to (3);

(5) the person's alcohol concentration at the time, or as measured within two hours of the time, of driving, operating, or being in physical control of the motor vehicle is 0.08 or more;

(6) the vehicle is a commercial motor vehicle and the person's alcohol concentration at the time, or as measured within two hours of the time, of driving, operating, or being in physical control of the commercial motor vehicle is 0.04 or more; or

(7) the person's body contains any amount of a controlled substance listed in Schedule I or II, or its metabolite, other than marijuana or tetrahydrocannabinols.

Sec. 8. Minnesota Statutes 2020, section 169A.52, is amended by adding a subdivision to read:

Subd. 9. **Off-road recreational vehicles and motorboats.** (a) The provisions of this section for revoking a driver's license, permit, or nonresident operating privilege also apply to the operating privilege for an off-road recreational vehicle and a motorboat.

(b) Upon certification by a peace officer under subdivision 3, paragraph (a), or subdivision 4, paragraph (a) or (c), the commissioner must notify a person that the person is prohibited from operating off-road recreational vehicles and motorboats for the period provided in subdivision 3, paragraph (a), or subdivision 4, paragraph (a).

Sec. 9. Minnesota Statutes 2020, section 169A.54, is amended by adding a subdivision to read:

Subd. 12. **Off-road recreational vehicles and motorboats.** (a) The provisions of this section for revoking a driver's license or nonresident operating privilege also apply to the operating privilege for an off-road recreational vehicle and a motorboat.

(b) Upon conviction, the commissioner must notify a person that the person is prohibited from operating off-road recreational vehicles and motorboats for the same period that the person's driver's license or operating privilege is revoked or canceled under this section.

Sec. 10. **[171.188] DRIVING WHILE IMPAIRED REVOCATION AND PROHIBITION; OFF-ROAD RECREATIONAL VEHICLES AND MOTORBOATS.**

(a) The provisions of this chapter for revoking or canceling a driver's license or nonresident driving privilege for alcohol, controlled substance, or intoxicating substance violations also apply to the operating privileges for off-road recreational vehicles and motorboats.

(b) Upon conviction, the commissioner must notify a person that the person is prohibited from operating off-road recreational vehicles and motorboats for the same period that the person's driver's license or driving privilege is revoked or canceled for the alcohol, controlled substance, or intoxicating substance conviction.

Sec. 11. Minnesota Statutes 2020, section 171.306, is amended by adding a subdivision to read:

Subd. 3a. **Off-road recreational vehicles and motorboats.** A program participant in the ignition interlock device program may operate an off-road recreational vehicle or a motorboat only if it is equipped with an approved ignition interlock device as provided under this section and sections 84.765, subdivision 2, and 86B.33, subdivision 2.

Sec. 12. **REVISOR INSTRUCTION.**

The revisor of statutes shall make necessary changes to statutory cross-references to reflect the changes made in sections 1 to 11. If necessary, the revisor shall prepare a bill for introduction in the 2022 legislative session to make other necessary conforming changes that are beyond the scope of the revisor's authority to make editorial changes under this section or other law.

Sec. 13. **REPEALER.**

Minnesota Statutes 2020, sections 84.91, subdivision 1; 86B.331, subdivision 1; and 169A.20, subdivisions 1a, 1b, and 1c, are repealed.

ARTICLE 9
ELECTRIC-ASSISTED BICYCLES

Section 1. Minnesota Statutes 2020, section 84.787, subdivision 7, is amended to read:

Subd. 7. **Off-highway motorcycle.** (a) "Off-highway motorcycle" means a motorized, off-highway vehicle traveling on two wheels and having a seat or saddle designed to be straddled by the operator and handlebars for steering control, including a vehicle that is registered under chapter 168 for highway use if it is also used for off-highway operation on trails or unimproved terrain.

(b) Off-highway motorcycle does not include an electric-assisted bicycle as defined in section 169.011, subdivision 27.

Sec. 2. Minnesota Statutes 2020, section 84.797, subdivision 7, is amended to read:

Subd. 7. **Off-road vehicle.** (a) "Off-road vehicle" or "vehicle" means a motor-driven recreational vehicle capable of cross-country travel on natural terrain without benefit of a road or trail.

(b) Off-road vehicle does not include a snowmobile; an all-terrain vehicle; a motorcycle; an electric-assisted bicycle as defined in section 169.011, subdivision 27; a watercraft; a farm vehicle being used for farming; a vehicle used for military, fire, emergency, or law enforcement purposes; a construction or logging vehicle used in the performance of its common function; a motor vehicle owned by or operated under contract with a utility, whether publicly or privately owned, when used for work on utilities; a commercial vehicle being used for its intended purpose; snow-grooming equipment when used for its intended purpose; or an aircraft.

Sec. 3. Minnesota Statutes 2020, section 84.92, subdivision 8, is amended to read:

Subd. 8. **All-terrain vehicle or vehicle.** (a) "All-terrain vehicle" or "vehicle" means a motorized vehicle with: (1) not less than three, but not more than six low pressure or non-pneumatic tires; (2) a total dry weight of 2,000 pounds or less; and (3) a total width from outside of tire rim to outside of tire rim that is 65 inches or less. All-terrain vehicle includes a class 1 all-terrain vehicle and class 2 all-terrain vehicle.

(b) All-terrain vehicle does not include ~~a~~ an electric-assisted bicycle as defined in section 169.011, subdivision 27, golf cart, mini-truck, dune buggy, or go-cart or a vehicle designed and used specifically for lawn maintenance, agriculture, logging, or mining purposes.

Sec. 4. Minnesota Statutes 2020, section 168.002, subdivision 18, is amended to read:

Subd. 18. **Motor vehicle.** (a) "Motor vehicle" means any self-propelled vehicle designed and originally manufactured to operate primarily on highways, and not operated exclusively upon railroad tracks. It includes any vehicle propelled or drawn by a self-propelled vehicle and includes vehicles known as trackless trolleys that are propelled by electric power obtained from overhead trolley wires but not operated upon rails. ~~It does not include snowmobiles, manufactured homes, or park trailers.~~

(b) "Motor vehicle" includes an all-terrain vehicle only if the all-terrain vehicle (1) has at least four wheels, (2) is owned and operated by a physically disabled person, and (3) displays both disability plates and a physically disabled certificate issued under section 169.345.

(c) "Motor vehicle" does not include an all-terrain vehicle except (1) an all-terrain vehicle described in paragraph (b), or (2) an all-terrain vehicle licensed as a motor vehicle before August 1, 1985. The owner may continue to license an all-terrain vehicle described in clause (2) as a motor vehicle until it is conveyed or otherwise transferred to another owner, is destroyed, or fails to comply with the registration and licensing requirements of this chapter.

(d) "Motor vehicle" does not include a snowmobile; a manufactured home; a park trailer; an electric personal assistive mobility device as defined in section 169.011, subdivision 26~~.~~;

~~(e) "Motor vehicle" does not include~~ a motorized foot scooter as defined in section 169.011, subdivision 46; or an electric-assisted bicycle as defined in section 169.011, subdivision 27.

~~(f)~~ (e) "Motor vehicle" includes an off-highway motorcycle modified to meet the requirements of chapter 169 according to section 84.788, subdivision 12.

Sec. 5. Minnesota Statutes 2020, section 169.011, is amended by adding a subdivision to read:

Subd. 15a. **Class 1 electric-assisted bicycle.** "Class 1 electric-assisted bicycle" means an electric-assisted bicycle equipped with an electric motor that provides assistance only when the rider is pedaling and ceases to provide assistance when the bicycle reaches the speed of 20 miles per hour.

Sec. 6. Minnesota Statutes 2020, section 169.011, is amended by adding a subdivision to read:

Subd. 15b. **Class 2 electric-assisted bicycle.** "Class 2 electric-assisted bicycle" means an electric-assisted bicycle equipped with an electric motor that is capable of propelling the bicycle without the rider pedaling and ceases to provide assistance when the bicycle reaches the speed of 20 miles per hour.

Sec. 7. Minnesota Statutes 2020, section 169.011, is amended by adding a subdivision to read:

Subd. 15c. **Class 3 electric-assisted bicycle.** "Class 3 electric-assisted bicycle" means an electric-assisted bicycle equipped with an electric motor that provides assistance only when the rider is pedaling and ceases to provide assistance when the bicycle reaches the speed of 28 miles per hour.

Sec. 8. Minnesota Statutes 2020, section 169.011, subdivision 27, is amended to read:

Subd. 27. **Electric-assisted bicycle.** "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~~:~~

~~(i) of federal motor vehicle safety standards for a motor-driven cycle in Code of Federal Regulations, title 49, sections 571.1 et seq.; or~~

~~(ii)~~ for bicycles under Code of Federal Regulations, title 16, part 1512, or successor requirements; ~~and~~

(3) ~~has~~ is equipped with an electric motor that ~~(i)~~ has a power output of not more than ~~1,000~~ 750 watts~~, (ii) is incapable of propelling the vehicle at a speed of more than 20 miles per hour, (iii) is incapable of further increasing the speed of the device when human power alone is used to propel the vehicle at a speed of more than 20 miles per hour, and (iv) disengages or ceases to function when the vehicle's brakes are applied~~; and

(4) meets the requirements of a class 1, class 2, or class 3 electric-assisted bicycle.

Sec. 9. Minnesota Statutes 2020, section 169.011, subdivision 42, is amended to read:

Subd. 42. **Motor vehicle.** (a) "Motor vehicle" means every vehicle which is self-propelled and every vehicle which is propelled by electric power obtained from overhead trolley wires.

(b) Motor vehicle does not include an electric-assisted bicycle; an electric personal assistive mobility device; or a vehicle moved solely by human power.

Sec. 10. Minnesota Statutes 2020, section 169.222, subdivision 4, is amended to read:

Subd. 4. **Riding rules.** (a) Every person operating a bicycle upon a roadway shall ride as close as practicable to the right-hand curb or edge of the roadway except under any of the following situations:

(1) when overtaking and passing another vehicle proceeding in the same direction;

(2) when preparing for a left turn at an intersection or into a private road or driveway;

(3) when reasonably necessary to avoid conditions, including fixed or moving objects, vehicles, pedestrians, animals, surface hazards, or narrow width lanes, that make it unsafe to continue along the right-hand curb or edge; or

(4) when operating on the shoulder of a roadway or in a bicycle lane.

(b) If a bicycle is traveling on a shoulder of a roadway, the bicycle shall travel in the same direction as adjacent vehicular traffic.

(c) Persons riding bicycles upon a roadway or shoulder shall not ride more than two abreast and shall not impede the normal and reasonable movement of traffic and, on a laned roadway, shall ride within a single lane.

(d) A person operating a bicycle upon a sidewalk, or across a roadway or shoulder on a crosswalk, shall yield the right-of-way to any pedestrian and shall give an audible signal when necessary before overtaking and passing any pedestrian. No person shall ride a bicycle upon a sidewalk within a business district unless permitted by local authorities. Local authorities may prohibit the operation of bicycles on any sidewalk or crosswalk under their jurisdiction.

(e) An individual operating a bicycle or other vehicle on a bikeway shall leave a safe distance when overtaking a bicycle or individual proceeding in the same direction on the bikeway, and shall maintain clearance until safely past the overtaken bicycle or individual.

(f) A person lawfully operating a bicycle on a sidewalk, or across a roadway or shoulder on a crosswalk, shall have all the rights and duties applicable to a pedestrian under the same circumstances.

~~(g) A person may operate an electric-assisted bicycle on the shoulder of a roadway, on a bikeway, or on a bicycle trail if not otherwise prohibited under section 85.015, subdivision 1d; 85.018, subdivision 2, paragraph (d); or 160.263, subdivision 2, paragraph (b), as applicable.~~

Sec. 11. Minnesota Statutes 2020, section 169.222, subdivision 6a, is amended to read:

Subd. 6a. ~~**Operator age**~~ **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 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 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 person under the age of 15 shall operate an electric-assisted bicycle.

Sec. 12. Minnesota Statutes 2020, section 169.222, is amended by adding a subdivision 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 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.

(b) A person must not modify an electric-assisted bicycle to change the motor-powered speed capability or motor engagement unless the person replaces the label required in paragraph (a) with revised information.

(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 when the brakes are applied.

(d) A class 3 electric-assisted bicycle must be equipped with a speedometer that displays the speed at which the bicycle is traveling in miles per hour.

EFFECTIVE DATE. Paragraph (a) is effective January 1, 2022. Paragraphs (b) to (d) are effective August 1, 2021.

ARTICLE 10
STATE LANDS

Section 1. Minnesota Statutes 2020, section 84.415, is amended by adding a subdivision to read:

Subd. 8. **Reimbursing costs.** In addition to fees specified in this section or in rules adopted by the commissioner, the applicant must reimburse the state for costs incurred for cultural resources review, monitoring, or other services provided by the Minnesota Historical Society under contract with the commissioner of natural resources or the State Historic Preservation Office of the Department of Administration in connection with the license application, preparing the license terms, or constructing the utility line.

Sec. 2. Minnesota Statutes 2020, section 84.63, is amended to read:

84.63 CONVEYANCE OF INTERESTS IN LANDS TO STATE ~~AND~~, FEDERAL, AND TRIBAL GOVERNMENTS.

(a) Notwithstanding any existing law to the contrary, the commissioner of natural resources is hereby authorized on behalf of the state to convey to the United States, to a federally recognized Indian Tribe, or to the state of Minnesota or any of its subdivisions, upon state-owned lands under the administration of the commissioner of natural resources, permanent or temporary easements for specified periods or otherwise for trails, highways, roads including limitation of right of access from the lands to adjacent highways and roads, flowage for development of fish and game resources, stream protection, flood control, and necessary appurtenances thereto, such conveyances to be made upon such terms and conditions including provision for reversion in the event of non-user as the commissioner of natural resources may determine.

(b) In addition to the fee for the market value of the easement, the commissioner of natural resources shall assess the applicant the following fees:

(1) an application fee of $2,000 to cover reasonable costs for reviewing the application and preparing the easement; and

(2) a monitoring fee to cover the projected reasonable costs for monitoring the construction of the improvement for which the easement was conveyed and preparing special terms and conditions for the easement. The commissioner must give the applicant an estimate of the monitoring fee before the applicant submits the fee.

(c) The applicant shall pay these fees to the commissioner of natural resources. The commissioner shall not issue the easement until the applicant has paid in full the application fee, the monitoring fee, and the market value payment for the easement.

(d) Upon completion of construction of the improvement for which the easement was conveyed, the commissioner shall refund the unobligated balance from the monitoring fee revenue. The commissioner shall not return the application fee, even if the application is withdrawn or denied.

(e) Money received under paragraph (b) must be deposited in the land management account in the natural resources fund and is appropriated to the commissioner of natural resources to cover the reasonable costs incurred for issuing and monitoring easements.

(f) A county or joint county regional railroad authority is exempt from all fees specified under this section for trail easements on state-owned land.

(g) In addition to fees specified in this section, the applicant must reimburse the state for costs incurred for cultural resources review, monitoring, or other services provided by the Minnesota Historical Society under contract with the commissioner of natural resources or the State Historic Preservation Office of the Department of Administration in connection with the easement application, preparing the easement terms, or constructing the trail, highway, road, or other improvements.

EFFECTIVE DATE. This section is effective the day following final enactment, except that paragraph (g) is effective July 1, 2021.

Sec. 3. Minnesota Statutes 2020, section 84.631, is amended to read:

84.631 ROAD EASEMENTS ACROSS STATE LANDS.

(a) Except as provided in section 85.015, subdivision 1b, the commissioner of natural resources, on behalf of the state, may convey a road easement across state land under the commissioner's jurisdiction to a private person requesting an easement for access to property owned by the person only if the following requirements are met: (1) there are no reasonable alternatives to obtain access to the property; and (2) the exercise of the easement will not cause significant adverse environmental or natural resource management impacts.

(b) The commissioner shall:

(1) require the applicant to pay the market value of the easement;

(2) limit the easement term to 50 years if the road easement is across school trust land;

(3) provide that the easement reverts to the state in the event of nonuse; and

(4) impose other terms and conditions of use as necessary and appropriate under the circumstances.

(c) An applicant shall submit an application fee of $2,000 with each application for a road easement across state land. The application fee is nonrefundable, even if the application is withdrawn or denied.

(d) In addition to the payment for the market value of the easement and the application fee, the commissioner of natural resources shall assess the applicant a monitoring fee to cover the projected reasonable costs for monitoring the construction of the road and preparing special terms and conditions for the easement. The commissioner must give the applicant an estimate of the monitoring fee before the applicant submits the fee. The applicant shall pay the

application and monitoring fees to the commissioner of natural resources. The commissioner shall not issue the easement until the applicant has paid in full the application fee, the monitoring fee, and the market value payment for the easement.

(e) Upon completion of construction of the road, the commissioner shall refund the unobligated balance from the monitoring fee revenue.

(f) Fees collected under paragraphs (c) and (d) must be credited to the land management account in the natural resources fund and are appropriated to the commissioner of natural resources to cover the reasonable costs incurred under this section.

(g) In addition to fees specified in this section, the applicant must reimburse the state for costs incurred for cultural resources review, monitoring, or other services provided by the Minnesota Historical Society under contract with the commissioner of natural resources or the State Historic Preservation Office of the Department of Administration in connection with the easement application, preparing the easement terms, or constructing the road.

Sec. 4. Minnesota Statutes 2020, section 89.021, is amended by adding a subdivision to read:

Subd. 42a. **Riverlands State Forest.**

Sec. 5. Minnesota Statutes 2020, section 89.17, is amended to read:

89.17 LEASES AND PERMITS.

(a) Notwithstanding the permit procedures of chapter 90, the commissioner may grant and execute, in the name of the state, leases and permits for the use of any forest lands under the authority of the commissioner for any purpose that in the commissioner's opinion is not inconsistent with the maintenance and management of the forest lands, on forestry principles for timber production. Every such lease or permit is revocable at the discretion of the commissioner at any time subject to such conditions as may be agreed on in the lease. The approval of the commissioner of administration is not required upon any such lease or permit. No such lease or permit for a period exceeding 21 years shall be granted except with the approval of the Executive Council.

(b) Public access to the leased land for outdoor recreation is the same as access would be under state management.

(c) Notwithstanding section 16A.125, subdivision 5, after deducting the reasonable costs incurred for preparing and issuing the lease, all remaining proceeds from leasing school trust land and university land for roads on forest lands must be deposited into the respective permanent fund for the lands.

(d) The commissioner may require a performance bond, security deposit, or other form of security for removing any improvements or personal property left on the leased premises by the lessee upon termination or cancellation of the lease.

(e) In addition to other payments required by this section, the applicant must reimburse the state for costs incurred for cultural resources review, monitoring, or other services provided by the Minnesota Historical Society under contract with the commissioner of natural resources or the State Historic Preservation Office of the Department of Administration in connection with reviewing the lease request, preparing the lease terms, or monitoring construction of improvements on the leased premises.

Sec. 6. Minnesota Statutes 2020, section 92.50, is amended by adding a subdivision to read:

Subd. 4. **Reimbursing costs.** In addition to other payments required by this section, the applicant must reimburse the state for costs incurred for cultural resources review, monitoring, or other services provided by the Minnesota Historical Society under contract with the commissioner of natural resources or the State Historic Preservation Office of the Department of Administration in connection with reviewing the lease request, preparing the lease terms, or constructing improvements on the leased premises.

Sec. 7. Minnesota Statutes 2020, section 92.502, is amended to read:

92.502 LEASE OF TAX-FORFEITED AND STATE LANDS.

(a) Notwithstanding section 282.04 or other law to the contrary, St. Louis County may enter a 30-year lease of tax-forfeited land for a wind energy project.

(b) The commissioner of natural resources may enter a 30-year lease of land administered by the commissioner for a wind energy project.

(c) The commissioner of natural resources may enter a 30-year lease of land administered by the commissioner for recreational trails and facilities. The commissioner may assess the lease applicant a monitoring fee to cover the projected reasonable costs of monitoring construction of the recreational trail or facility and preparing special terms and conditions of the license to ensure proper construction. The commissioner must give the applicant an estimate of the monitoring fee before the applicant is required to submit the fee. Upon completion of construction of the trail or facility, the commissioner must refund the unobligated balance from the monitoring fee revenue.

(d) Notwithstanding section 282.04 or other law to the contrary, Lake and St. Louis Counties may enter into 30-year leases of tax-forfeited land for recreational trails and facilities.

Sec. 8. Minnesota Statutes 2020, section 94.3495, subdivision 3, is amended to read:

Subd. 3. **Valuation of land.** (a) In an exchange of class 1 land for class 2 or 3 land, the value of all the land shall be determined by the commissioner of natural resources, but the county board must approve the value determined for the class 2 land, and the governmental subdivision of the state must approve the value determined for the class 3 land. In an exchange of class 2 land for class 3 land, the value of all the land shall be determined by the county board of the county in which the land lies, but the governmental subdivision of the state must approve the value determined for the class 3 land.

(b) To determine the value of the land, the parties to the exchange may either (1) cause the land to be appraised, or (2) determine the value for each 40-acre tract or lot, or a portion thereof, using the ~~most current~~ township or county assessment schedules within the preceding two years for similar land types from the county assessor of the county in which the lands are located. Merchantable timber value should be considered in finalizing valuation of the lands.

(c) Except for school trust lands and university lands, the lands exchanged under this section shall be exchanged only for lands of at least substantially equal value. For the purposes of this subdivision, "substantially equal value" has the meaning given under section 94.343, subdivision 3, paragraph (b). No payment is due either party if the lands, other than school trust lands or university lands, are of substantially equal value but are not of the same value.

(d) School trust lands and university lands exchanged under this section must be exchanged only for lands of equal or greater value.

Sec. 9. Laws 2016, chapter 154, section 16, is amended to read:

Sec. 16. **EXCHANGE OF STATE LAND; AITKIN, BELTRAMI, AND KOOCHICHING COUNTIES.**

(a) Notwithstanding the riparian restrictions in Minnesota Statutes, section 94.342, subdivision 3, and subject to the valuation restrictions described in paragraph (c), the commissioner of natural resources may, with the approval of the Land Exchange Board as required under the Minnesota Constitution, article XI, section 10, and according to the remaining provisions of Minnesota Statutes, sections 94.342 to 94.347, exchange the state-owned land leased for farming wild rice described in paragraph (b).

(b) The state land that may be exchanged is held under the following state leases for farming of wild rice:

(1) Lease LAGR001305, covering 175.1 acres in Aitkin County;

(2) Lease LMIS010040, covering 107.1 acres in Beltrami County;

(3) Lease LMIS010096, covering 137.4 acres in Beltrami County; and

(4) Lease LAGR001295, covering 264.40 acres in Koochiching County.

(c) For the appraisal of the land, no improvements paid for by the lessee shall be included in the estimate of market value.

(d) Additional adjoining state lands may be added to the exchanges if mutually agreed upon by the commissioner and the exchange partner to avoid leaving unmanageable parcels of land in state ownership after an exchange or to meet county zoning standards or other regulatory needs for the wild rice farming operations.

(e) The state land administered by the commissioner of natural resources in Koochiching County borders the Lost River. The lands to be exchanged are not required to provide at least equal opportunity for access to waters by the public, but the lands must be at least equal in value and have the potential to generate revenue for the school trust lands.

(f) Notwithstanding Minnesota Statutes, section 94.343, subdivision 8a, lessees must pay to the commissioner all costs, as determined by the commissioner, that are associated with each exchange transaction, including valuation expenses; legal fees; survey expenses; costs of title work, advertising, and public hearings; transactional staff costs; and closing costs.

Sec. 10. Laws 2016, chapter 154, section 48, is amended to read:

Sec. 48. **EXCHANGE OF STATE LAND; ST. LOUIS COUNTY.**

Subdivision 1. **Exchange of land.** (a) Notwithstanding the riparian restrictions in Minnesota Statutes, section 94.342, subdivision 3, the commissioner of natural resources may, with the approval of the Land Exchange Board as required under the Minnesota Constitution, article XI, section 10, and according to the remaining provisions of Minnesota Statutes, sections 94.342 to 94.347, exchange the riparian land described in paragraph (b).

(b) The state land that may be exchanged is located in St. Louis County and is described as: Government Lot 5, Section 35, Township 64 North, Range 12 West.

(c) The state land administered by the commissioner of natural resources borders Low Lake. The land to be exchanged is forest land that includes areas bordering the Whiteface River. While the land does not provide at least equal opportunity for access to waters by the public, the land to be acquired by the commissioner in the exchange will improve access to adjacent state forest lands.

Subd. 2. **Gifts of land.** Notwithstanding Minnesota Statutes, section 94.342 or 94.343, or any other law to the contrary, the Land Exchange Board may consider a gift of land from the exchange partner pursuant to Minnesota Statutes, section 84.085, subdivision 1, paragraph (d), in addition to land proposed for exchange with the state land referenced in subdivision 1, paragraph (b), in determining whether the proposal is in the best interests of the school trust.

Sec. 11. **ADDITIONS TO STATE PARKS.**

Subdivision 1. **[85.012] [Subd. 18.] Fort Snelling State Park, Dakota County.** The following areas are added to Fort Snelling State Park, Dakota County:

(1) that part of Section 28, Township 28 North, Range 23 West, Dakota County, Minnesota, bounded by the Dakota County line along the Minnesota River and the following described lines:

Beginning at the intersection of the south line of Lot 18 of Auditor's Subdivision Number 29 of Mendota, according to the plat on file in the Office of the Dakota County Recorder, with the westerly right-of-way line of the existing Sibley Memorial Highway; thence northerly along said westerly right-of-way line to the north line of said Lot 18; thence westerly along the north line of said Lot 18 to the easterly right-of-way line of the Chicago and Northwestern Railroad; thence northerly and northeasterly along said easterly right-of-way to the east line of said Section 28;

(2) that part of Section 33, Township 28 North, Range 23 West, Dakota County, Minnesota, lying westerly of the easterly right-of-way of the Chicago and Northwestern Railroad;

(3) that part of Government Lot 6 of Section 33, Township 28 North, Range 23 West, Dakota County, Minnesota, lying East of the easterly right-of-way of the Chicago and Northwestern Railroad and West of the westerly right-of-way of Sibley Memorial Highway and North of the South 752 feet of said Government Lot 6;

(4) the North 152 feet of the South 752 feet of that part of Government Lot 6 of Section 33, Township 28 North, Range 23 West, Dakota County, Minnesota, lying East of the easterly right-of-way of the Chicago and Northwestern Railroad and West of the westerly right-of-way of Sibley Memorial Highway;

(5) the North 270 feet of the South 600 feet of that part of Government Lot 6 lying between the westerly right-of-way of Sibley Memorial Highway and the easterly right-of-way of the Chicago and Northwestern Railroad in Section 33, Township 28 North, Range 23 West, Dakota County, Minnesota;

(6) that part of the South 20 rods of Government Lot 6 of Section 33, Township 28 North, Range 23 West, Dakota County, Minnesota, lying East of the easterly right-of-way of the Chicago and Northwestern Railroad and West of the westerly right-of-way of Sibley Memorial Highway, excepting therefrom that part described as follows:

Commencing at the southeast corner of said Government Lot 6; thence North 89 degrees 56 minutes 54 seconds West assumed bearing along the south line of said Government Lot 6 a distance of 260.31 feet to the point of beginning of the property to be described; thence continue North 89 degrees 56 minutes 54 seconds West a distance of 71.17 feet; thence northwesterly a distance of 37.25 feet along a nontangential curve concave to the East having a radius of 4,098.00 feet and a central angle of 00 degrees 31 minutes 15 seconds the chord of said curve bears North 23 degrees 31 minutes 27 seconds West; thence northerly a distance of 127.39 feet along a compound curve concave to the East having a radius of 2,005.98 feet and a central angle of 03 degrees 38 minutes 19 seconds; thence North 70 degrees 22 minutes 29 seconds East not tangent to said curve a distance of 65.00 feet; thence southerly a distance of 123.26 feet along a nontangential curve concave to the East having a radius of 1,940.98 feet and a central angle of 03 degrees 38 minutes 19 seconds the chord of said curve bears South 21 degrees 26 minutes 40 seconds East; thence southerly a distance of 65.42 feet to the point of beginning along a compound curve concave to the East having a radius of 4,033.00 feet and a central angle of 00 degrees 55 minutes 46 seconds;

(7) that part of Government Lot 5 of Section 33, Township 28 North, Range 23 West, Dakota County, Minnesota, lying East of the easterly right-of-way of the Chicago and Northwestern Railroad and West of the westerly right-of-way of Sibley Memorial Highway, excepting therefrom that part described as follows:

Commencing at the southeast corner of said Government Lot 5; thence North 89 degrees 56 minutes 18 seconds West assumed bearing along the south line of said Government Lot 5 a distance of 70.48 feet to the point of beginning of the property to be described; thence continue North 89 degrees 56 minutes 18 seconds West along said south line of Government Lot 5 a distance of 40.01 feet; thence North 01 degree 30 minutes 25 seconds East a distance of 6.08 feet; thence northerly a distance of 185.58 feet along a tangential curve concave to the West having a radius of 4,427.00 feet and a central angle of 02 degrees 24 minutes 07 seconds; thence South 89 degrees 06 minutes 18 seconds West not tangent to said curve a distance of 25.00 feet; thence North 00 degrees 53 minutes 42 seconds West a distance of 539.13 feet; thence northerly a distance of 103.77 feet along a tangential curve concave to the West having a radius of 1,524.65 feet and a central angle of 03 degrees 53 minutes 59 seconds; thence northerly a distance of 159.33 feet along a compound curve concave to the West having a radius of 522.45 feet and a central angle of 17 degrees 28 minutes 23 seconds; thence northwesterly a distance of 86.78 feet along a tangential curve concave to the West having a radius of 1,240.87 feet and a central angle of 04 degrees 00 minutes 25 seconds; thence North 26 degrees 16 minutes 30 seconds West tangent to said curve a distance of 92.39 feet; thence northwesterly a distance of 178.12 feet along a tangential curve concave to the East having a radius of 4,098.00 feet and a central angle of 02 degrees 29 minutes 25 seconds to a point on the north line of said Government Lot 5 which is 331.48 feet from the northeast corner thereof as measured along said north line; thence South 89 degrees 56 minutes 54 seconds East along said north line of Government Lot 5 a distance of 71.17 feet; thence southeasterly a distance of 146.53 feet along a nontangential curve concave to the East having a radius of 4,033.00 feet and a central angle of 02 degrees 04 minutes 54 seconds the chord of said curve bears South 25 degrees 14 minutes 03 seconds East; thence South 26 degrees 16 minutes 30 seconds East tangent to said curve a distance of 92.39 feet; thence southerly a distance of 91.33 feet along a tangential curve concave to the West having a radius of 1,305.87 feet and a central angle of 04 degrees 00 minutes 25 seconds; thence southerly a distance of 179.15 feet along a tangential curve concave to the West having a radius of 587.45 feet and a central angle of 17 degrees 28 minutes 23 seconds; thence southerly a distance of 108.20 feet along a compound curve concave to the West having a radius of 1,589.65 feet and a central angle of 03 degrees 53 minutes 59 seconds; thence South 00 degrees 53 minutes 42 seconds East tangent to said curve a distance of 539.13 feet; thence southerly a distance of 187.26 feet along a tangential curve concave to the West having a radius of 4,467.00 feet and a central angle of 02 degrees 24 minutes 07 seconds; thence South 01 degree 30 minutes 25 seconds West tangent to said curve a distance of 5.07 feet to the point of beginning; and

(8) that part of Government Lot 4 of Section 33, Township 28 North, Range 23 West, Dakota County, Minnesota, lying East of the easterly right-of-way of the Chicago and Northwestern Railroad and northerly of the following described line:

Commencing at the southeast corner of said Government Lot 4; thence North 89 degrees 55 minutes 42 seconds West assumed bearing along the south line of said Government Lot 4 a distance of 312.44 feet to corner B205, MNDOT Right-of-Way Plat No. 19-93, according to the recorded map thereof; thence continue North 89 degrees 55 minutes 42 seconds West along said south line of Government Lot 4 a distance of 318.00 feet to the easterly right-of-way of Chicago and Northwestern Railroad; thence northerly along said railroad right-of-way a distance of 387.97 feet along a nontangential curve concave to the West having a radius of 2,963.54 feet and a central angle of 07 degrees 30 minutes 03 seconds, the chord of said curve bears North 00 degrees 42 minutes 41 seconds East; thence North 03 degrees 02 minutes 21 seconds West tangent to said curve along said railroad right-of-way a distance of 619.45 feet to the point of beginning of the line to be described; thence North 89 degrees 35 minutes 27 seconds East a distance of 417.92 feet; thence North 18 degrees 18 minutes 58 seconds East a distance of 317.52 feet to a point on the north line of said Government Lot 4 which is 135.00 feet from the northeast corner thereof as measured along said north line and there terminating.

Subd. 2. **[85.012] [Subd. 38A.] Lake Vermilion-Soudan Underground Mine State Park, St. Louis County.** The following areas are added to Lake Vermilion-Soudan Underground Mine State Park, St. Louis County, and are designated as the Granelda Unit:

(1) Lot 3 of Section 28 and Lot 5 of Section 29 in Township 63 North of Range 17, all West of the 4th Principal Meridian, according to the United States Government Survey thereof;

(2) the Northeast Quarter of the Southwest Quarter, the Northwest Quarter, the Southeast Quarter of the Northeast Quarter, the Northeast Quarter of the Northeast Quarter, and Lots numbered 1, 2, 3, and 4 of Section 29 in Township 63 North of Range 17, all West of the 4th Principal Meridian, according to the United States Government survey thereof;

(3) Lots 1 and 2 of Section 32 in Township 63 North of Range 17, all West of the 4th Principal Meridian, according to the United States Government Survey thereof; and

(4) Lot 4 of Section 23 in Township 63 North of Range 18, all West of the 4th Principal Meridian, according to the United States Government Survey thereof.

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

Sec. 12. **ADDITION TO STATE RECREATION AREA.**

[85.013] [Subd. 12a.] Iron Range Off-Highway Vehicle Recreation Area, St. Louis County. The following area is added to Iron Range Off-Highway Vehicle Recreation Area, St. Louis County: that part of the South Half of the Northwest Quarter of Section 15, Township 58 North, Range 17 West, St. Louis County, Minnesota, lying northerly of the following described line:

Commencing at the West quarter corner of said Section 15; thence North 01 degree 24 minutes 27 seconds West, bearing assumed, along the west line of said South Half of the Northwest Quarter a distance of 1,034.09 feet to a 3/4-inch rebar with plastic cap stamped "MN DNR LS 44974" (DM) and the point of beginning; thence South 62 degrees 44 minutes 07 seconds East 405.24 feet to a DM; thence South 82 degrees 05 minutes 24 seconds East 314.95 feet to a DM; thence South 86 degrees 18 minutes 01 second East 269.23 feet to a DM; thence North 81 degrees 41 minutes 24 seconds East 243.61 feet to a DM; thence North 71 degrees 48 minutes 05 seconds East 478.17 feet to a DM; thence North 60 degrees 53 minutes 38 seconds East 257.32 feet to a DM; thence South 09 degrees 16 minutes 07 seconds East 179.09 feet to a DM; thence South 49 degrees 16 minutes 00 seconds East 127.27 feet to a DM; thence South 50 degrees 16 minutes 11 seconds East 187.13 feet to a DM; thence South 67 degrees 11 minutes 35 seconds East 189.33 feet to a DM; thence South 67 degrees 13 minutes 16 seconds East 209.43 feet to a DM; thence South 80 degrees 39 minutes 19 seconds East 167.59 feet to a DM on the east line of said South Half of the Northwest Quarter, and there terminating.

Sec. 13. **DELETIONS FROM STATE PARKS.**

Subdivision 1. **[85.012] [Subd. 18.] Fort Snelling State Park, Dakota County.** The following areas are deleted from Fort Snelling State Park, Dakota County:

(1) all of Section 33, Township 28 North, Range 23 West of the 4th Principal Meridian lying westerly of the westerly right-of-way line of the existing Minnesota Trunk Highway No. 13, excepting the right-of-way owned by the Chicago and Northwestern railway company; and

(2) all of Section 28, Township 28 North, Range 23 West of the 4th Principal Meridian bounded by the Dakota County line along the Minnesota River and the following described lines: Beginning at the south line of said Section 28 at its intersection with the westerly right-of-way line of the existing Minnesota Trunk Highway No. 13;

thence northerly along the said westerly right-of-way line of existing Minnesota Trunk Highway No. 13 to the southerly right-of-way line of existing Minnesota Trunk Highway Nos. 55 and 100; thence along the existing southerly right-of-way line of Minnesota Trunk Highway Nos. 55 and 100 to the westerly right-of-way line owned by the Chicago and Northwestern railway company; thence northeasterly along the said westerly right-of-way line of the Chicago and Northwestern railway to the east line of said Section 28, excepting therefrom the right-of-way owned by the Chicago and Northwestern railway company.

Subd. 2. **[85.012] [Subd. 43.] Minneopa State Park, Blue Earth County.** The following area is deleted from Minneopa State Park, Blue Earth County: a tract of land located in the Northwest Quarter of the Northwest Quarter of Section 21, Township 108 North, Range 27 West of the Fifth Principal Meridian, Blue Earth County, Minnesota, more particularly described as follows:

Commencing at the northwest corner of said Section 21; thence on an assumed bearing of South 01 degree 31 minutes 27 seconds East, along the west line of the Northwest Quarter of the Northwest Quarter of said Section 21, a distance of 545.00 feet, to the south line of the North 545.00 feet of the Northwest Quarter of the Northwest Quarter of said Section 21, also being the south line of Minneopa Cemetery and the point of beginning of the tract to be herein described; thence North 88 degrees 22 minutes 26 seconds East, along said south line of Minneopa Cemetery, a distance of 228.95 feet; thence southwesterly 58.5 feet, more or less, to the intersection of the west line of Block 188 and the northerly line of the railroad right-of-way, said point of intersection being 31.90 feet distant, measured at right angles from the south line of said Minneopa Cemetery; thence continue southwesterly along said railroad right-of-way 187 feet, more or less, to a point on the west line of the Northwest Quarter of the Northwest Quarter of said Section 21; thence North 01 degree 31 minutes 27 seconds West, along said west line to the point of beginning.

Subd. 3. **[85.012] [Subd. 60.] William O'Brien State Park, Washington County.** The following areas are deleted from William O'Brien State Park, Washington County:

(1) those parts of Section 25, Township 32 North, Range 20 West, Washington County, Minnesota, described as follows:

The West two rods of the Southwest Quarter of the Northeast Quarter, the West two rods of the North two rods of the Northwest Quarter of the Southeast Quarter, and the East two rods of the Southeast Quarter of the Northwest Quarter; and

(2) the East two rods over and across the Northeast Quarter of the Northwest Quarter, excepting therefrom the North 200 feet of said Northeast Quarter of the Northwest Quarter. Also, the West 2 rods of the Northwest Quarter of the Northeast Quarter, excepting therefrom the North 266 feet of said Northwest Quarter of the Northeast Quarter. Also, the South 66 feet of the North 266 feet of that part of said Northwest Quarter of the Northeast Quarter lying southwesterly of the existing public road known as 199th Street North.

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

Sec. 14. **RIVERLANDS STATE FOREST; BOUNDARIES.**

[89.021] [Subd. 42a.] Riverlands State Forest. The following areas are designated as the Riverlands State Forest:

(1) those parts of Carlton County in Township 49 North, Range 16 West, described as follows:

(i) Government Lots 4, 5, and 6, the westerly 50 feet of Government Lot 3, the easterly 50 feet of Government Lot 8, and Government Lot 7 except that part conveyed to the State of Minnesota for highway right-of-way, Section 30;

(ii) Government Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12 and all of Government Lot 14 except the North 890 feet of the West 765 feet and except the railroad right-of-way, Section 31; and

(iii) the South Half of the Northwest Quarter and the Southwest Quarter of Section 32;

(2) those parts of St. Louis County in Township 50 North, Range 17 West, described as follows:

(i) Government Lots 1, 2, 3, and 6 and the Southeast Quarter of the Northwest Quarter of Section 7;

(ii) Government Lots 1, 2, and 3, that part of the Northeast Quarter of the Northeast Quarter lying south of Township Road 5703, the Northwest Quarter of the Northwest Quarter, the Northeast Quarter of the Southeast Quarter, the Southwest Quarter of the Southeast Quarter, the Southeast Quarter of the Northeast Quarter, the Northwest Quarter of the Southeast Quarter, and the Southeast Quarter of the Southeast Quarter, Section 15;

(iii) Government Lots 1, 2, 3, and 4, Section 16;

(iv) Government Lots 1, 2, 3, and 4, Section 17;

(v) Government Lots 1 and 2, Section 18;

(vi) Government Lots 3, 7, 8, and 9, Section 22;

(vii) that part of the Southwest Quarter of the Southwest Quarter lying within 50 feet of the St. Louis River in Section 23;

(viii) Government Lots 11 and 12 and that part of Government Lot 6 lying South of the North 700 feet except the railroad right-of-way, Section 26; and

(ix) Government Lot 3 in Section 27;

(3) those parts of St. Louis County in Township 50 North, Range 18 West, described as follows:

(i) Government Lots 2, 3, 4, 7, 9, and 10, the Southwest Quarter of the Northeast Quarter, the Southeast Quarter of the Northwest Quarter, the Northwest Quarter of the Southeast Quarter, the Northeast Quarter of the Southwest Quarter, reserving a 66-foot-wide access easement across Government Lot 2 for access to Grantor's property in Section 31, Township 51 North, Range 17 West, and that part of Government Lot 6, Section 1, and Government Lot 6, Section 2, described as follows:

Commencing at an iron pin at the centerline curve point of Trunk Highway No. 2, being the Minnesota Department of Transportation Station No. 2637 + 00, said point bears North 76 degrees 18 minutes 00 seconds West, assumed bearing 762.00 feet from the point of intersection of the tangent of said Trunk Highway No. 2, being an aluminum-capped monument on the cap of which are stamped the figures "2644 62.0" and the letters "PI," "Minn Highway Dept. Monument," thence South 13 degrees 42 minutes 00 seconds West 100.00 feet along the prolongation of the radial line from said curve point, to the southerly right-of-way line of said Trunk Highway No. 2, the point of beginning of the tract to be herein described; thence easterly 622.50 feet along said southerly right-of-way line, along a nontangential curve, concave to the North, having a radius of 5,830.00 feet, a central angle of 6 degrees 07 minutes 04 seconds, and the chord of said curve bears South 79 degrees 21 minutes 32 seconds East; thence South 26 degrees 25 minutes 57 seconds West 284.19 feet; thence South 88 degrees 07 minutes 14 seconds West 769 feet, more or less, to the shore of the St. Louis River; thence northerly along said shore to its intersection with a line that bears North 76 degrees 18 minutes 00 seconds West from the point of beginning; thence South 76 degrees 18 minutes 00 seconds East 274 feet, more or less, to the point of beginning, Section 1; and

(ii) Government Lot 1, Section 12;

(4) those parts of St. Louis County in Township 51 North, Range 17 West, described as follows:

(i) Government Lots 3, 4, 5, 6, and 8, Section 3;

(ii) Government Lots 1, 2, 3, 4, 5, 6, 7, 8, and 9 and the Northwest Quarter of the Northeast Quarter, Southeast Quarter of the Northwest Quarter, and East Half of the Southeast Quarter, Section 9;

(iii) Government Lots 1, 2, 5, and 8 and the Southwest Quarter of the Southeast Quarter, Section 16;

(iv) Government Lots 2, 3, 4, 5, 6, 7, 8, and 9 and the Southeast Quarter of the Southeast Quarter of the Northwest Quarter of the Northwest Quarter, Section 20;

(v) Government Lot 1 and the Southwest Quarter of the Southwest Quarter, Section 29;

(vi) Government Lots 4, 5, 6, 7, 8, 9, 10, 11, and 12 and the Northeast Quarter of Southwest Quarter, Section 30; and

(vii) Government Lots 1, 2, 3, 4, 5, and 6, Section 31;

(5) those parts of St. Louis County in Township 51 North, Range 18 West, described as follows:

(i) Government Lots 1 and 2, Section 27;

(ii) Government Lot 1, Section 28, except railroad right-of-way;

(iii) Government Lots 2, 3, and 4, Section 28;

(iv) Government Lots 3 and 4, Section 29;

(v) Government Lots 2, 3, and 4, Section 30;

(vi) Government Lots 3 and 4, Section 35; and

(vii) Government Lots 1, 2, 3, 4, 5, 6, 7, and 8 and the Northeast Quarter of the Northwest Quarter, Northeast Quarter of the Southeast Quarter, Southeast Quarter of the Southeast Quarter, and Southwest Quarter of the Southeast Quarter, Section 36, reserving a 66-foot-wide access easement across Government Lots 5 and 6 and the Southwest Quarter of the Southeast Quarter for access to Grantor's property in Section 31, Township 51 North, Range 17 West;

(6) those parts of St. Louis County in Township 51 North, Range 19 West, described as follows:

(i) that part of Government Lots 1, 2, and 3, Section 26, lying North of the St. Louis River and Government Lot 7, Section 28;

(ii) Government Lot 8, Section 28, lying northerly of G. N. right-of-way and Government Lot 5, Section 30;

(iii) Government Lots 7 and 10, Section 30, except right-of-way;

(iv) Government Lot 9, Section 30; and

(v) Government Lot 1, Section 31, lying northerly of the northerly railroad right-of-way line;

(7) those parts of St. Louis County in Township 51 North, Range 20 West, described as follows:

(i) Government Lot 2, Section 16;

(ii) Government Lot 8, Section 22;

(iii) Government Lot 3, Section 26;

(iv) Government Lots 1, 2, 3, and 4, Section 36; and

(v) Government Lots 6, 7, and 8, Section 36, except railroad right-of-way;

(8) those parts of St. Louis County in Township 52 North, Range 15 West, described as follows:

(i) Government Lots 3, 4, 5, and 6, Section 16;

(ii) Government Lots 1, 2, 3, 4, 5, 7, and 8, Section 17, and Government Lot 6, Section 17, except the West 330 feet; and

(iii) Government Lots 3, 4, 5, 6, and 7, Section 19;

(9) those parts of St. Louis County in Township 52 North, Range 16 West, described as follows:

(i) Government Lots 1, 2, 3, 4, and 5 and the Southeast Quarter of the Southeast Quarter, Northeast Quarter of the Southwest Quarter, and Southwest Quarter of the Southwest Quarter, Section 21;

(ii) Government Lots 2, 3, 4, 5, 6, 7, 8, 9, and 10 and the Northeast Quarter of the Northwest Quarter and Northwest Quarter of the Northwest Quarter, Section 22;

(iii) Government Lot 3, Section 23;

(iv) Government Lot 2, Section 24;

(v) Government Lots 1, 4, 5, 6, 7, 8, 9, and 10, Section 25;

(vi) Government Lot 1, Section 26;

(vii) Government Lots 2 and 7, Section 26;

(viii) Government Lots 3 and 4, Section 27, reserving unto Grantor and Grantor's successors and assigns a 66-foot-wide access road easement across said Government Lot 3 for the purpose of access to Grantor's or Grantor's successors or assigns land and Grantor's presently owned land that may be sold, assigned, or transferred in Government Lot 1, Section 27, said access road being measured 33 feet from each side of the centerline of that road that is presently existing at various widths and running in a generally southwesterly-northeasterly direction;

(ix) Government Lots 1 and 2, Section 28;

(x) Government Lots 1, 2, 3, and 5 and the Northeast Quarter of the Northeast Quarter and Southwest Quarter of the Northeast Quarter, Section 29;

(xi) Government Lots 1, 2, 3, and 4, Section 31, reserving unto Grantor and Grantor's successors and assigns a 66-foot-wide access road easement across said Government Lots 1, 2, and 3 for the purpose of access to Grantor's or Grantor's successors or assigns land and Grantor's presently owned lands that may be sold, assigned, or transferred in Government Lot 4, Section 29, said access road being measured 33 feet from each side of the centerline of that road that is presently existing at various widths and running in a generally East-West direction and any future extensions thereof as may be reasonably necessary to provide the access contemplated herein;

(xii) Government Lots 5, 7, 8, and 9, Section 31;

(xiii) Government Lots 1 and 2, an undivided two-thirds interest in the Northeast Quarter of the Northwest Quarter, an undivided two-thirds interest in the Southeast Quarter of the Northwest Quarter, and an undivided two-thirds interest in the Southwest Quarter of the Northwest Quarter, Section 32, reserving unto Grantor and Grantor's successors and assigns an access road easement across the West 66 feet of the North 66 feet of said Government Lot 1 for the purpose of access to Grantor's or Grantor's successors or assigns land and Grantor's presently owned land that may be sold, assigned, or transferred in Government Lot 4, Section 29; and

(xiv) Northeast Quarter of Northeast Quarter, Section 35;

(10) those parts of St. Louis County in Township 52 North, Range 17 West, described as follows:

(i) the Southwest Quarter of the Southeast Quarter and Southeast Quarter of the Southwest Quarter, Section 24, reserving unto Grantor and Grantor's successors and assigns a 66-foot-wide access road easement across said Southwest Quarter of the Southeast Quarter for the purpose of access to Grantor's or Grantor's successors or assigns land and Grantor's presently owned land that may be sold, assigned, or transferred in Government Lot 4, Section 29, Township 52 North, Range 16 West, said access road being measured 33 feet from each side of the centerline of that road that is presently existing at various widths and running in a generally North-South direction;

(ii) Government Lots 2, 3, 4, 5, and 7 and the Southwest Quarter of the Northeast Quarter, Section 25, reserving unto Grantor and Grantor's successors and assigns a 66-foot-wide access road easement across said Government Lots 2 and 5 for the purpose of access to Grantor's or Grantor's successors or assigns land and Grantor's presently owned land that may be sold, assigned, or transferred in Government Lot 6, Section 25, said access road being measured 33 feet from each side of the centerline of that road that is presently existing at various widths and running in a generally northwesterly-southeasterly direction and any future extensions thereof as may be reasonably necessary to provide the access contemplated herein;

(iii) Government Lots 2, 4, 5, and 6 and all that part of Government Lot 3 lying East of U.S. Highway 53, Section 26, reserving unto Grantor and Grantor's successors and assigns a 66-foot-wide access road easement across said Government Lots 2 and 3 for the purpose of access to Grantor's or Grantor's successors or assigns land and Grantor's presently owned land that may be sold, assigned, or transferred in Government Lot 1, Section 26, said access road being measured 33 feet from each side of the centerline of that road that is presently existing at various widths and running in a generally southwesterly-northeasterly direction and reserving unto Grantor and Grantor's successors and assigns a 66-foot-wide access road easement across said Government Lots 4, 5, and 6 for the purpose of access to Grantor's or Grantor's successors or assigns land and Grantor's presently owned land that may be sold, assigned, or transferred in Government Lot 6, Section 25, said access road being measured 33 feet from each side of the centerline of that road that is presently existing at various widths and running in a generally southwesterly-northeasterly direction and any future extensions thereof as may be reasonably necessary to provide the access contemplated herein; and

(iv) Government Lots 1, 2, and 3, Section 36, reserving unto Grantor and Grantor's successors and assigns an access road easement across the West 66 feet of said Government Lot 2 for the purpose of access to Grantor's or Grantor's successors or assigns land and Grantor's presently owned land that may be sold, assigned, or transferred in the Southwest Quarter of the Northeast Quarter, Section 36;

(11) those parts of St. Louis County in Township 52 North, Range 19 West, described as follows:

(i) Government Lot 1, Section 16;

(ii) Government Lots 1 and 2, Section 17; and

(iii) Government Lot 1, Section 19;

(12) those parts of St. Louis County in Township 52 North, Range 20 West, described as follows:

(i) Government Lots 2, 3, and 4, Section 13;

(ii) Government Lot 6, Section 24;

(iii) that part of Government Lot 8, Section 24, described as follows:

Commencing at the West Quarter corner of said Section 24, which is also the northwest corner of Government Lot 8; thence South 01 degree 36 minutes 01 second East (bearing assigned) 1,230.11 feet along the west line of Government Lot 8 to the centerline of St. Louis County Highway 29 and the point of beginning; thence North 46 degrees 59 minutes 59 seconds East along said centerline 445.91 feet; thence South 43 degrees 00 minutes 01 second East 82.57 feet to an iron pipe monument on the westerly bank of the St. Louis River; thence continuing South 43 degrees 00 minutes 01 second East 30 feet, more or less, to the water's edge of the St. Louis River; thence southwesterly along said water's edge to the west line of said Government Lot 8; thence North 01 degree 36 minutes 01 second West along the west line of said Government Lot 8 to the point of beginning;

(iv) Government Lots 3, 4, and 5 and the Southeast Quarter of the Southwest Quarter, Section 26; and

(v) Government Lots 1, 2, 3, and 4, Section 34;

(13) those parts of St. Louis County in Township 53 North, Range 13 West, described as follows:

(i) all that part of the Northwest Quarter of the Northwest Quarter lying North and West of the Little Cloquet River, Section 4;

(ii) Government Lots 1, 2, 3, 4, and 5, the Northeast Quarter of the Northeast Quarter, Northwest Quarter of the Northeast Quarter, Southwest Quarter of the Northeast Quarter, Northeast Quarter of the Northwest Quarter, Southeast Quarter of the Northwest Quarter, Northeast Quarter of the Southwest Quarter, and Southwest Quarter of the Northwest Quarter, Section 5;

(iii) Government Lots 1, 2, and 4 and the Northwest Quarter of the Southeast Quarter, Southeast Quarter of the Southeast Quarter, Southwest Quarter of the Southeast Quarter, Southeast Quarter of the Southwest Quarter, and Southwest Quarter of the Southwest Quarter, Section 6;

(iv) Government Lots 1, 2, 3, 4, 5, 6, and 7 and the Northwest Quarter of the Northeast Quarter, Northeast Quarter of the Northwest Quarter, Northwest Quarter of the Northwest Quarter, Southeast Quarter of the Northwest Quarter, Southwest Quarter of the Northwest Quarter, Southeast Quarter of the Southeast Quarter, and Northeast Quarter of the Southwest Quarter, Section 7;

(v) Government Lots 1 and 2 and the Northeast Quarter of the Northeast Quarter, Northwest Quarter of the Northeast Quarter, Southeast Quarter of the Northeast Quarter, Southwest Quarter of the Northeast Quarter, Northeast Quarter of the Southwest Quarter, Northwest Quarter of the Southwest Quarter, and Southwest Quarter of the Southwest Quarter, Section 8;

(vi) the Northeast Quarter of the Northwest Quarter, Northwest Quarter of the Northwest Quarter, Southeast Quarter of the Northwest Quarter, and Southwest Quarter of the Northwest Quarter, Section 17;

(vii) Government Lots 1 and 4, Section 29;

(viii) Government Lots 1 and 2 and the Northeast Quarter of the Northeast Quarter, Northwest Quarter of the Northeast Quarter, Southeast Quarter of the Northeast Quarter, Northeast Quarter of the Northwest Quarter, Northwest Quarter of the Northwest Quarter, Southeast Quarter of the Northwest Quarter, and Southwest Quarter of the Northwest Quarter, Section 30; and

(ix) Government Lots 1, 2, 3, and 4, Section 31;

(14) Government Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, and 10, Section 36, Township 53 North, Range 14 West, St. Louis County;

(15) those parts of St. Louis County in Township 53 North, Range 18 West, described as follows:

(i) Government Lots 3, 6, 7, and 8, Section 6; and

(ii) Government Lots 1 and 2, Section 7;

(16) those parts of St. Louis County in Township 53 North, Range 19 West, described as follows:

(i) all that part of Government Lot 5 lying within 50 feet of the St. Louis River, Section 5, and Government Lots 1, 2, 5, 6, 7, and 8, Section 12;

(ii) Government Lots 1, 2, 3, 5, 8, and 9, Section 13;

(iii) all that portion of Government Lot 1, Section 23, that lies within 50 feet of the East bank of the Whiteface River at mean stage of water;

(iv) all that portion of Government Lots 2, 4, and 5, Section 23, that lies within 50 feet of the West bank of the Whiteface River at mean stage of water;

(v) all that part of Government Lot 7, Section 23, lying West of the former DM&IR railroad right-of-way;

(vi) Government Lots 8 and 10, Section 23;

(vii) all that part of the Northwest Quarter of the Southeast Quarter, Section 23, lying West of the former DM&IR railroad right-of-way;

(viii) Government Lots 5, 7, and 8, Section 31; and

(ix) Government Lot 5, Section 33;

(17) those parts of St. Louis County in Township 54 North, Range 13 West, described as follows:

(i) Government Lots 1, 4, 5, 6, and 7, Section 20;

(ii) Government Lots 3, 4, 6, 7, and 8 and the Southeast Quarter of the Southwest Quarter, Section 21;

(iii) Government Lots 1, 2, 3, 4, 5, and 7, Section 29;

(iv) Government Lots 1, 2, 3, 4, 9, and 10, Section 30; and

(v) Government Lots 5, 6, and 7 and the Northeast Quarter of the Northeast Quarter, Northwest Quarter of the Northeast Quarter, Southwest Quarter of the Northeast Quarter, Southeast Quarter of the Northwest Quarter, and Northwest Quarter of the Southeast Quarter, Section 31;

(18) those parts of St. Louis County in Township 54 North, Range 16 West, described as follows:

(i) Government Lots 2, 3, and 4 and the Northwest Quarter of the Southwest Quarter, Southeast Quarter of the Northwest Quarter, Southeast Quarter of the Northeast Quarter, and Southwest Quarter of the Northeast Quarter, Section 1;

(ii) Government Lots 1, 2, 3, 4, 6, 7, and 8 and the Northwest Quarter of the Southeast Quarter, Northeast Quarter of the Southeast Quarter, Southwest Quarter of the Southeast Quarter, Southeast Quarter of the Southeast Quarter, Southeast Quarter of the Southwest Quarter, and Southeast Quarter of the Northeast Quarter, Section 2;

(iii) all that part of Government Lot 9 lying South of the Whiteface River and West of County Road 547, also known as Comstock Lake Road, Section 3; and

(iv) Government Lots 3 and 4 and the Southeast Quarter of the Northeast Quarter and Southwest Quarter of the Northeast Quarter, Section 10;

(19) those parts of St. Louis County in Township 54 North, Range 18 West, described as follows:

(i) the South Half of the Southwest Quarter, except the railroad right-of-way, Section 15;

(ii) Government Lot 2, except the North 660 feet of the East 990 feet, Section 16;

(iii) Government Lots 1, 3, 4, 5, 6, 7, and 8, Section 16;

(iv) Government Lot 3, Section 20;

(v) Government Lots 1, 2, 3, 4, and 5, Section 21;

(vi) Government Lots 1, 4, 5, and 7, Section 22;

(vii) those parts of Government Lots 2 and 9, except railroad right-of-way, Section 22;

(viii) all that part of Government Lot 6, Section 22, lying West of the Duluth Mesaba and Northern Railway Company's right-of-way;

(ix) Government Lot 9, Section 22, except the following parcels:

(A) beginning at a point where the south line of company road, called Kelsey Road, intersects with the west line of the right-of-way of the Duluth, Missabe and Northern Railway on the Northeast Quarter of the Southeast Quarter, Section 22, Township 54, Range 18; thence West along the south line of said company road 627 feet; thence South 348 1/3 feet; thence East 627 feet to the west line of the right-of-way of the Duluth, Missabe and Northern Railway; thence North on the west line of said right-of-way 348 1/3 feet to commencement;

(B) beginning at the quarter corner between Sections 22 and 23, Township 54, Range 18; thence running North along the section line 114 feet, 6 inches, to the south line of Kelsey Road; thence northwesterly along the south line of Kelsey Road 348 feet, 8 inches, to the boundary of the right-of-way of the Duluth, Missabe and Northern

Railway, thence South along the easterly boundary of the right-of-way of the Duluth, Missabe and Northern Railway 274 feet to the quarter line on Section 22; thence easterly along said quarter line 304 feet, 6 inches, to the point of beginning; and

(C) commencing at the southwest corner of Riverside Cemetery as recorded in "P" of Plats, Page 15; thence easterly along the south line of said cemetery to a point where said cemetery line intersects the westerly line of Highway No. 7, also known as Mesaba Trunk Highway; thence southerly along the westerly line of said Highway No. 7 to a point where said westerly line of said Highway No. 7 intersects the south line of Lot 9, Section 22, Township 54, Range 18; thence westerly along the southerly line of said Lot 9 to a point where the southerly line intersects the easterly line of the DM & N Railway Company's right-of-way; thence northerly along the easterly side of said DM & N Railway Company's right-of-way to beginning;

(x) Government Lots 2, 3, 4, 5, 6, 7, and 8, Section 29;

(xi) Government Lots 5 and 6, Section 30; and

(xii) Government Lots 3, 4, 5, 6, 9, 10, 11, and 12, Section 31;

(20) those parts of St. Louis County in Township 54 North, Range 19 West, described as follows:

(i) Government Lots 5, 6, 7, 8, and 9, Section 5;

(ii) Government Lots 1, 2, 3, 4, 5, 6, 7, and 8, Section 8;

(iii) Government Lots 1, 2, 3, 4, 5, 6, 7, and 8, Section 20;

(iv) Government Lots 2 and 3, Section 29;

(v) Government Lot 1, Section 32;

(vi) Government Lot 5, except the South 1,320 feet, Section 32; and

(vii) Government Lot 2, Section 33;

(21) those parts of St. Louis County in Township 55 North, Range 15 West, described as follows:

(i) Governments Lot 1 and 2, Section 11;

(ii) Government Lot 9, except Highway 4 right-of-way, Section 11;

(iii) Government Lot 10, except Highway 4 right-of-way, Section 11;

(iv) Government Lots 2, 3, 4, 5, 6, and 7, Section 15;

(v) Government Lots 2, 3, 5, 6, 7, and 8 and the Northeast Quarter of Southwest Quarter, Section 21;

(vi) the Southwest Quarter of the Northeast Quarter, reserving unto Grantor and Grantor's successors and assigns a 66-foot-wide access easement across said Southwest Quarter of the Northeast Quarter for the purpose of access to Grantor's or Grantor's successors or assigns land and Grantor's presently owned land that may be sold, assigned, or transferred in Government Lot 4, Section 21, Township 55 North, Range 15 West, said access road being measured 33 feet on each side of the centerline of that road that is presently existing and known as the Whiteface Truck Trail, Section 21;

(vii) Government Lots 1, 2, and 3, Section 22;

(viii) Government Lots 1 and 2 and the Northeast Quarter of the Northwest Quarter, Section 28;

(ix) Government Lots 1, 4, 6, 8, and 9 and the Northeast Quarter of the Northeast Quarter, Northeast Quarter of the Southeast Quarter, and Northwest Quarter of the Southwest Quarter, Section 29;

(x) Government Lots 3 and 4 and the Northeast Quarter of the Southeast Quarter, Northeast Quarter of the Southwest Quarter, and Southeast Quarter of the Southwest Quarter, Section 30;

(xi) Government Lots 2, 3, 4, 5, 6, 8, 9, 10, and 11 and the Northeast Quarter of the Southwest Quarter, Section 31; and

(xii) Government Lot 1, Section 32;

(22) those parts of St. Louis County in Township 55 North, Range 16 West, described as follows:

(i) the Southwest Quarter of the Southeast Quarter, reserving unto Grantor and Grantor's successors and assigns a 66-foot-wide access road easement across said Southwest Quarter of the Southeast Quarter for the purpose of access to Grantor's or Grantor's successors or assigns land and Grantor's presently owned land that may be sold, assigned, or transferred in Government Lot 5, Section 1, Township 54 North, Range 16 West, Section 35; and

(ii) the Southeast Quarter of the Southeast Quarter, reserving unto Grantor and Grantor's successors and assigns a 66-foot-wide access road easement across said Southeast Quarter of the Southeast Quarter for the purpose of access to Grantor's or Grantor's successors or assigns land and Grantor's presently owned land that may be sold, assigned, or transferred in Government Lot 5, Section 1, Township 54 North, Range 16 West, Section 35;

(23) those parts of St. Louis County in Township 55 North, Range 19 West, described as follows:

(i) an undivided two-thirds interest in Government Lot 1, Section 2;

(ii) Government Lots 2, 9, 10, and 12, Section 2;

(iii) Government Lot 11, Section 2, except railroad right-of-way;

(iv) Government Lots 1, 2, 3, 4, and 6, Section 10;

(v) Government Lot 4, Section 11;

(vi) Government Lots 1, 2, 6, 7, and 13, Section 15;

(vii) Government Lots 1 and 2, Section 16;

(viii) Government Lots 1 and 3 and the Southeast Quarter of the Northeast Quarter and Southwest Quarter of the Northeast Quarter, Section 22;

(ix) Government Lots 3, 4, 5, 6, 7, and 8 and the Northeast Quarter of the Northwest Quarter, Section 29;

(x) Government Lot 6, Section 30; and

(xi) Government Lots 4, 7, 8, 9, and 10, Section 31;

(24) those parts of St. Louis County in Township 56 North, Range 17 West, described as follows:

(i) Government Lots 2 and 8 and the Northwest Quarter of the Southeast Quarter and Northeast Quarter of the Southwest Quarter, Section 3;

(ii) Government Lots 4, 5, 6, 7, and 9, Section 3; and

(iii) Government Lots 6 and 9, that part of Government Lot 8 lying North of Highway No. 53, and that part of Government Lot 7 lying West of Highway No. 53, Section 4;

(25) those parts of St. Louis County in Township 56 North, Range 18 West, described as follows:

(i) Government Lots 5 and 6, Section 2;

(ii) Government Lots 5, 7, and 9 and the Northeast Quarter of the Southwest Quarter, Section 3;

(iii) all that part of Government Lot 11, except the following described parcel of land:

Beginning at a point that is located 958 feet North of the southeast corner of said Government Lot 11, which corner is also the southeast corner of said Section 3, and 33 feet West of the east line of said Lot 11; thence running North parallel with the east line of said Lot 11 a distance of 700.5 feet to a point; thence southwesterly to a point that is 331.5 feet West and 1226 feet North of the southeast corner of said Lot 11; thence southerly parallel with the east line of said lot, a distance of 268 feet to a point; thence easterly a distance of 298.5 feet to the place of beginning, Section 3;

(iv) Government Lot 12, Section 3, except the following described parcels of land:

(A) commencing at a point along the East and West One-Quarter line of said Section 3, which point is 33 feet West of the East One-Quarter corner of said Section 3, said point being on the west right-of-way line of County Highway No. 7; thence westerly along said quarter line for a distance of 300 feet to a point; thence southerly at right angles and parallel to the highway right-of-way in question for a distance of 300 feet to a point; thence easterly for a distance of 300 feet to a point in the west right-of-way line of County Highway No. 7; thence northerly along the west right-of-way line of County Highway No. 7 for a distance of 300 feet to the point of beginning;

(B) commencing at the East Quarter corner of said Section 3; thence westerly along the East/West Quarter line of said Section 3 a distance of 33.00 feet to the westerly right-of-way line of County Highway No. 7; thence continuing westerly along said East/West Quarter line a distance of 300.00 feet to the point of beginning; thence southerly, parallel with the westerly right-of-way line of County Highway No. 7 a distance of 400.00 feet; thence westerly, parallel with said East/West Quarter line to the easterly right-of-way line of the DM&IR Railroad; thence northerly along said easterly right-of-way line to said East/West Quarter line; thence easterly along said East/West Quarter line to the point of beginning; and

(C) the East 33 feet of the North 300 feet of said Government Lot 12;

(v) the Southeast Quarter of the Southeast Quarter, Section 4;

(vi) the Southeast Quarter of the Southeast Quarter, Section 7;

(vii) Government Lots 6 and 7, Section 8;

(viii) Government Lots 1 and 2, Section 9;

(ix) Government Lots 2 and 3, Section 17;

(x) Government Lots 5, 6, 7, 9, 10, 11, 12, and 13 and the Southeast Quarter of the Northwest Quarter, Section 18;

(xi) Government Lots 6, 7, 8, 9, 11, and 12 and the Northeast Quarter of the Northwest Quarter, Section 19;

(xii) Government Lots 1, 5, 8, and 9, Section 20;

(xiii) Government Lots 4, 5, 6, 7, and 8 and Government Lot 3, except for 1.0 acre for cemetery, Section 29;

(xiv) Government Lot 9, Section 30;

(xv) Government Lots 1, 2, 3, 6, 8, 9, 10, and 11, Section 31; and

(xvi) Government Lots 1 and 2, Section 32;

(26) those parts of St. Louis County in Township 56 North, Range 19 West, described as follows:

(i) Government Lot 1, Section 35;

(ii) Government Lot 2, Section 35; and

(iii) Government Lots 1, 2, 3, 4, 5, 6, 7, 8, and 9 and the Southeast Quarter of the Southeast Quarter and Southwest Quarter of the Northeast Quarter, Section 36;

(27) those parts of St. Louis County in Township 57 North, Range 16 West, described as follows:

(i) the Southeast Quarter of the Northwest Quarter, Northwest Quarter of the Northeast Quarter, Southwest Quarter of the Southwest Quarter, and Northeast Quarter of the Southwest Quarter, Section 12; and

(ii) the Southeast Quarter of the Northwest Quarter, Section 15; and

(28) those parts of St. Louis County in Township 57 North, Range 17 West, described as follows:

(i) the Northeast Quarter of the Southwest Quarter and Southwest Quarter of the Southwest Quarter, Section 25; and

(ii) the Southeast Quarter of the Southeast Quarter and the Northeast Quarter of the Southeast Quarter, Section 26.

Sec. 15. **PRIVATE SALE OF TAX-FORFEITED LAND; AITKIN COUNTY.**

(a) Notwithstanding the public sale provisions of Minnesota Statutes, chapter 282, or other law to the contrary, Aitkin County may sell by private sale the tax-forfeited land described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Aitkin County and is described as:

The North Half of the Northeast Quarter of the Northeast Quarter lying East of 275th Avenue in Section 11, Township 47 North, Range 25 West, Aitkin County, Minnesota (part of parcel 15-0-017700).

(d) The county has determined that the county's land management interests would best be served if the land was returned to private ownership.

Sec. 16. **PRIVATE SALE OF TAX-FORFEITED LAND; BELTRAMI COUNTY.**

(a) Notwithstanding the public sale provisions of Minnesota Statutes, chapter 282, or other law to the contrary, Beltrami County may sell by private sale the tax-forfeited lands described in paragraph (c).

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make changes to the land descriptions to correct errors and ensure accuracy.

(c) The lands to be sold are located in Beltrami County and are described as:

(1) the East 285 feet of the North 55 feet of the South Half of the Southeast Quarter, Section 13, Township 149 North, Range 32 West of the Fifth Principle Meridian (parcel identification number 16.00170.00);

(2) Lot 6, Block 12, Plat of Redby, Section 19, Township 151 North, Range 33 West (parcel identification number 36.00027.00);

(3) Lot 7, Block 16, Plat of Redby, Section 20, Township 151 North, Range 33 West (parcel identification number 36.00052.00);

(4) Lot 8, Block 16, Plat of Redby, Section 20, Township 151 North, Range 33 West (parcel identification number 36.00053.00);

(5) Lot 9, Block 16, Plat of Redby, Section 20, Township 151 North, Range 33 West (parcel identification number 36.00054.00);

(6) Lots 10, 11, and 12, Block 16, Plat of Redby, Section 20, Township 151 North, Range 33 West (parcel identification number 36.00055.00);

(7) the southerly 200 feet of vacated Block 28, Plat of Redby, less the northerly 75 feet of the westerly 150 feet thereof and less the easterly 170 feet thereof, Section 20, Township 151 North, Range 33 West (parcel identification number 36.00077.00);

(8) Lot 4, Block 29, Plat of Redby, Section 20, Township 151 North, Range 33 West (parcel identification number 36.00081.00); and

(9) Lot 1, Block 62, Plat of Redby, Section 19, Township 151 North, Range 33 West (parcel identification number 36.00148.00).

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 17. **PRIVATE SALE OF SURPLUS STATE LAND; CASS COUNTY.**

(a) Notwithstanding Minnesota Statutes, sections 94.09 to 94.16, the commissioner of natural resources may sell by private sale the surplus land that is described in paragraph (c).

(b) The commissioner may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land to be conveyed is located in Cass County and is described as: the westerly 20.00 feet of the West Half of the Northeast Quarter, Section 16, Township 139 North, Range 30 West, Cass County, Minnesota. The Grantor, its employees and agents only, reserves a perpetual easement for ingress and egress over and across the above described land.

(d) The Department of Natural Resources has determined that the land is not needed for natural resource purposes and that the state's land management interests would best be served if the land was returned to private ownership.

Sec. 18. **GOODHUE COUNTY; LAND TRANSFERS.**

Subdivision 1. **Land transfers.** (a) Notwithstanding Minnesota Statutes, section 373.01, subdivision 1, paragraph (a), clause (3), Goodhue County may sell, lease, or otherwise convey county-owned land that abuts Lake Byllesby to adjoining property owners who after the transfer will have direct access to Lake Byllesby. Any sale, lease, or other conveyance must be for the market value of the property as appraised by the county. A sale, lease, or other conveyance under this section must reserve to the county mineral rights according to Minnesota Statutes, section 373.01, and flowage easements relating to water levels of Lake Byllesby.

(b) This section does not apply to any county-owned land that has been developed by the county as public parkland.

Subd. 2. **Effective date; local approval.** This section is effective the day after the governing body of Goodhue County and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 19. **PRIVATE SALE OF TAX-FORFEITED LANDS; ITASCA COUNTY.**

(a) Notwithstanding the public sale provisions of Minnesota Statutes, chapter 282, or other law to the contrary, Itasca County may sell by private sale the tax-forfeited lands described in paragraph (c).

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make changes to the land descriptions to correct errors and ensure accuracy.

(c) The lands to be sold are located in Itasca County and are described as:

(1) all that part of Government Lot 2, Section 27, Township 145 North, Range 26 West, lying northeasterly of the northeasterly right-of-way line of CSAH 39 and northwesterly of the following described line: Commencing at the northwest corner of said Government Lot 2; thence South 89 degrees 21 minutes East, along the north line of said Government Lot 2 a distance of 286 feet, more or less, to a point on the northeasterly right-of-way line of the CSAH 39 right-of-way; thence South 51 degrees 01 minute East, 260.41 feet to the point of beginning of the line to be described; thence North 42 degrees 11 minutes East to intersect the water's edge of Ball Club Lake and there said line terminates; and

(2) the South two rods of the East 16 rods of Government Lot 14, Section 4, Township 60 North, Range 26 West of the Fourth Principle Meridian, containing approximately 0.20 acres.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 20. **PRIVATE SALE OF SURPLUS STATE LAND; LAKE OF THE WOODS COUNTY.**

(a) Notwithstanding Minnesota Statutes, sections 94.09 to 94.16, the commissioner of natural resources may sell by private sale the surplus land that is described in paragraph (c).

(b) The commissioner may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land to be conveyed is located in Lake of the Woods County and is described as: a strip of land lying in Government Lot 3, Section 5, Township 163 North, Range 34 West of the Fifth Principal Meridian, Lake of the Woods County, Minnesota; said strip of land being 33.00 feet in width lying 16.50 feet on each side of the following described centerline:

Commencing at the southeast corner of said Government Lot 3; thence North 00 degrees 09 minutes 28 seconds West, assumed bearing, along the east line of said Government Lot 3, a distance of 690 feet, more or less, to the south line of that particular tract of land deeded to the State of Minnesota according to Document No. 75286, on file and of record in the Office of the Recorder, Lake of the Woods County, Minnesota; thence South 89 degrees 50 minutes 32 seconds West, along said south line of that particular tract of land, a distance of 200.00 feet; thence South 00 degrees 09 minutes 28 seconds East, parallel with the east line of said Government Lot 3, a distance of 40.00 feet; thence South 89 degrees 50 minutes 32 seconds West, a distance of 16.50 feet to the point of beginning of the centerline to be herein described; thence South 00 degrees 09 minutes 28 seconds East, parallel with the east line of said Government Lot 3, a distance of 650.5 feet, more or less, to the south line of said Government Lot 3 and said centerline there terminating.

(d) The Department of Natural Resources has determined that the land is not needed for natural resource purposes and that the state's land management interests would best be served if the land was returned to private ownership.

Sec. 21. **PRIVATE SALE OF SURPLUS LAND BORDERING PUBLIC WATERS; ROSEAU COUNTY.**

(a) Notwithstanding Minnesota Statutes, sections 92.45, 94.09, and 94.10, the commissioner of natural resources may sell by private sale the surplus island located in public water that is described in paragraph (d) to a local unit of government for less than market value.

(b) The commissioner may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land described in paragraph (d) may be sold by quitclaim deed and the conveyance must provide that the land described in paragraph (d) be used for the public and reverts to the state if the local unit of government fails to provide for public use or abandons the public use of the land. The conveyance is subject to a flowage easement held by the United States of America.

(d) The land that may be conveyed is located in Roseau County and is described as: an unsurveyed island located in the approximate center of the South Half of the Southeast Quarter of Section 29, Township 163 North, Range 36 West, Roseau County, Minnesota; said island contains 6.7 acres, more or less (parcel identification number 563199100).

(e) The island is located in Warroad River and was created after statehood when dredge spoils were deposited on a sandbar in the Warroad River. The Department of Natural Resources has determined that the land is not needed for natural resource purposes, the conveyance would further the public interest, and the state's land management interests would best be served if the land was conveyed to a local unit of government for a public park and other public use.

Sec. 22. **PRIVATE SALE OF SURPLUS STATE LAND; ST. LOUIS COUNTY.**

(a) Notwithstanding Minnesota Statutes, sections 94.09 to 94.16, the commissioner of natural resources may convey the surplus land that is described in paragraph (c) to a local unit of government for no consideration.

(b) The commissioner may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land to be conveyed is located in St. Louis County and is described as: that part of the Southwest Quarter of the Northwest Quarter of Section 27, Township 52 North, Range 17 West, St. Louis County, Minnesota, described as follows:

Commencing at the quarter corner between Sections 27 and 28 of said Township 52 North, Range 17 West; thence running East 624 feet; thence North 629 feet to the point of beginning; thence North 418 feet; thence East 208 feet; thence South 418 feet; thence West 208 feet to the point of beginning.

(d) The Department of Natural Resources has determined that the land is not needed for natural resource purposes and that the state's land management interests would best be served if the land were conveyed to a local unit of government.

Sec. 23. **PRIVATE SALE OF TAX-FORFEITED LANDS; ST. LOUIS COUNTY.**

(a) Notwithstanding the public sale provisions of Minnesota Statutes, chapter 282, or other law to the contrary, St. Louis County may sell by private sale the tax-forfeited lands described in paragraph (c).

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make changes to the land descriptions to correct errors and ensure accuracy.

(c) The lands to be sold are located in St. Louis County and are described as:

(1) Lot 5, Block 9, including part of vacated Seafield Street adjacent, Bristol Beach 1st Division, Duluth (parcel 010-0300-01030); and

(2) that part of the Southeast Quarter of the Northwest Quarter, Township 58, Range 15, Section 5, lying northerly of the northerly right-of-way line of the town of White road running in an east-west direction connecting County Road No. 138 with State Highway No. 135 and lying westerly of the following described line: commencing at the northeast corner of Government Lot 3; thence South 89 degrees 46 minutes 22 seconds West along the north line of Government Lot 3 558.28 feet; thence South 27 degrees 50 minutes 01 second West 102.75 feet; thence South 41 degrees 51 minutes 46 seconds West 452.29 feet; thence South 28 degrees 19 minutes 22 seconds West 422.74 feet; thence South 30 degrees 55 minutes 42 seconds West 133.79 feet; thence southwesterly 210.75 feet along a tangential curve concave to the southeast having a radius of 300 feet and a central angle of 40 degrees 15 minutes 00 seconds; thence South 09 degrees 19 minutes 19 seconds East tangent to said curve 100.30 feet, more or less, to the north line of said Southeast Quarter of the Northwest Quarter; thence North 89 degrees 09 minutes 31 seconds East along said north line 40.44 feet to the point of beginning of the line; thence South 09 degrees 19 minutes 19 seconds East 148 feet, more or less, to said right-of-way line and said line there terminating. Surface only (parcel 570-0021-00112).

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 24. **PRIVATE SALE OF TAX-FORFEITED LANDS; ST. LOUIS COUNTY.**

(a) Notwithstanding the public sale provisions of Minnesota Statutes, chapter 282, or other law to the contrary, St. Louis County may sell by private sale the tax-forfeited lands described in paragraph (c).

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make changes to the land descriptions to correct errors and ensure accuracy.

(c) The lands to be sold are located in St. Louis County and are described as:

(1) the South Half of the North Half of the South Half of the Southwest Quarter of the Northwest Quarter, except the East 470 feet and except the part taken for a road, Township 50 North, Range 15 West, Section 29 (parcel identification number 395-0010-08713);

(2) the East 271 feet of the West 371 feet of the North 669.94 feet of the Northwest Quarter of the Northwest Quarter of Section 34, Township 61 North, Range 15 West of the Fourth Principal Meridian. Together with the West 100 feet of the North 669.94 feet of the Northwest Quarter of the Northwest Quarter of Section 34, Township 61 North, Range 15 West of the Fourth Principal Meridian, which lies South of the North 300 feet thereof (part of parcel identification number 410-0024-00550);

(3) the West 371 feet of the Northwest Quarter of the Northwest Quarter of Section 34, Township 61 North, Range 15 West of the Fourth Principal Meridian, which lies South of the North 669.94 feet thereof (part of parcel identification number 410-0024-00550); and

(4) the Northeast Quarter, except the Southwest Quarter, and the North Half of the Northwest Quarter, Township 52 North, Range 19 West, Section 24 (part of parcel identification number 470-0010-03830).

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 25. **ST. LOUIS COUNTY; LAND LEASE.**

Subdivision 1. **St. Louis County; lease.** Notwithstanding Minnesota Statutes, sections 16A.695 and 282.04, St. Louis County may lease property legally described as part of Government Lot 5 except the lake portion of Embarrass Mine, Township 58, Range 15 West, Section 5, for use as a water intake and water treatment project under Laws 2018, chapter 214, article 1, section 22, subdivision 6, for consideration of more than $12,000 per year and for a period exceeding ten years.

Subd. 2. **Department of Natural Resources; lease.** Notwithstanding Minnesota Statutes, section 92.50, or other law to the contrary, the commissioner may lease property in Township 58, Range 15, Section 5, for use as a water intake and water treatment project under Laws 2018, chapter 214, article 1, section 22, subdivision 6, for a period exceeding 21 years, including a lease term of 40 years.

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

Sec. 26. **PRIVATE SALE OF SURPLUS LAND BORDERING PUBLIC WATER; SHERBURNE COUNTY.**

(a) Notwithstanding Minnesota Statutes, sections 92.45, 94.09, and 94.10, the commissioner of natural resources may sell by private sale the surplus land bordering public water that is described in paragraph (c) to a local unit of government for less than market value.

(b) The commissioner may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land that may be sold is located in Sherburne County and is described as: that part of Government Lot 3, Section 24, Township 33 North, Range 28 West, described as follows:

The East 400 feet of Government Lot 3, Section 24, Township 33 North, Range 28 West, according to the United States Government survey thereof.

(d) The land borders Big Lake. The Department of Natural Resources has determined that the land is not needed for natural resource purposes and that the state's land management interests would best be served if the land were conveyed to a local unit of government.

Sec. 27. **PUBLIC SALE OF SURPLUS STATE LAND BORDERING PUBLIC WATER; WADENA COUNTY.**

(a) Notwithstanding Minnesota Statutes, section 92.45, the commissioner of natural resources may sell by public sale the surplus land bordering public water that is described in paragraph (c).

(b) The commissioner may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land that may be sold is located in Wadena County and is described as: the Northeast Quarter of the Southwest Quarter of Section 26, Township 136 North, Range 34 West, Wadena County, Minnesota, except that part described as follows:

Beginning at the northeast corner of said Northeast Quarter of the Southwest Quarter; thence West 10 rods; thence South 8 rods; thence East 10 rods; thence North 8 rods to the point of beginning and there terminating.

(d) The land borders the Redeye River. The Department of Natural Resources has determined that the land is not needed for natural resource purposes and that the state's land management interests would best be served if the land were returned to private ownership."

Delete the title and insert:

"A bill for an act relating to state government; appropriating money for environment, natural resources, and tourism; appropriating money from environment and natural resources trust fund; modifying provisions for forestry, wildlife, game and fish, invasive species, aquaculture, farmed Cervidae, pesticides, outdoor recreation, fees, waters of the state, land exchanges, waste management, pollution control and enforcement, and electric-assisted bicycles; modifying and creating accounts; providing for disposition of certain revenue; modifying commissioner authority and duties; establishing grant programs; providing for uniformity in DUI enforcement for recreational vehicles; requiring reimbursement of certain costs; adding and deleting land from certain state parks; establishing new state forest; authorizing private sale of certain tax-forfeited and surplus state land; authorizing certain land leases and transfers; requiring studies and reports; amending Minnesota Statutes 2020, sections 16A.151, subdivision 2; 16B.335, subdivision 2; 17.4982, subdivisions 6, 8, 9, 12, by adding subdivisions; 17.4985, subdivisions 2, 3, 5; 17.4986, subdivisions 2, 4; 17.4991, subdivision 3; 17.4992, subdivision 2; 17.4993, subdivision 1; 18B.09, subdivision 2, by adding a subdivision; 35.155, subdivisions 1, 4, 6, 10, 11, by adding a subdivision; 84.027, subdivisions 13a, 18; 84.415, by adding a subdivision; 84.63; 84.631; 84.66, subdivisions 1, 3; 84.787, subdivision 7; 84.795, subdivision 5; 84.797, subdivision 7; 84.82, subdivisions 1a, 7a; 84.83, subdivision 5; 84.92, subdivision 8; 84.943, subdivisions 3, 5, by adding subdivisions; 84.946, subdivision 4; 84D.02, subdivision 3; 84D.11, subdivision 1a; 84D.15; 85.015, subdivision 10; 85.019, by adding a subdivision; 85.052, subdivisions 1, 2, 6, by adding a subdivision; 85.053, subdivision 2, by adding a subdivision; 85.054, subdivision 1; 85.055, subdivision 1; 85.43; 85.47; 86B.415, subdivisions 1, 1a, 2, 3, 4, 5, 7; 86B.705, subdivision 2; 88.79, subdivision 1; 89.001, subdivision 8; 89.021, by adding a subdivision; 89.17; 89.35, subdivision 2; 89.37, subdivision 3; 89A.03, subdivision 2; 89A.11; 92.50, by adding a subdivision; 92.502; 94.3495, subdivision 3; 97A.015, subdivisions 25, 43; 97A.065, subdivision 2; 97A.401, subdivision 1, by adding a subdivision; 97A.421, subdivision 1; 97A.475, subdivision 41; 97A.505, subdivisions 3b, 8; 97B.071; 97B.811, subdivision 4a; 97C.005, subdivision 3; 97C.081, subdivisions 3, 3a; 97C.342, subdivision 2; 97C.515, subdivision 2; 97C.605, subdivisions 1, 2c, 3; 97C.611; 97C.805, subdivision 2; 97C.836; 103B.103; 103C.315, subdivision 4; 103G.255; 103G.271, subdivision 4a, by adding subdivisions; 103G.287, subdivision 5; 115.03, subdivision 1; 115.061; 115.071, subdivisions 1, 4, by adding subdivisions; 115A.03, by adding subdivisions; 115A.1310, subdivision 12b; 115A.1312, subdivision 1; 115A.1314, subdivision 1; 115A.1316, subdivision 1; 115A.1318, subdivision 2; 115A.1320, subdivision 1; 115A.565, subdivision 1; 115B.17, subdivision 13; 115B.406, subdivisions 1, 9; 115B.407; 115B.421; 115B.49, subdivision 4;

116.06, by adding a subdivision; 116.07, subdivisions 6, 9, by adding subdivisions; 116.11; 116G.07, by adding a subdivision; 116G.15, by adding a subdivision; 168.002, subdivision 18; 168.1295, subdivision 1; 169.011, subdivisions 27, 42, by adding subdivisions; 169.222, subdivisions 4, 6a, by adding a subdivision; 169A.20, subdivision 1; 169A.52, by adding a subdivision; 169A.54, by adding a subdivision; 171.306, by adding a subdivision; 290C.01; 325E.046; Laws 2016, chapter 154, sections 16; 48; Laws 2017, chapter 96, section 2, subdivision 9, as amended; Laws 2018, chapter 214, article 4, section 2, subdivision 6; Laws 2019, First Special Session chapter 4, article 1, section 3, subdivisions 4, 5; proposing coding for new law in Minnesota Statutes, chapters 84; 86B; 97B; 103B; 103C; 103F; 115A; 116; 171; 325F; repealing Minnesota Statutes 2020, sections 84.91, subdivision 1; 85.0505, subdivision 3; 85.0507; 85.054, subdivision 19; 86B.331, subdivision 1; 97C.605, subdivisions 2, 2a, 2b, 5; 115.44, subdivision 9; 115B.48, subdivision 8; 115C.13; 169A.20, subdivisions 1a, 1b, 1c; Minnesota Rules, parts 6256.0500, subparts 2, 2a, 2b, 4, 5, 6, 7, 8; 7044.0350."

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

The report was adopted.

Mariani from the Committee on Public Safety and Criminal Justice Reform Finance and Policy to which was referred:

H. F. No. 1078, A bill for an act relating to public safety; providing for policy and appropriating money for Sentencing Guidelines Commission, public safety, Peace Officers Standards and Training Board, Private Detective Board, corrections, and ombudsperson for corrections; requiring a report; amending Minnesota Statutes 2020, sections 241.021, subdivision 1, by adding subdivisions; 243.52; 244.05, subdivision 5; 244.065; 299A.52, subdivision 2; 299A.55; 340A.504, subdivision 7; 403.11, subdivision 1; Laws 2020, Seventh Special Session chapter 2, article 2, section 4; proposing coding for new law in Minnesota Statutes, chapters 244; 299A.

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 "2022" and "2023" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively. "The first year" is fiscal year 2022. "The second year" is fiscal year 2023. "The biennium" is fiscal years 2022 and 2023.

	APPROPRIATIONS Available for the Year Ending June 30	
	2021	**2022**	**2023**
Sec. 2. **SENTENCING GUIDELINES**		**$826,000**	**$851,000**

Information on Probation

$86,000 each year is to collect, prepare, analyze, and disseminate information about probation practices.

Sec. 3. **PUBLIC SAFETY**

Subdivision 1. **Total Appropriation**	**$1,380,000**	**$228,135,000**	**$224,551,000**

Appropriations by Fund

	2021	2022	2023
General	1,365,000	141,161,000	138,704,000
Special Revenue		14,901,000	14,502,000
State Government Special Revenue		103,000	103,000
Environmental		73,000	73,000
Trunk Highway		3,981,000	3,262,000
911 Fund		67,897,000	67,888,000
Opioid Fund	15,000	19,000	19,000

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

Subd. 2. **Emergency Management**	6,200,000	6,156,000

Appropriations by Fund

General	6,127,000	6,083,000
Environmental	73,000	73,000

(a) **Emergency Management Grants; Report**

$3,000,000 each year is for the director of the Homeland Security and Emergency Management Division (HSEM) to award grants in equal amounts to emergency management departments in the 87 counties, 11 federally recognized Tribes, and four cities of the first class for planning and preparedness activities, including capital purchases. This amount is a onetime appropriation. Local emergency management departments must make a request to HSEM for these grants. Current local funding for emergency management and preparedness activities may not be supplanted by these additional state funds.

By March 15, 2023, the commissioner of public safety must submit a report on the grant awards to the chairs and ranking minority members of the legislative committees with jurisdiction over emergency management and preparedness activities. At a minimum, the report must summarize grantee activities and identify grant recipients.

(b) **Criminal Alert Network; Alzheimer's and Dementia**

$200,000 the first year is for the criminal alert network to increase membership, reduce the registration fee, and create additional alert categories, including at a minimum a dementia and Alzheimer's disease specific category.

(c) **Supplemental Nonprofit Security Grants**

$225,000 each year is for supplemental nonprofit security grants under this paragraph.

Nonprofit organizations whose applications for funding through the Federal Emergency Management Agency's nonprofit security grant program have been approved by the Division of Homeland Security and Emergency Management are eligible for grants under this paragraph. No additional application shall be required for grants under this paragraph, and an application for a grant from the federal program is also an application for funding from the state supplemental program.

Eligible organizations may receive grants of up to $75,000, except that the total received by any individual from both the federal nonprofit security grant program and the state supplemental nonprofit security grant program shall not exceed $75,000. Grants shall be awarded in an order consistent with the ranking given to applicants for the federal nonprofit security grant program. No grants under the state supplemental nonprofit security grant program shall be awarded until the announcement of the recipients and the amount of the grants awarded under the federal nonprofit security grant program.

The commissioner may use up to one percent of the appropriation received under this paragraph to pay costs incurred by the department in administering the supplemental nonprofit security grant program. These appropriations are onetime.

Subd. 3. **Criminal Apprehension**	1,261,000	79,918,000	76,968,000
Appropriations by Fund			
General	1,246,000	75,911,000	73,680,000
State Government Special Revenue		7,000	7,000
Trunk Highway		3,981,000	3,262,000
Opioid Fund	15,000	19,000	19,000

(a) **DWI Lab Analysis; Trunk Highway Fund**

Notwithstanding Minnesota Statutes, section 161.20, subdivision 3, $3,981,000 the first year and $3,262,000 the second year are from the trunk highway fund for staff and operating costs for laboratory analysis related to driving-while-impaired cases.

(b) **Cybersecurity**

$2,955,000 the first year and $2,605,000 the second year are for identity and access management, critical infrastructure upgrades, and Federal Bureau of Investigation audit compliance. The base for this is $1,050,000 in fiscal years 2024 and 2025.

(c) **Rapid DNA Program**

$285,000 each year is from the general fund for the Rapid DNA Program.

(d) **Responding to Civil Unrest**

$539,000 in fiscal year 2021 and $539,000 in fiscal year 2022 is from the general fund for costs related to responding to civil unrest. This is a onetime appropriation.

(e) **National Guard Sexual Assault Investigations**

$160,000 each year is for investigation of criminal sexual conduct allegations filed against members of the Minnesota National Guard by another member of the Minnesota National Guard. This appropriation is added to the agency's base.

(f) **Predatory Offender Statutory Framework Working Group**

$131,000 the first year is to convene, administer, and implement the predatory offender statutory framework working group.

(g) **Automatic Expungement**

$1,248,000 the first year is for costs associated with providing automatic expungements.

(h) **Salary Increases; Special Agents**

$524,000 in fiscal year 2021 is appropriated for Bureau of Criminal Apprehension special agent salary increases. In each of fiscal years 2022 and 2023, $717,000 is appropriated for this purpose. This amount is in addition to the base appropriation for this purpose.

(i) **Salary Increases; Special Agents**

$15,000 in fiscal year 2021 is appropriated from the opiate epidemic response fund for Bureau of Criminal Apprehension special agent salary increases. In each of fiscal years 2022 and 2023, $19,000 is appropriated from the opiate epidemic response fund for this purpose. This amount is in addition to the base appropriation for this purpose.

(j) **Emergency COVID-19 Sick Leave**

$183,000 in fiscal year 2021 is for emergency COVID-19 sick leave. This funding is onetime.

(k) **Body Cameras**

$397,000 the first year and $205,000 the second year are to purchase body cameras for peace officers employed by the Bureau of Criminal Apprehension and to maintain the necessary hardware, software, and data.

Subd. 4. **Fire Marshal** 8,752,000 8,818,000

Appropriations by Fund

General	178,000	178,000
Special Revenue	8,574,000	8,640,000

The special revenue fund appropriation is from the fire safety account in the special revenue fund and is for activities under Minnesota Statutes, section 299F.012. The base appropriation from this account is $8,740,000 in fiscal year 2024 and $8,640,000 in fiscal year 2025.

(a) **Inspections**

$350,000 each year is for inspection of nursing homes and boarding care facilities.

(b) **Hazmat and Chemical Assessment Teams**

$950,000 the first year and $850,000 the second year are from the fire safety account in the special revenue fund. These amounts must be used to fund the hazardous materials and chemical assessment teams. Of this amount, $100,000 the first year is for cases for which there is no identified responsible party. The base appropriation is $950,000 in fiscal year 2024 and $850,000 in fiscal year 2025.

(c) **Bomb Squad Reimbursements**

$50,000 each year is from the general fund for reimbursements to local governments for bomb squad services.

(d) **Emergency Response Teams**

$675,000 each year is from the fire safety account in the special revenue fund to maintain four emergency response teams: one under the jurisdiction of the St. Cloud Fire Department or a similarly located fire department if necessary; one under the

jurisdiction of the Duluth Fire Department; one under the jurisdiction of the St. Paul Fire Department; and one under the jurisdiction of the Moorhead Fire Department.

Subd. 5. **Firefighter Training and Education Board**		5,792,000	5,792,000
Appropriations by Fund			
Special Revenue	5,792,000	5,792,000	

The special revenue fund appropriation is from the fire safety account in the special revenue fund and is for activities under Minnesota Statutes, section 299F.012.

(a) **Firefighter Training and Education**

$4,500,000 each year is for firefighter training and education.

(b) **Task Force 1**

$975,000 each year is for the Minnesota Task Force 1.

(c) **Air Rescue**

$317,000 each year is for the Minnesota Air Rescue Team.

(d) **Unappropriated Revenue**

Any additional unappropriated money collected in fiscal year 2021 is appropriated to the commissioner of public safety for the purposes of Minnesota Statutes, section 299F.012. The commissioner may transfer appropriations and base amounts between activities in this subdivision.

Subd. 6. **Alcohol and Gambling Enforcement**	119,000	2,648,000	2,598,000
Appropriations by Fund			
General	119,000	2,578,000	2,528,000
Special Revenue		70,000	70,000

$70,000 each year is from the lawful gambling regulation account in the special revenue fund.

(a) **Legal Costs**

$93,000 the first year is for legal costs associated with Alexis Bailly Vineyard, Inc. v. Harrington. This is a onetime appropriation.

(b) **Responding to Civil Unrest**

$86,000 in fiscal year 2021 and $71,000 in fiscal year 2022 are from the general fund for costs related to responding to civil unrest. This is a onetime appropriation.

(c) **Salary Increases; Special Agents**

$33,000 in fiscal year 2021 is appropriated for Alcohol and Gambling Enforcement Division special agent salary increases. In each of fiscal years 2022 and 2023, $44,000 is appropriated for this purpose. This amount is in addition to the base appropriation for this purpose.

(d) **Body Cameras**

$16,000 each year is to purchase body cameras for peace officers employed by the Alcohol and Gambling Enforcement Division and to maintain the necessary hardware, software, and data.

Subd. 7. **Office of Justice Programs** 56,463,000 56,331,000

Appropriations by Fund

General	56,367,000	56,235,000
State Government Special Revenue	96,000	96,000

(a) **Combatting Sex Trafficking Grants**

$1,000,000 each year is for an antitrafficking investigation coordinator and to implement new or expand existing strategies to combat sex trafficking.

(b) **Survivor Support and Prevention Grants**

$6,000,000 each year is for grants to victim survivors and to fund emerging or unmet needs impacting victims of crime, particularly in underserved populations. The ongoing base for this program shall be $1,500,000 beginning in fiscal year 2024.

(c) **Minnesota Heals Program**

$1,500,000 each year is to establish and maintain the Minnesota Heals program. Of this amount, $500,000 each year is for a statewide critical incident stress management service for first responders; $500,000 each year is for grants for establishing and maintaining a community healing network; and $500,000 each year is for reimbursement for burial costs, cultural ceremonies, and mental health and trauma healing services for families following an officer-involved death.

(d) **Innovation in Community Safety Grants**

$5,000,000 each year is for innovation in community safety grants administered by the Innovation in Community Safety Coordinator.

(e) **Youth Intervention Program Grants**

$500,000 the first year and $500,000 the second year are for youth intervention program grants. The base appropriation is $500,000 in fiscal year 2024 and $500,000 in fiscal year 2025.

(f) **Racially Diverse Youth in Shelters**

$150,000 each year is for grants to organizations to address racial disparity of youth using shelter services in the Rochester and St. Cloud regional areas. A grant recipient shall establish and operate a pilot program to engage in community intervention, family reunification, aftercare, and follow up when family members are released from shelter services. A pilot program shall specifically address the high number of racially diverse youth that enter shelters in the region.

(g) **Task Force on Missing and Murdered African American Women**

$202,000 the first year and $50,000 the second year are to implement the task force on missing and murdered African American women.

(h) **Body Camera Grant Program**

$1,000,000 each year is to provide grants to local law enforcement agencies for portable recording systems. The executive director shall award grants to local law enforcement agencies for the purchase and maintenance of portable recording systems and portable recording system data. An applicant must provide a 50 percent match to be eligible to receive a grant. The executive director must give priority to applicants that do not have a portable recording system program. The executive director must award at least one grant to a law enforcement agency located outside of the seven-county metropolitan area.

As a condition of receiving a grant, a law enforcement agency's portable recording system policy required under Minnesota Statutes, section 626.8473, subdivision 3, must include the following provisions:

(1) prohibit altering, erasing, or destroying any recording made with a peace officer's portable recording system or data and metadata related to the recording prior to the expiration of the applicable retention period under Minnesota Statutes, section

13.825, subdivision 3, except that the full, unedited, and unredacted recording of a peace officer using deadly force must be maintained indefinitely;

(2) mandate that a deceased individual's next of kin, legal representative of the next of kin, or other parent of the deceased individual's children be entitled to view any and all recordings from a peace officer's portable recording system, redacted no more than what is required by law, of an officer's use of deadly force no later than 48 hours after an incident where deadly force used by a peace officer results in death of an individual, except that a chief law enforcement officer may deny a request if investigators can articulate a compelling reason as to why allowing the deceased individual's next of kin, legal representative of the next of kin, or other parent of the deceased individual's children to review the recordings would interfere with the agency conducting a thorough investigation. If the chief law enforcement officer denies a request under this provision, the agency's policy must require the chief law enforcement officer to issue a prompt, written denial and provide notice to the deceased individual's next of kin, legal representative of the next of kin, or other parent of the deceased individual's children that they may seek relief from the district court;

(3) mandate release of all recordings of an incident where a peace officer used deadly force and an individual dies to the deceased individual's next of kin, legal representative of the next of kin, and other parent of the deceased individual's children no later than 90 days after the incident; and

(4) mandate, whenever practicable, that an officer operating a portable recording system while entering a residence notify occupants of the residence that they are being recorded.

(i) **Office of Missing and Murdered Indigenous Relatives**

$500,000 each year is to establish and maintain an office dedicated to reviewing, preventing, and ending the targeting of Indigenous people, disappearance of Indigenous people, and deaths of Indigenous people that occur under suspicious circumstances through coordination with Tribal nations, executive branch agencies and commissions, community organizations, and impacted communities.

(j) **Opiate Epidemic Response Grants**

$500,000 each year is for grants to organizations selected by the Opiate Epidemic Response Advisory Council that provide services to address the opioid addiction and overdose epidemic in Minnesota consistent with the priorities in Minnesota Statutes, section 256.042, subdivision 1, paragraph (a), clauses (1) to (4). Grant recipients must be located outside the seven-county metropolitan area and in areas with disproportionately high incidents of fentanyl overdoses.

(k) **Prosecutor and Law Enforcement Training**

$25,000 each year is appropriated to award an annual grant to the Minnesota County Attorneys Association for prosecutor and law enforcement training on increasing diversion alternatives and using evidence-based practices to increase public safety and decrease racial disparities. This is a onetime appropriation.

(l) **Study on Liability Insurance for Peace Officers**

$100,000 in the first year is for a grant to an organization with experience in studying issues related to community safety and criminal justice for a study on the effects of requiring peace officers to carry liability insurance.

(m) **Administration Costs**

Up to 2.5 percent of the grant funds appropriated in this subdivision may be used by the commissioner to administer the grant program.

Subd. 8. **Emergency Communication Networks** 67,897,000 67,888,000

This appropriation is from the state government special revenue fund for 911 emergency telecommunications services.

This appropriation includes funds for information technology project services and support subject to the provisions of Minnesota Statutes, section 16E.0466. Any ongoing information technology costs shall be incorporated into the service level agreement and shall be paid to the Office of MN.IT Services by the Department of Public Safety under the rates and mechanism specified in that agreement.

(a) **Public Safety Answering Points**

$27,328,000 the first year and $28,011,000 the second year shall be distributed as provided in Minnesota Statutes, section 403.113, subdivision 2. The base appropriation is $28,011,000 in fiscal year 2024 and $28,011,000 in fiscal year 2025.

(b) **Medical Resource Communication Centers**

$683,000 the first year is for grants to the Minnesota Emergency Medical Services Regulatory Board for the Metro East and Metro West Medical Resource Communication Centers that were in operation before January 1, 2000. This is a onetime appropriation.

(c) **ARMER State Backbone Operating Costs**

$9,675,000 each year is transferred to the commissioner of transportation for costs of maintaining and operating the statewide radio system backbone.

(d) **ARMER Improvements**

$1,000,000 each year is to the Statewide Emergency Communications Board for improvements to those elements of the statewide public safety radio and communication system that support mutual aid communications and emergency medical services or provide interim enhancement of public safety communication interoperability in those areas of the state where the statewide public safety radio and communication system is not yet implemented, and grants to local units of government to further the strategic goals set forth by the Statewide Emergency Communications Board strategic plan.

(e) **911 Telecommunicator Working Group**

$9,000 the first year is to convene, administer, and implement the telecommunicator working group.

Subd. 9. **Driver and Vehicle Services**	465,000	-0-

$465,000 the first year is from the driver services operating account in the special revenue fund for the ignition interlock program under Minnesota Statutes, section 171.306.

Sec. 4. **PEACE OFFICER STANDARDS AND TRAINING (POST) BOARD**

Subdivision 1. **Total Appropriation**	**$13,046,000**	**$13,046,000**

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

Subd. 2. **Peace Officer Training Reimbursements**

$2,949,000 each year is for reimbursements to local governments for peace officer training costs.

Subd. 3. **Peace Officer Training Assistance**

(a) **Philando Castile Memorial Training Fund**

$6,000,000 each year is to support and strengthen law enforcement training and implement best practices. This funding shall be named the "Philando Castile Memorial Training Fund." The base for this program shall be $6,000,000 in fiscal year 2024 and $0 in fiscal year 2025.

Each sponsor of a training course is required to include the following in the sponsor's application for approval submitted to the board: course goals and objectives; a course outline including at a minimum a timeline and teaching hours for all courses; instructor

qualifications, including skills and concepts such as crisis intervention, de-escalation, and cultural competency that are relevant to the course provided; and a plan for learning assessments of the course and documenting the assessments to the board during review. Upon completion of each course, instructors must submit student evaluations of the instructor's teaching to the sponsor.

The board shall keep records of the applications of all approved and denied courses. All continuing education courses shall be reviewed after the first year. The board must set a timetable for recurring review after the first year. For each review, the sponsor must submit its learning assessments to the board to show that the course is teaching the learning outcomes that were approved by the board.

A list of licensees who successfully complete the course shall be maintained by the sponsor and transmitted to the board following the presentation of the course and the completed student evaluations of the instructors. Evaluations are available to chief law enforcement officers. The board shall establish a data retention schedule for the information collected in this section.

(b) **Grant Program for Public Safety Policy and Training Consultant Costs**

$1,000,000 each year is for grants to law enforcement agencies to provide reimbursement for the expense of retaining a board-approved public safety policy and training consultant.

Sec. 5. **PRIVATE DETECTIVE BOARD** **$282,000** **$288,000**

Sec. 6. **CORRECTIONS**

Subdivision 1. **Total Appropriation**	**$2,384,000**	**$634,883,000**	**$639,916,000**

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

Subd. 2. **Correctional Institutions**	2,321,000	463,703,000	469,377,000

(a) **Healthy Start Act**

$200,000 each year is to implement the healthy start act that shall create a release program for pregnant women and new mothers who are committed to the commissioner of corrections by providing alternatives to incarceration and improving parenting skills.

(b) **Prescription Medications**

$17,000 the first year and $20,000 the second year are to provide a one-month supply of any prescribed, nonnarcotic medications and a prescription for a 30-day supply of these medications that may be refilled twice to inmates at the time of their release.

(c) **Emergency COVID-19 Sick Leave**

$2,321,000 in fiscal year 2021 and $2,320,000 in fiscal year 2022 are for emergency COVID-19 sick leave.

(d) **Juvenile Review Board**

$50,000 in the second year is for implementation of the Juvenile Review Board.

Subd. 3. **Community Services**	63,000	140,515,000	139,449,000

(a) **Oversight**

$992,000 the first year and $492,000 the second year are to expand and improve oversight of jails and other state and local correctional facilities, including the addition of four full-time corrections detention facilities inspectors and funds for county sheriffs who inspect municipal lockups.

(b) **Juvenile Justice**

$1,660,000 the first year and $660,000 the second year are to develop and implement a juvenile justice data repository and modernize the current juvenile management system including but not limited to technology and staffing costs. $285,000 is added to the base in each of fiscal years 2024 and 2025.

(c) **Community Corrections Act**

$1,220,000 each year is added to the Community Corrections Act subsidy, as described in Minnesota Statutes, section 401.14. This is a onetime increase for the biennium and requires the submission of a report to the legislature no later than December 15, 2021, with recommendations from a working group established to study supervision services and funding across the state and develop recommendations. The base for this appropriation increase is $0 in fiscal year 2024 and $0 in fiscal year 2025.

The commissioner of corrections shall convene a working group to study and report to the legislature on the attributes and requirements of an effective supervision system. The report shall describe how the state and counties can achieve an effective supervision system together, balancing local control with state

support and collaboration. The report shall include: a proposal for sustainable funding of the state's community supervision delivery systems; a plan for the potential of future Tribal government supervision of probationers and supervised releasees; a definition of core or base-level supervision standards in accordance with the state's obligation to fund or provide supervision services which are geographically equitable and reflect the principles of modern correctional practice; a recommended funding model and the associated costs as compared to the state's current investment in those services; alternative funding and delivery models and the alternative models' associated costs when compared with the state's current investment in those services; and mechanisms to ensure balanced application of increases in the cost of community supervision services.

The working group shall at a minimum include the following members: the commissioner of corrections or the commissioner's designee and four other representatives from the Department of Corrections, five directors of the Minnesota Association of Community Corrections Act Counties, five directors of the Minnesota Association of County Probation Offices, three county commissioner representatives from the Association of Minnesota Counties with one from each delivery system, three representatives of the Minnesota Indian Affairs Council Tribal government members, and two district court judge representatives designated by the State Court Administrator. The working group may include other members and the use of a third-party organization to provide process facilitation, statewide stakeholder engagement, data analysis, programming and supervision assessments, and technical assistance through implementation of the adopted report recommendations.

The report shall be submitted to the chairs and ranking minority members of the house of representatives Public Safety Committee and the senate Judiciary and Finance Committees no later than December 15, 2021.

(d) **County Probation Officer Reimbursement**

$101,000 each year is for county probation officers reimbursement, as described in Minnesota Statutes, section 244.19, subdivision 6. This is a onetime increase for the biennium and requires the submission of a report to the legislature no later than December 15, 2021, with recommendations from a working group established to study supervision services and funding across the state and develop recommendations. The base for this appropriations increase is $0 in fiscal year 2024 and $0 in fiscal year 2025.

(e) **Probation Supervision Services**

$1,170,000 each year is for probation supervision services provided by the Department of Corrections in Meeker, Mille Lacs, and Renville Counties as described in Minnesota Statutes, section

244.19, subdivision 1. The commissioner of corrections shall bill Meeker, Mille Lacs, and Renville Counties for the total cost of and expenses incurred for probation services on behalf of each county, as described in Minnesota Statutes, section 244.19, subdivision 5, and all reimbursements shall be deposited in the general fund.

(f) **Task Force on Aiding and Abetting Felony Murder**

$25,000 the first year is to implement the task force on aiding and abetting felony murder.

(g) **Alternatives to Incarceration**

$320,000 each year is for funding to Anoka County, Crow Wing County, and Wright County to facilitate access to community treatment options under the alternatives to incarceration program.

(h) **Task Force on Presentence Investigation Reports**

$15,000 the first year is to implement the task force on the contents and use of presentence investigation reports and imposition of conditions of probation.

(i) **Juvenile Justice Report**

$55,000 the first year and $9,000 the second year are for reporting on extended jurisdiction juveniles.

(j) **Postrelease Employment for Inmates Grant; Request for Proposals**

$300,000 the first year is for a grant to a nongovernmental organization to provide curriculum and corporate mentors to inmates and assist inmates in finding meaningful employment upon release from a correctional facility. By September 1, 2021, the commissioner of corrections must issue a request for proposals. By December 1, 2021, the commissioner shall award a $300,000 grant to the applicant that is best qualified to provide the programming described in this paragraph.

(k) **Homelessness Mitigation Plan**

$12,000 the first year is to develop and implement a homelessness mitigation plan for individuals released from prison.

(l) **Identifying Documents**

$23,000 the first year and $28,000 the second year are to assist inmates in obtaining a copy of their birth certificates and provide appropriate Department of Corrections identification cards to individuals released from prison.

(m) **Salary Increases; Fugitive Specialists**

$63,000 in fiscal year 2021 is for fugitive specialist salary increases. In each of fiscal years 2022 and 2023, $93,000 is appropriated for this purpose. This amount is in addition to the base appropriation for this purpose.

Subd. 4. **Operations Support** 30,665,000 31,090,000

(a) **Technology**

$1,566,000 the first year and $1,621,000 the second year are to increase support for ongoing technology needs.

(b) **Correctional Facilities Security Audit Group**

$54,000 the first year and $81,000 the second year are for the correctional facilities security audit group to prepare security audit standards, conduct security audits, and prepare required reports.

(c) **Indeterminate Sentence Release Board**

$40,000 in each fiscal year is to establish the Indeterminate Sentence Release Board (ISRB) to review eligible cases and make decisions for persons serving indeterminate sentences under the authority of the commissioner of corrections. The ISRB shall consist of five members including four persons appointed by the governor from two recommendations of each of the majority and minority leaders of the house of representatives and the senate, and the commissioner of corrections who shall serve as chair.

Sec. 7. **OMBUDSPERSON FOR CORRECTIONS** **$659,000** **$663,000**

Sec. 8. **SUPREME COURT** **$545,000** **$545,000**

$545,000 each year is for temporary caseload increases resulting from changes to the laws governing expungement of criminal records.

Sec. 9. **PUBLIC DEFENSE** **$25,000** **$25,000**

$25,000 each year is for public defender training on increasing diversion alternatives and using evidence-based practices to increase public safety and decrease racial disparities. This is a onetime appropriation.

Sec. 10. **TRANSFERS.**

$6,265,000 in fiscal year 2022 is transferred from the MINNCOR fund to the general fund.

Sec. 11. **CANCELLATION; FISCAL YEAR 2021.**

$345,000 of the fiscal year 2021 general fund appropriation under Laws 2019, First Special Session chapter 5, article 1, section 12, subdivision 1, is canceled.

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

ARTICLE 2
POLICING

Section 1. Minnesota Statutes 2020, section 13.41, subdivision 3, is amended to read:

Subd. 3. **Board of Peace Officer Standards and Training.** The following government data of the Board of Peace Officer Standards and Training are private data:

~~(1)~~ personal phone numbers, and home and e-mail addresses of licensees and applicants for licenses~~; and~~

~~(2) data that identify the government entity that employs a licensed peace officer~~.

The board may disseminate private data on applicants and licensees as is necessary to administer law enforcement licensure or to provide data under section 626.845, subdivision 1, to law enforcement agencies who are conducting employment background investigations.

Sec. 2. Minnesota Statutes 2020, section 13.411, is amended by adding a subdivision to read:

Subd. 11. **Peace officer database.** Section 626.8457, subdivision 3, governs data sharing between law enforcement agencies and the Peace Officer Standards and Training Board for purposes of administering the peace officer database required by section 626.845, subdivision 3.

Sec. 3. Minnesota Statutes 2020, section 214.10, subdivision 11, is amended to read:

Subd. 11. **Board of Peace Officers Standards and Training; reasonable grounds determination.** (a) After the investigation is complete, the executive director shall convene at least a ~~three-member~~ four-member committee of the board to determine if the complaint constitutes reasonable grounds to believe that a violation within the board's enforcement jurisdiction has occurred. In conformance with section 626.843, subdivision 1b, at least ~~two~~ three members of the committee must be voting board members who are peace officers and one member of the committee must be a voting board member appointed from the general public. No later than 30 days before the committee meets, the executive director shall give the licensee who is the subject of the complaint and the complainant written notice of the meeting. The executive director shall also give the licensee a copy of the complaint. Before making its determination, the committee shall give the complaining party and the licensee who is the subject of the complaint a reasonable opportunity to be heard.

(b) The committee shall, by majority vote, after considering the information supplied by the investigating agency and any additional information supplied by the complainant or the licensee who is the subject of the complaint, take one of the following actions:

(1) find that reasonable grounds exist to believe that a violation within the board's enforcement jurisdiction has occurred and order that an administrative hearing be held;

(2) decide that no further action is warranted; or

(3) continue the matter.

The executive director shall promptly give notice of the committee's action to the complainant and the licensee.

(c) If the committee determines that a complaint does not relate to matters within its enforcement jurisdiction but does relate to matters within another state or local agency's enforcement jurisdiction, it shall refer the complaint to the appropriate agency for disposition.

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

Sec. 4. Minnesota Statutes 2020, section 244.09, subdivision 6, is amended to read:

Subd. 6. **Clearinghouse and information center.** The commission, in addition to establishing Sentencing Guidelines, shall serve as a clearinghouse and information center for the collection, preparation, analysis and dissemination of information on state and local sentencing and probation practices, and shall conduct ongoing research regarding Sentencing Guidelines, use of imprisonment and alternatives to imprisonment, probation terms, conditions of probation, probation revocations, plea bargaining, recidivism, and other matters relating to the improvement of the criminal justice system. The commission shall from time to time make recommendations to the legislature regarding changes in the Criminal Code, criminal procedures, and other aspects of sentencing and probation.

This information shall include information regarding the impact of statutory changes to the state's criminal laws related to controlled substances, including those changes enacted by the legislature in Laws 2016, chapter 160.

Sec. 5. Minnesota Statutes 2020, section 626.14, is amended to read:

626.14 TIME AND MANNER OF SERVICE; NO-KNOCK SEARCH WARRANTS.

Subdivision 1. **Time.** A search warrant may be served only between the hours of 7:00 a.m. and 8:00 p.m. unless the court determines on the basis of facts stated in the affidavits that a nighttime search outside those hours is necessary to prevent the loss, destruction, or removal of the objects of the search or to protect the searchers or the public. The search warrant shall state that it may be served only between the hours of 7:00 a.m. and 8:00 p.m. unless a nighttime search outside those hours is authorized.

Subd. 2. **Definition.** For the purposes of this section, "no-knock search warrant" means a search warrant authorizing peace officers to enter certain premises without first knocking and announcing the officer's presence or purpose prior to entering the premises. No-knock search warrants may also be referred to as dynamic entry warrants.

Subd. 3. **Requirements for a no-knock search warrant.** No peace officer shall seek a no-knock search warrant unless the warrant application includes at a minimum:

(1) all documentation and materials the issuing court requires; and

(2) a sworn affidavit as provided in section 626.08.

Subd. 4. **Warrant application form.** (a) A law enforcement agency shall develop a warrant application form. A completed warrant application form shall accompany every request for a no-knock search warrant.

(b) The warrant application form must be completed, signed, and dated by the peace officer seeking the no-knock search warrant.

(c) Each warrant application must explain, in detailed terms, the following:

(1) why peace officers are unable to detain the suspect or search the residence using less invasive means or methods;

(2) what investigative activities have taken place to support issuance of the no-knock search warrant, or why no investigative activity is needed; and

(3) whether the warrant can be effectively executed during daylight hours according to subdivision 1.

(d) The chief law enforcement officer or designee and the supervising officer must review each warrant application form. If the chief law enforcement officer or designee or commanding officer is unavailable, the direct superior officer shall review the materials.

(e) The warrant application form shall contain a certification of review section. The form shall provide that, by executing the certification, the individual signing the form has reviewed its contents and approves the request for a no-knock search warrant. The chief law enforcement officer or designee and the commanding officer, or the direct superior officer, must each sign, date, and indicate the time of the certification.

(f) Under no circumstance shall a no-knock search warrant be issued when the only crime alleged is drug possession.

Subd. 5. **Reporting requirements regarding no-knock search warrants.** (a) Law enforcement agencies shall report to the commissioner of public safety regarding the use of no-knock search warrants. An agency must report the use of a no-knock search warrant to the commissioner no later than three months after the date the warrant was issued. The report shall include the following information:

(1) the number of no-knock search warrants requested;

(2) the number of no-knock search warrants the court issued;

(3) the number of no-knock search warrants executed; and

(4) the number of injuries and fatalities suffered, if any, by peace officers and by civilians in the execution of no-knock search warrants.

(b) The commissioner of public safety shall report the information provided under paragraph (a) annually to the chairs and ranking minority members of the legislative committees with jurisdiction over public safety.

Sec. 6. Minnesota Statutes 2020, section 626.5531, subdivision 1, is amended to read:

Subdivision 1. **Reports required.** A peace officer must report to the head of the officer's department every violation of chapter 609 or a local criminal ordinance if the officer has reason to believe, or if the victim alleges, that the offender was motivated to commit the act ~~by~~ in whole or in part because of the victim's actual or perceived race, color, ethnicity, religion, ~~national origin,~~ sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03, or ~~characteristics identified as sexual orientation~~ because of the victim's actual or perceived association with another person or group of a certain actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03. The superintendent of the Bureau of Criminal Apprehension shall adopt a reporting form to be used by law enforcement agencies in making the reports required under this section. The reports must include for each incident all of the following:

(1) the date of the offense;

(2) the location of the offense;

(3) whether the target of the incident is a person, private property, or public property;

(4) the crime committed;

(5) the type of bias and information about the offender and the victim that is relevant to that bias;

(6) any organized group involved in the incident;

(7) the disposition of the case;

(8) whether the determination that the offense was motivated by bias was based on the officer's reasonable belief or on the victim's allegation; and

(9) any additional information the superintendent deems necessary for the acquisition of accurate and relevant data.

Sec. 7. Minnesota Statutes 2020, section 626.842, subdivision 2, is amended to read:

Subd. 2. **Terms, compensation, removal, filling of vacancies.** The membership terms, compensation, removal of members and the filling of vacancies for members appointed pursuant to section 626.841~~, clauses (1), (2), (4), and (5) on the board~~; the provision of staff, administrative services and office space; the review and processing of complaints; the setting of fees; and other matters relating to board operations shall be as provided in chapter 214.

Sec. 8. Minnesota Statutes 2020, section 626.8435, is amended to read:

626.8435 ~~ENSURING POLICE EXCELLENCE AND IMPROVING COMMUNITY RELATIONS ADVISORY~~ PEACE OFFICER STANDARDS AND TRAINING BOARD CITIZEN'S COUNCIL.

Subdivision 1. **Establishment and membership.** The ~~Ensuring Police Excellence and Improving Community Relations Advisory~~ Peace Officer Standards and Training Board Citizen's Council is established under the Peace Officer Standards and Training Board. The council consists of the following 15 members:

(1) the superintendent of the Bureau of Criminal Apprehension, or a designee;

(2) the executive director of the Peace Officer Standards and Training Board, or a designee;

(3) the executive director of the Minnesota Police and Peace Officers Association, or a designee;

(4) the executive director of the Minnesota Sheriffs' Association, or a designee;

(5) the executive director of the Minnesota Chiefs of Police Association, or a designee;

(6) six community members, of which:

(i) four members shall represent the community-specific boards established under ~~section 257.0768~~ sections 15.0145 and 3.922, reflecting one appointment made by each board;

(ii) one member shall be a mental health advocate and shall be appointed by the Minnesota chapter of the National Alliance on Mental Illness; and

(iii) one member shall be an advocate for victims and shall be appointed by Violence Free Minnesota; and

(7) four members appointed by the legislature, of which one shall be appointed by the speaker of the house, one by the house minority leader, one by the senate majority leader, and one by the senate minority leader.

The appointing authorities shall make their appointments by September 15, 2020, and shall ensure geographical balance when making appointments.

Subd. 2. **Purpose and duties.** (a) The purpose of the council is to assist the board in maintaining policies and regulating peace officers in a manner that ensures the protection of civil and human rights. The council shall provide for citizen involvement in policing policies, regulations, and supervision. The council shall advance policies and reforms that promote positive interactions between peace officers and the community.

(b) The board chair must place the council's recommendations to the board on the board's agenda within four months of receiving a recommendation from the council.

Subd. 3. **Organization.** The council shall be organized and administered under section 15.059, except that the council does not expire. Council members serve at the pleasure of the appointing authority. The council shall select a chairperson from among the members by majority vote at its first meeting. The executive director of the board shall serve as the council's executive secretary.

Subd. 4. **Meetings.** The council must meet at least quarterly. Meetings of the council are governed by chapter 13D. The executive director of the Peace Officer Standards and Training Board shall convene the council's first meeting, which must occur by October 15, 2020.

Subd. 5. **Office support.** The executive director of the Peace Officer Standards and Training Board shall provide the council with the necessary office space, supplies, equipment, and clerical support to effectively perform the duties imposed.

Subd. 6. **Reports.** The council shall submit a report by February 15 of each year to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over criminal justice policy and the board. At a minimum, the report shall include:

(1) all recommendations presented to the board and how the board acted on those recommendations;

(2) recommendations for statutory reform or legislative initiatives intended to promote police-community relations; and

(3) updates on the council's review and determinations.

Sec. 9. Minnesota Statutes 2020, section 626.845, subdivision 3, is amended to read:

Subd. 3. **Peace officer data.** The board, in consultation with the Minnesota Chiefs of Police Association, Minnesota Sheriffs' Association, and Minnesota Police and Peace Officers Association, shall create a central repository for peace officer data ~~designated as public data under chapter 13~~. The database shall be designed to receive, in real time, the ~~public~~ data required to be submitted to the board by law enforcement agencies in section 626.8457, subdivision 3, paragraph (b). To ensure the anonymity of individuals, the database must use encrypted data to track information transmitted on individual peace officers.

Sec. 10. Minnesota Statutes 2020, section 626.8451, subdivision 1, is amended to read:

Subdivision 1. **Training course; crimes motivated by bias.** (a) The board must ~~prepare a~~ approve a list of training ~~course~~ courses to assist peace officers in identifying ~~and~~, responding to, and reporting crimes motivated ~~by~~ in whole or in part because of the victim's or another's actual or perceived race, color, ethnicity, religion, ~~national origin,~~ sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03, or ~~characteristics identified as sexual orientation~~ because of the victim's actual or

perceived association with another person or group of a certain actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03. The course must include material to help officers distinguish bias crimes from other crimes, to help officers in understanding and assisting victims of these crimes, and to ensure that bias crimes will be accurately reported as required under section 626.5531. The ~~course must be updated periodically~~ board must review the approved courses every three years and update the list of approved courses as the board, in consultation with the commissioner of human rights, considers appropriate.

(b) In updating the list of approved training courses described in paragraph (a), the board must consult and secure approval from the commissioner of human rights.

Sec. 11. Minnesota Statutes 2020, section 626.8457, subdivision 3, is amended to read:

Subd. 3. **Report on alleged misconduct; database; report.** (a) A chief law enforcement officer shall report annually to the board summary data regarding the investigation and disposition of cases involving alleged misconduct, indicating the total number of investigations, the total number by each subject matter, the number dismissed as unfounded, and the number dismissed on grounds that the allegation was unsubstantiated.

(b) Beginning July 1, 2021, a chief law enforcement officer, in real time, must submit individual peace officer data classified as public data on individuals, as defined by section 13.02, subdivision 15, or private data on individuals, as defined by section 13.02, subdivision 12, and submitted using encrypted data that the board determines is necessary to:

(1) evaluate the effectiveness of statutorily required training;

(2) assist the ~~Ensuring Police Excellence and Improving Community Relations Advisory~~ Peace Officer Standards and Training Board Citizen's Council in accomplishing the council's duties; and

(3) allow for the board, the ~~Ensuring Police Excellence and Improving Community Relations Advisory~~ Peace Officer Standards and Training Board Citizen's Council, and the board's complaint investigation committee to identify patterns of behavior that suggest an officer is in crisis or is likely to violate a board-mandated model policy.

(c) The reporting obligation in paragraph (b) is ongoing. A chief law enforcement officer must update data within 30 days of final disposition of a complaint or investigation.

(d) Law enforcement agencies and political subdivisions are prohibited from entering into a confidentiality agreement that would prevent disclosure of the data identified in paragraph (b) to the board. Any such confidentiality agreement is void as to the requirements of this section.

(e) By February 1 of each year, the board shall prepare a report that contains summary data provided under paragraph (b). The board must post the report on its publicly accessible website and provide a copy to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over criminal justice policy.

(f) For purposes of identifying potential patterns and trends in police misconduct and determining training needs and the purpose of the database outlined in paragraph (b), the board shall adopt rules including but not limited to:

(1) creating detailed classifications of peace officer complaints and discipline by conduct type and severity for formal signed complaints;

(2) establishing definitions for the following terms, including but not limited to formal complaint, discipline action, coaching, and retraining; and

(3) directing annual reporting by each chief law enforcement officer of the number and types of complaints:

(i) received by the law enforcement agency, including but not limited to complaints involving chief law enforcement officers;

(ii) initiated by action of the agency and resulting in investigation;

(iii) resulting in formal discipline, including but not limited to verbal and written reprimand, suspension, or demotion, excluding termination;

(iv) resulting in termination;

(v) that are formal and result in coaching or retraining; and

(vi) for each officer in the agency's employ, and whether the complaint and investigation resulted in final discipline.

Sec. 12. Minnesota Statutes 2020, section 626.8459, is amended to read:

626.8459 POST BOARD; COMPLIANCE REVIEWS REQUIRED.

Subdivision 1. **Annual reviews; scope.** ~~(a)~~ Each year, the board shall conduct compliance reviews on all state and local law enforcement agencies. The compliance reviews must ensure that the agencies are complying with all requirements imposed on them by statute and rule. The board shall update its procedures governing compliance reviews to update, among other items, its assessment of the following data points, and evaluation of the policies and practices that contribute to the following:

(1) the effectiveness of required in-service training and adherence to model policies which are to include an assessment and self-response survey where subjects explain the state of the following:

(i) the number of use of force incidents per office and officers;

(ii) the rate of arrests and stops involving minorities compared to that of their white counterparts within the same jurisdiction, if data is available;

(iii) the number of emergency holds requested by officers; and

(iv) other categorical metrics as deemed necessary by the board;

(2) the agency's investigations of complaints the board refers to the agency pursuant to section 214.10, subdivision 10, and how the chief law enforcement officer holds officers accountable for violations of statutory requirements imposed on peace officers, applicable standards of conduct, board-mandated model policies, and agency-established policies; and

(3) the on and off duty conduct of officers employed by the agency to determine if the officers' conduct is adversely affecting public respect and trust of law enforcement.

Subd. 2. **Discovery; subpoenas.** For the purpose of compliance reviews under this section, the board or director may exercise the discovery and subpoena authority granted to the board under section 214.10, subdivision 3.

Subd. 3. **Reports required.** The board shall include in the reports to the legislature required in section 626.843, subdivision 4, detailed information on the compliance reviews conducted under this section. At a minimum, the reports must specify each requirement imposed by statute and rule on law enforcement agencies, the compliance rate of each agency, a summary of the investigation of matters listed in subdivision 1, clause (1), items (i) to (iv), and the action taken by the board, if any, against an agency not in compliance.

Subd. 4. **Licensing sanctions authorized.** ~~(b)~~ The board may impose licensing sanctions and seek injunctive relief under section 214.11 for an agency's failure to comply with a requirement imposed on it in statute or rule.

Sec. 13. Minnesota Statutes 2020, section 626.8469, subdivision 1, is amended to read:

Subdivision 1. **In-service training required.** (a) Beginning July 1, 2018, the chief law enforcement officer of every state and local law enforcement agency shall provide in-service training in crisis intervention and mental illness crises; conflict management and mediation; ~~and~~ recognizing and valuing community diversity and cultural differences to include implicit bias training; and training to assist peace officers in identifying, responding to, and reporting crimes committed in whole or in part because of the victim's actual or perceived race, religion, national origin, sex, age, disability, or characteristics identified as sexual orientation to every peace officer and part-time peace officer employed by the agency. The training shall comply with learning objectives developed and approved by the board and shall meet board requirements for board-approved continuing education credit. Every three years the board shall review the learning objectives and must consult and collaborate with the commissioner of human rights in identifying appropriate objectives and training courses related to identifying, responding to, and reporting crimes committed in whole or in part because of the victim's or another's actual or perceived race, color, ethnicity, religion, national origin, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03, or characteristics identified as sexual orientation because of the victim's actual or perceived association with another person or group of a certain actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03. The training shall consist of at least 16 continuing education credits within an officer's three-year licensing cycle. Each peace officer with a license renewal date after June 30, 2018, is not required to complete this training until the officer's next full three-year licensing cycle.

(b) Beginning July 1, 2021, the training mandated under paragraph (a) must be provided by an approved entity. The board shall create a list of approved entities and training courses and make the list available to the chief law enforcement officer of every state and local law enforcement agency. Each peace officer (1) with a license renewal date before June 30, 2022, and (2) who received the training mandated under paragraph (a) before July 1, 2021, is not required to receive this training by an approved entity until the officer's next full three-year licensing cycle.

(c) For every peace officer and part-time peace officer with a license renewal date of June 30, 2022, or later, the training mandated under paragraph (a) must:

(1) include a minimum of six hours for crisis intervention and mental illness crisis training that meets the standards established in subdivision 1a; and

(2) include a minimum of four hours to ensure safer interactions between peace officers and persons with autism in compliance with section 626.8474.

Sec. 14. Minnesota Statutes 2020, section 626.8469, is amended by adding a subdivision to read:

Subd. 1b. **Crisis intervention and mental illness crisis training; dementia and Alzheimer's.** The board, in consultation with stakeholders, including but not limited to the Minnesota Crisis Intervention Team and the Alzheimer's Association, shall create a list of approved entities and training courses primarily focused on issues associated with persons with dementia and Alzheimer's disease. To receive the board's approval, a training course must:

(1) have trainers with at least two years of direct care of a person with Alzheimer's disease or dementia, crisis intervention training, and mental health experience;

(2) cover techniques for responding to and issues associated with persons with dementia and Alzheimer's disease, including at a minimum wandering, driving, abuse, and neglect; and

(3) meet the crisis intervention and mental illness crisis training standards established in subdivision 1a.

Sec. 15. Minnesota Statutes 2020, section 626.8473, subdivision 3, is amended to read:

Subd. 3. **Written policies and procedures required.** (a) The chief officer of every state and local law enforcement agency that uses or proposes to use a portable recording system must establish and enforce a written policy governing its use. In developing and adopting the policy, the law enforcement agency must provide for public comment and input as provided in subdivision 2. Use of a portable recording system without adoption of a written policy meeting the requirements of this section is prohibited. The written policy must be posted on the agency's website, if the agency has a website.

(b) At a minimum, the written policy must incorporate the following:

(1) the requirements of section 13.825 and other data classifications, access procedures, retention policies, and data security safeguards that, at a minimum, meet the requirements of chapter 13 and other applicable law. The policy must prohibit altering, erasing, or destroying any recording made with a peace officer's portable recording system or data and metadata related to the recording prior to the expiration of the applicable retention period under section 13.825, subdivision 3, except that the full, unedited and unredacted recording of a peace officer using deadly force must be maintained indefinitely;

(2) mandate that a deceased individual's next of kin, legal representative of the next of kin, or other parent of the deceased individual's children be entitled to view any and all recordings from a peace officer's portable recording system, redacted no more than what is required by law, of an officer's use of deadly force no later than 48 hours after an incident where deadly force used by a peace officer results in death of an individual, except that a chief law enforcement officer may deny a request if investigators can articulate a compelling reason as to why allowing the deceased individual's next of kin, legal representative of the next of kin, or other parent of the deceased individual's children to review the recordings would interfere with the agency conducting a thorough investigation. If the chief law enforcement officer denies a request under this provision, the agency's policy must require the chief law enforcement officer to issue a prompt, written denial and provide notice to the deceased individual's next of kin, legal representative of the next of kin, or other parent of the deceased individual's children that they may seek relief from the district court;

(3) mandate release of all recordings of an incident where a peace officer used deadly force and an individual dies to the deceased individual's next of kin, legal representative of the next of kin, and other parent of the deceased individual's children no later than 90 days after the incident;

(4) procedures for testing the portable recording system to ensure adequate functioning;

~~(3)~~ (5) procedures to address a system malfunction or failure, including requirements for documentation by the officer using the system at the time of a malfunction or failure;

~~(4)~~ (6) circumstances under which recording is mandatory, prohibited, or at the discretion of the officer using the system;

~~(5)~~ (7) circumstances under which a data subject must be given notice of a recording;

~~(6)~~ (8) circumstances under which a recording may be ended while an investigation, response, or incident is ongoing;

~~(7)~~ (9) procedures for the secure storage of portable recording system data and the creation of backup copies of the data; and

~~(8)~~ (10) procedures to ensure compliance and address violations of the policy, which must include, at a minimum, supervisory or internal audits and reviews, and the employee discipline standards for unauthorized access to data contained in section 13.09.

Sec. 16. Minnesota Statutes 2020, section 626.8475, is amended to read:

626.8475 DUTY TO INTERCEDE AND REPORT.

(a) Regardless of tenure or rank, a peace officer must intercede when:

(1) present and observing another peace officer using force in violation of section 609.066, subdivision 2, or otherwise beyond that which is objectively reasonable under the circumstances; and

(2) physically or verbally able to do so.

(b) A peace officer who observes another employee or peace officer use force that exceeds the degree of force permitted by law has the duty to report the incident in writing within 24 hours to the chief law enforcement officer of the agency that employs the reporting peace officer. A chief law enforcement officer who receives a report under this section must report the incident to the board on the form adopted by the board pursuant to paragraph (d).

(c) A peace officer who breaches a duty established in this subdivision is subject to discipline by the board under Minnesota Rules, part 6700.1600.

(d) The board shall adopt a reporting form to be used by law enforcement agencies in making the reports required under this section. The reports must include for each incident all of the following:

(1) the name of the officer accused of using excessive force;

(2) the date of the incident;

(3) the location of the incident;

(4) the name of the person who was subjected to excessive force, if known; and

(5) a description of the force used in the incident.

Reports received by the board are licensing data governed by section 13.41.

(e) A peace officer who breaches a duty established in this section is subject to discipline by the board under Minnesota Rules, part 6700.1600.

Sec. 17. **[626.8476] CONFIDENTIAL INFORMANTS; REQUIRED POLICY AND TRAINING.**

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

(b) "Confidential informant" means a person who cooperates with a law enforcement agency confidentially in order to protect the person or the agency's intelligence gathering or investigative efforts and:

(1) seeks to avoid arrest or prosecution for a crime, mitigate punishment for a crime in which a sentence will be or has been imposed, or receive a monetary or other benefit; and

(2) is able, by reason of the person's familiarity or close association with suspected criminals, to:

(i) make a controlled buy or controlled sale of contraband, controlled substances, or other items that are material to a criminal investigation;

(ii) supply regular or constant information about suspected or actual criminal activities to a law enforcement agency; or

(iii) otherwise provide information important to ongoing criminal intelligence gathering or criminal investigative efforts.

(c) "Controlled buy" means the purchase of contraband, controlled substances, or other items that are material to a criminal investigation from a target offender that is initiated, managed, overseen, or participated in by law enforcement personnel with the knowledge of a confidential informant.

(d) "Controlled sale" means the sale of contraband, controlled substances, or other items that are material to a criminal investigation to a target offender that is initiated, managed, overseen, or participated in by law enforcement personnel with the knowledge of a confidential informant.

(e) "Mental harm" means a psychological injury that is not necessarily permanent but results in visibly demonstrable manifestations of a disorder of thought or mood that impairs a person's judgment or behavior.

(f) "Target offender" means the person suspected by law enforcement personnel to be implicated in criminal acts by the activities of a confidential informant.

Subd. 2. **Model policy.** (a) By January 1, 2022, the board shall adopt a model policy addressing the use of confidential informants by law enforcement. The model policy must establish policies and procedures for the recruitment, control, and use of confidential informants. In developing the policy, the board shall consult with representatives of the Bureau of Criminal Apprehension, Minnesota Police Chiefs Association, Minnesota Sheriff's Association, Minnesota Police and Peace Officers Association, Minnesota County Attorneys Association, treatment centers for substance abuse, and mental health organizations. The model policy must include, at a minimum, the following:

(1) information that the law enforcement agency shall maintain about each confidential informant that must include, at a minimum, an emergency contact for the informant in the event of the informant's physical or mental harm or death;

(2) a process to advise a confidential informant of conditions, restrictions, and procedures associated with participating in the agency's investigative or intelligence gathering activities;

(3) procedures for compensation to an informant that is commensurate with the value of the services and information provided and based on the level of the targeted offender, the amount of any seizure, and the significance of contributions made by the informant;

(4) designated supervisory or command-level review and oversight in the use of a confidential informant;

(5) consultation with the informant's probation, parole, or supervised release agent, if any;

(6) limits or restrictions on off-duty association or social relationships by law enforcement agency personnel with a confidential informant;

(7) limits or restrictions on the potential exclusion of an informant from engaging in a controlled buy or sale of a controlled substance if the informant is known by the law enforcement agency to: (i) be receiving in-patient or out-patient treatment administered by a licensed service provider for substance abuse; (ii) be participating in a treatment-based drug court program; or (iii) have experienced a drug overdose within the past year;

(8) exclusion of an informant under the age of 18 years from participating in a controlled buy or sale of a controlled substance without the written consent of a parent or legal guardian, except that the informant may provide confidential information to a law enforcement agency;

(9) consideration of an informant's diagnosis of mental illness, substance abuse, or disability, and history of mental illness, substance abuse, or disability;

(10) guidelines for the law enforcement agency to consider if the agency decides to establish a procedure to request an advocate from the county social services agency for an informant if the informant is an addict in recovery or possesses a physical or mental infirmity or other physical, mental, or emotional dysfunction that impairs the informant's ability to understand instructions and make informed decisions, where the agency determines this process does not place the informant in any danger;

(11) guidelines for the law enforcement agency to use to encourage prospective and current confidential informants who are known to be substance abusers or to be at risk for substance abuse to seek prevention or treatment services;

(12) reasonable protective measures for a confidential informant when law enforcement knows or should have known of a risk or threat of harm to a person serving as a confidential informant and the risk or threat of harm is a result of the informant's service to the law enforcement agency;

(13) guidelines for the training and briefing of a confidential informant;

(14) reasonable procedures to help protect the identity of a confidential informant during the time the person is acting as an informant;

(15) procedures to deactivate a confidential informant that maintain the safety and anonymity of the informant;

(16) optional procedures that the law enforcement agency may adopt relating to deactivated confidential informants to offer and provide assistance to them with physical, mental, or emotional health services;

(17) a process to evaluate and report the criminal history and propensity for violence of any target offenders; and

(18) guidelines for a written agreement between the confidential informant and the law enforcement agency that take into consideration, at a minimum, an informant's physical or mental infirmity or other physical, mental, or emotional dysfunction that impairs the informant's ability to knowingly contract or otherwise protect the informant's self-interest.

(b) The board shall annually review and, as necessary, revise the model confidential informant policy in collaboration with representatives from the organizations listed under paragraph (a).

Subd. 3. **Agency policies required.** (a) The chief law enforcement officer of every state and local law enforcement agency must establish and enforce a written policy governing the use of confidential informants. The policy must be identical or, at a minimum, substantially similar to the new or revised model policy adopted by the board under subdivision 2.

(b) Every state and local law enforcement agency must certify annually to the board that it has adopted a written policy in compliance with the board's model confidential informant policy.

(c) The board shall assist the chief law enforcement officer of each state and local law enforcement agency in developing and implementing confidential informant policies under this subdivision.

Subd. 4. **Required in-service training.** The chief law enforcement officer of every state and local law enforcement agency shall provide in-service training in the recruitment, control, and use of confidential informants to every peace officer and part-time peace officer employed by the agency who the chief law enforcement officer determines is involved in working with confidential informants given the officer's responsibilities. The training shall comply with learning objectives based on the policies and procedures of the model policy developed and approved by the board.

Subd. 5. **Compliance reviews.** The board has the authority to inspect state and local agency policies to ensure compliance with this section. The board may conduct the inspection based upon a complaint it receives about a particular agency or through a random selection process.

Subd. 6. **Licensing sanctions; injunctive relief.** The board may impose licensing sanctions and seek injunctive relief under section 214.11 for failure to comply with the requirements of this section.

Subd. 7. **Title.** This section shall be known as "Matthew's Law."

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

Sec. 18. **[626.8477] INVESTIGATING HUMAN TRAFFICKING CASES; POLICIES REQUIRED.**

Subdivision 1. **Model policy required.** By December 15, 2021, the board, in consultation with the statewide human trafficking investigation coordinator defined in section 299A.873, as well as other interested parties including the Bureau of Criminal Apprehension, the Human Trafficking Investigators Task Force, representatives of other sex trafficking task forces, prosecutors, and Minnesota victim advocacy groups, must develop and distribute to all chief law enforcement officers a comprehensive model policy for law enforcement investigations of human trafficking cases, including sex trafficking and labor trafficking, that are victim-centered and takes into account best practices, including the Safe Harbor Protocol Guidelines developed pursuant to legislative appropriation, and ensures a thorough investigation of these cases and that victims are treated respectfully.

Subd. 2. **Agency policies required.** (a) By March 15, 2022, the chief law enforcement officer of every state and local law enforcement agency must establish and enforce a written policy governing the investigation of human trafficking cases within the agency that is identical or substantially similar to the board's model policy described in subdivision 1. The chief law enforcement officer must ensure that each peace officer investigating a human trafficking case follows the agency's policy.

(b) Every state and local law enforcement agency must certify to the board that it has adopted a written policy in compliance with this subdivision.

(c) The board must assist the chief law enforcement officer of each state and local law enforcement agency in developing and implementing policies under this subdivision.

Sec. 19. **[626.8478] PUBLIC ASSEMBLY RESPONSE; POLICIES REQUIRED.**

Subdivision 1. **Model policy required.** By December 15, 2021, the board must develop a comprehensive model policy on responding to public assemblies. The policy must be based on best practices in public assembly response drawn from both domestic and international sources. In developing the policy, the board must consult with representatives of the Bureau of Criminal Apprehension, Minnesota Police Chiefs Association, Minnesota Sheriffs' Association, Minnesota Police and Peace Officers Association, Minnesota County Attorneys Association, a nonprofit that organizes public assemblies, a nonprofit that provides legal services to defend the rights of those who participate in public assemblies, and other interested parties. The board must distribute the model policy to all chief law enforcement officers.

Subd. 2. **Agency policies required.** (a) By March 15, 2022, each chief law enforcement officer must establish and implement a written policy on public assembly response that is identical or substantially similar to the board's model policy described in subdivision 1. The policy shall include specific actions to be taken during a public assembly response.

(b) The board must assist the chief law enforcement officer of each state and local law enforcement agency in developing and implementing policies under this subdivision.

Subd. 3. **Available resources.** If an agency, board, or local representative reviews or updates its policies on public assembly response, it may consider the advice and counsel of nonprofits that organize public assemblies.

Subd. 4. **Compliance reviews authorized.** The board has authority to inspect state and local law enforcement agency policies to ensure compliance with subdivision 2. The board may conduct this inspection based upon a complaint it receives about a particular agency or through a random selection process. The board must conduct a compliance review after any major public safety event. The board may impose licensing sanctions and seek injunctive relief under section 214.11 for an agency's failure to comply with subdivision 2.

Sec. 20. Minnesota Statutes 2020, section 626.89, subdivision 2, is amended to read:

Subd. 2. **Applicability.** The procedures and provisions of this section apply to law enforcement agencies and government units. The procedures and provisions of this section do not apply to:

(1) investigations by civilian review boards, commissions, or other oversight bodies; or

(2) investigations of criminal charges against an officer.

Sec. 21. Minnesota Statutes 2020, section 626.89, subdivision 17, is amended to read:

Subd. 17. **Civilian review.** (a) As used in this subdivision, the following terms have the meanings given them:

(1) "civilian oversight council" means a civilian review board, commission, or other oversight body established by a local unit of government to provide civilian oversight of a law enforcement agency and officers employed by the agency; and

(2) "misconduct" means a violation of law, standards promulgated by the Peace Officer Standards and Training Board, or agency policy.

(b) A local unit of government may establish a civilian ~~review board, commission, or other~~ oversight ~~body shall not have~~ council and grant the council the authority to make a finding of fact or determination regarding a complaint against an officer or impose discipline on an officer. ~~A civilian review board, commission, or other oversight body~~

~~may make a recommendation regarding the merits of a complaint, however, the recommendation shall be advisory only and shall not be binding on nor limit the authority of the chief law enforcement officer of any unit of government.~~

(c) At the conclusion of any criminal investigation or prosecution, if any, a civilian oversight council may conduct an investigation into allegations of peace officer misconduct and retain an investigator to facilitate an investigation. Subject to other applicable law, a council may subpoena or compel testimony and documents in an investigation. Upon completion of an investigation, a council may make a finding of misconduct and recommend appropriate discipline against peace officers employed by the agency. If the governing body grants a council the authority, the council may impose discipline on peace officers employed by the agency. A council shall submit investigation reports that contain findings of peace officer misconduct to the chief law enforcement officer and the Peace Officer Standards and Training Board's complaint committee. A council may also make policy recommendations to the chief law enforcement officer and the Peace Officer Standards and Training Board.

(d) The chief law enforcement officer of a law enforcement agency under the jurisdiction of a civilian oversight council shall cooperate with the council and facilitate the council's achievement of its goals. However, the officer is under no obligation to agree with individual recommendations of the council and may oppose a recommendation. If the officer fails to implement a recommendation that is within the officer's authority, the officer shall inform the council of the failure along with the officer's underlying reasons.

(e) Peace officer discipline decisions imposed pursuant to the authority granted under this subdivision shall be subject to the applicable grievance procedure established or agreed to under chapter 179A.

(f) Data collected, created, received, maintained, or disseminated by a civilian oversight council related to an investigation of a peace officer are personnel data as defined by section 13.43, subdivision 1, and are governed by that section.

Sec. 22. Minnesota Statutes 2020, section 626.93, is amended by adding a subdivision to read:

Subd. 8. **Exception; Leech Lake Band of Ojibwe.** Notwithstanding any contrary provision in subdivision 3 or 4, the Leech Lake Band of Ojibwe has concurrent jurisdictional authority under this section with the local county sheriff within the geographical boundaries of the band's reservation to enforce state criminal law if the requirements of subdivision 2 are met, regardless of whether a cooperative agreement pursuant to subdivision 4 is entered into.

Sec. 23. Laws 2020, Fifth Special Session chapter 3, article 9, section 6, is amended to read:

Sec. 6. ~~**STATE PATROL TROOPER**~~ **LAW ENFORCEMENT SALARY ~~INCREASE~~ INCREASES.** Notwithstanding any law to the contrary, salary increases shall apply to the following employees whose exclusive representative is the Minnesota Law Enforcement Association:

(1) the commissioner of public safety must increase the salary paid to state patrol troopers, Bureau of Criminal Apprehension agents, and special agents in the gambling enforcement division by 8.4 percent~~.~~;

(2) the commissioner of natural resources must increase the salary paid to conservation officers by 8.4 percent;

(3) the commissioner of corrections must increase the salary paid to fugitive specialists by 8.4 percent; and

(4) the commissioner of commerce must increase the salary paid to commerce insurance fraud specialists by 8.4 percent.

EFFECTIVE DATE. This section is effective retroactively from October 22, 2020.

Sec. 24. **RULEMAKING AUTHORITY.**

The executive director of the Peace Officer Standards and Training Board may adopt rules to carry out the purposes of section 3.

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

Sec. 25. **GRANT PROGRAM FOR PUBLIC SAFETY POLICY AND TRAINING CONSULTANT COSTS.**

(a) The executive director of the Peace Officer Standards and Training Board shall issue grants to law enforcement agencies to provide reimbursement for the expense of retaining a board-approved public safety policy and training consultant.

(b) The Peace Officer Training and Standards Board shall identify a qualified public safety policy and training consultant whose expenses would be eligible for reimbursement under this section. At a minimum, the board must select a consultant who meets the following criteria:

(1) at least 15 years of experience developing and implementing law enforcement policy and developing and leading law enforcement training;

(2) proven experience in developing both local and statewide law enforcement policies that incorporate current statutory and judicial standards, academic research, and best practices in policing;

(3) proven experience in successfully assisting law enforcement agencies to implement policing reforms; and

(4) proven experience in providing measurable value-added to clients for a competitive fee.

(c) The executive director shall give priority to agencies that do not have a contract with the consultant selected by the board under paragraph (b). If there are insufficient funds to fully reimburse each eligible grant applicant, the executive director shall provide a pro rata share of funds appropriated for this purpose to each eligible law enforcement agency based on the number of peace officers employed by the agency.

Sec. 26. **PEACE OFFICER STANDARDS OF CONDUCT; WHITE SUPREMACIST AFFILIATION AND SUPPORT PROHIBITED.**

(a) The Peace Officer Standards and Training Board must revise the peace officer standards of conduct that the board is mandated to publish and update under Minnesota Statutes, section 626.843, subdivision 1, clause (6), to prohibit peace officers from affiliating with, supporting, or advocating for white supremacist groups, causes, or ideologies or participation in, or active promotion of, an international or domestic extremist group that the Federal Bureau of Investigation has determined supports or encourages illegal, violent conduct.

(b) For purposes of this section, white supremacist groups, causes, or ideologies include organizations and associations and ideologies that: promote white supremacy and the idea that white people are superior to Black, Indigenous, and people of color (BIPOC), promote religious and racial bigotry, or seek to exacerbate racial and ethnic tensions between BIPOC and non-BIPOC or engage in patently hateful and inflammatory speech, intimidation, and violence against BIPOC as means of promoting white supremacy.

ARTICLE 3
CORRECTIONS AND COMMUNITY SUPERVISION

Section 1. Minnesota Statutes 2020, section 152.32, is amended by adding a subdivision to read:

Subd. 4. **Probation; supervised release.** (a) A court shall not prohibit a person from participating in the registry program under sections 152.22 to 152.37 as a condition of probation, parole, pretrial conditional release, or supervised release or revoke a patient's probation, parole, pretrial conditional release, or supervised release or otherwise sanction a patient on probation, parole, pretrial conditional release, or supervised release, nor weigh participation in the registry program, or positive drug test for cannabis components or metabolites by registry participants, or both, as a factor when considering penalties for violations of probation, parole, pretrial conditional release, or supervised release.

(b) The commissioner of corrections, probation agent, or parole officer shall not prohibit a person from participating in the registry program under sections 152.22 to 152.37 as a condition of parole, supervised release, or conditional release or revoke a patient's parole, supervised release, or conditional release or otherwise sanction a patient on parole, supervised release, or conditional release solely for participating in the registry program or for a positive drug test for cannabis components or metabolites.

Sec. 2. Minnesota Statutes 2020, section 171.06, subdivision 3, is amended to read:

Subd. 3. **Contents of application; other information.** (a) An application must:

(1) state the full name, date of birth, sex, and either (i) the residence address of the applicant, or (ii) designated address under section 5B.05;

(2) as may be required by the commissioner, contain a description of the applicant and any other facts pertaining to the applicant, the applicant's driving privileges, and the applicant's ability to operate a motor vehicle with safety;

(3) state:

(i) the applicant's Social Security number; or

(ii) if the applicant does not have a Social Security number and is applying for a Minnesota identification card, instruction permit, or class D provisional or driver's license, that the applicant certifies that the applicant is not eligible for a Social Security number;

(4) contain a notification to the applicant of the availability of a living will/health care directive designation on the license under section 171.07, subdivision 7; and

(5) include a method for the applicant to:

(i) request a veteran designation on the license under section 171.07, subdivision 15, and the driving record under section 171.12, subdivision 5a;

(ii) indicate a desire to make an anatomical gift under paragraph (d);

(iii) as applicable, designate document retention as provided under section 171.12, subdivision 3c; and

(iv) indicate emergency contacts as provided under section 171.12, subdivision 5b.

(b) Applications must be accompanied by satisfactory evidence demonstrating:

(1) identity, date of birth, and any legal name change if applicable; and

(2) for driver's licenses and Minnesota identification cards that meet all requirements of the REAL ID Act:

(i) principal residence address in Minnesota, including application for a change of address, unless the applicant provides a designated address under section 5B.05;

(ii) Social Security number, or related documentation as applicable; and

(iii) lawful status, as defined in Code of Federal Regulations, title 6, section 37.3.

(c) An application for an enhanced driver's license or enhanced identification card must be accompanied by:

(1) satisfactory evidence demonstrating the applicant's full legal name and United States citizenship; and

(2) a photographic identity document.

(d) A valid Department of Corrections or Federal Bureau of Prisons identification card, containing the applicant's full name, date of birth, and photograph issued to the applicant is an acceptable form of proof of identity in an application for an identification card, instruction permit, or driver's license as a secondary document for purposes of Minnesota Rules, part 7410.0400, and successor rules.

Sec. 3. Minnesota Statutes 2020, section 241.01, subdivision 3a, is amended to read:

Subd. 3a. **Commissioner, powers and duties.** The commissioner of corrections has the following powers and duties:

(a) To accept persons committed to the commissioner by the courts of this state for care, custody, and rehabilitation.

(b) To determine the place of confinement of committed persons in a correctional facility or other facility of the Department of Corrections and to prescribe reasonable conditions and rules for their employment, conduct, instruction, and discipline within or outside the facility. After July 1, 2021, the commissioner shall not allow inmates to be housed in facilities that are not owned and operated by the state, a local unit of government, or a group of local units of government. Inmates shall not exercise custodial functions or have authority over other inmates.

(c) To administer the money and property of the department.

(d) To administer, maintain, and inspect all state correctional facilities.

(e) To transfer authorized positions and personnel between state correctional facilities as necessary to properly staff facilities and programs.

(f) To utilize state correctional facilities in the manner deemed to be most efficient and beneficial to accomplish the purposes of this section, but not to close the Minnesota Correctional Facility-Stillwater or the Minnesota Correctional Facility-St. Cloud without legislative approval. The commissioner may place juveniles and adults at the same state minimum security correctional facilities, if there is total separation of and no regular contact between juveniles and adults, except contact incidental to admission, classification, and mental and physical health care.

(g) To organize the department and employ personnel the commissioner deems necessary to discharge the functions of the department, including a chief executive officer for each facility under the commissioner's control who shall serve in the unclassified civil service and may, under the provisions of section 43A.33, be removed only for cause.

(h) To define the duties of these employees and to delegate to them any of the commissioner's powers, duties and responsibilities, subject to the commissioner's control and the conditions the commissioner prescribes.

(i) To annually develop a comprehensive set of goals and objectives designed to clearly establish the priorities of the Department of Corrections. This report shall be submitted to the governor commencing January 1, 1976. The commissioner may establish ad hoc advisory committees.

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

Sec. 4. Minnesota Statutes 2020, section 241.016, is amended to read:

241.016 ANNUAL PERFORMANCE REPORT REQUIRED.

Subdivision 1. ~~**Biennial**~~ **Annual report.** (a) The Department of Corrections shall submit a performance report to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over criminal justice funding by January 15 of each ~~odd-numbered~~ year. The issuance and content of the report must include the following:

(1) department strategic mission, goals, and objectives;

(2) the department-wide per diem, adult facility-specific per diems, and an average per diem, reported in a standard calculated method as outlined in the departmental policies and procedures;

(3) department annual statistics as outlined in the departmental policies and procedures; ~~and~~

(4) information about prison-based mental health programs, including, but not limited to, the availability of these programs, participation rates, and completion rates~~.~~; and

(5) beginning in 2023, a written aggregate of the state correctional facilities security audit group's recommendations based on each security audit and assessment of a state correctional facility and the commissioner's responses to the recommendations.

(b) The department shall maintain recidivism rates for adult facilities on an annual basis. In addition, each year the department shall, on an alternating basis, complete a recidivism analysis of adult facilities, juvenile services, and the community services divisions and include a three-year recidivism analysis in the report described in paragraph (a). The recidivism analysis must: (1) assess education programs, vocational programs, treatment programs, including mental health programs, industry, and employment; and (2) assess statewide re-entry policies and funding, including postrelease treatment, education, training, and supervision. In addition, when reporting recidivism for the department's adult and juvenile facilities, the department shall report on the extent to which offenders it has assessed as chemically dependent commit new offenses, with separate recidivism rates reported for persons completing and not completing the department's treatment programs.

(c) The department shall maintain annual statistics related to the supervision of extended jurisdiction juveniles and include those statistics in the report described in paragraph (a). The statistics must include:

(1) the total number and population demographics of individuals under supervision in adult facilities, juvenile facilities, and the community who were convicted as an extended jurisdiction juvenile;

(2) the number of individuals convicted as an extended jurisdiction juvenile who successfully completed probation in the previous year;

(3) the number of individuals identified in clause (2) for whom the court terminated jurisdiction before the person became 21 years of age pursuant to section 260B.193, subdivision 5;

(4) the number of individuals convicted as an extended jurisdiction juvenile whose sentences were executed; and

(5) the average length of time individuals convicted as an extended jurisdiction juvenile spend on probation.

Sec. 5. Minnesota Statutes 2020, section 241.021, subdivision 1, is amended to read:

Subdivision 1. **Correctional facilities; inspection; licensing.** (a) Except as provided in paragraph (b), the commissioner of corrections shall inspect and license all correctional facilities throughout the state, whether public or private, established and operated for the detention and confinement of persons ~~detained or~~ confined or incarcerated therein according to law except to the extent that they are inspected or licensed by other state regulating agencies. The commissioner shall promulgate pursuant to chapter 14, rules establishing minimum standards for these facilities with respect to their management, operation, physical condition, and the security, safety, health, treatment, and discipline of persons ~~detained or~~ confined or incarcerated therein. ~~Commencing September 1, 1980,~~ These minimum standards shall include but are not limited to specific guidance pertaining to:

(1) screening, appraisal, assessment, and treatment for persons confined or incarcerated in correctional facilities with mental illness or substance use disorders;

(2) a policy on the involuntary administration of medications;

(3) suicide prevention plans and training;

(4) verification of medications in a timely manner;

(5) well-being checks;

(6) discharge planning, including providing prescribed medications to persons confined or incarcerated in correctional facilities upon release;

(7) a policy on referrals or transfers to medical or mental health care in a noncorrectional institution;

(8) use of segregation and mental health checks;

(9) critical incident debriefings;

(10) clinical management of substance use disorders;

(11) a policy regarding identification of persons with special needs confined or incarcerated in correctional facilities;

(12) a policy regarding the use of telehealth;

(13) self-auditing of compliance with minimum standards;

(14) information sharing with medical personnel and when medical assessment must be facilitated;

(15) a code of conduct policy for facility staff and annual training;

(16) a policy on death review of all circumstances surrounding the death of an individual committed to the custody of the facility; and

(17) dissemination of a rights statement made available to persons confined or incarcerated in licensed correctional facilities.

No individual, corporation, partnership, voluntary association, or other private organization legally responsible for the operation of a correctional facility may operate the facility unless ~~licensed by~~ it possesses a current license from the commissioner of corrections. Private adult correctional facilities shall have the authority of section 624.714, subdivision 13, if the Department of Corrections licenses the facility with ~~such~~ the authority and the facility meets requirements of section 243.52.

The commissioner shall review the correctional facilities described in this subdivision at least once every ~~biennium~~ two years, except as otherwise provided ~~herein~~, to determine compliance with the minimum standards established ~~pursuant~~ according to this subdivision or other law related to minimum standards and conditions of confinement.

The commissioner shall grant a license to any facility found to conform to minimum standards or to any facility which, in the commissioner's judgment, is making satisfactory progress toward substantial conformity and the standards not being met do not impact the interests and well-being of the persons ~~detained or~~ confined ~~therein~~ or incarcerated in the facility ~~are protected~~. A limited license under subdivision 1a may be issued for purposes of effectuating a facility closure. The commissioner may grant licensure up to two years. Unless otherwise specified by statute, all licenses issued under this chapter expire at 12:01 a.m. on the day after the expiration date stated on the license.

The commissioner shall have access to the buildings, grounds, books, records, staff, and to persons ~~detained or~~ confined or incarcerated in these facilities. The commissioner may require the officers in charge of these facilities to furnish all information and statistics the commissioner deems necessary, at a time and place designated by the commissioner.

All facility administrators of correctional facilities defined under subdivision 1g are required to report all deaths of individuals who died while committed to the custody of the facility, regardless of whether the death occurred at the facility or after removal from the facility for medical care stemming from an incident or need for medical care at the correctional facility, as soon as practicable, but no later than 24 hours of receiving knowledge of the death, including any demographic information as required by the commissioner.

All facility administrators of correctional facilities defined under subdivision 1g are required to report all other emergency or unusual occurrences as defined by rule, including uses of force by facility staff that result in substantial bodily harm or suicide attempts, to the commissioner of corrections within ten days from the occurrence, including any demographic information as required by the commissioner. The commissioner of corrections shall consult with the Minnesota Sheriffs' Association and a representative from the Minnesota Association of Community Corrections Act Counties who is responsible for the operations of an adult correctional facility to define "use of force" that results in substantial bodily harm for reporting purposes.

The commissioner may require that any or all such information be provided through the Department of Corrections detention information system. The commissioner shall post each inspection report publicly and on the department's website within 30 days of completing the inspection. The education program offered in a correctional facility for the ~~detention or~~ confinement or incarceration of juvenile offenders must be approved by the commissioner of education before the commissioner of corrections may grant a license to the facility.

(b) For juvenile facilities licensed by the commissioner of human services, the commissioner may inspect and certify programs based on certification standards set forth in Minnesota Rules. For the purpose of this paragraph, "certification" has the meaning given it in section 245A.02.

(c) Any state agency which regulates, inspects, or licenses certain aspects of correctional facilities shall, insofar as is possible, ensure that the minimum standards it requires are substantially the same as those required by other state agencies which regulate, inspect, or license the same aspects of similar types of correctional facilities, although at different correctional facilities.

(d) Nothing in this section shall be construed to limit the commissioner of corrections' authority to promulgate rules establishing standards of eligibility for counties to receive funds under sections 401.01 to 401.16, or to require counties to comply with operating standards the commissioner establishes as a condition precedent for counties to receive that funding.

(e) The department's inspection unit must report directly to a division head outside of the correctional institutions division.

~~(e) When the commissioner finds that any facility described in paragraph (a), except foster care facilities for delinquent children and youth as provided in subdivision 2, does not substantially conform to the minimum standards established by the commissioner and is not making satisfactory progress toward substantial conformance, the commissioner shall promptly notify the chief executive officer and the governing board of the facility of the deficiencies and order that they be remedied within a reasonable period of time. The commissioner may by written order restrict the use of any facility which does not substantially conform to minimum standards to prohibit the detention of any person therein for more than 72 hours at one time. When, after due notice and hearing, the commissioner finds that any facility described in this subdivision, except county jails and lockups as provided in sections 641.26, 642.10, and 642.11, does not conform to minimum standards, or is not making satisfactory progress toward substantial compliance therewith, the commissioner may issue an order revoking the license of that facility. After revocation of its license, that facility shall not be used until its license is renewed. When the commissioner is satisfied that satisfactory progress towards substantial compliance with minimum standard is being made, the commissioner may, at the request of the appropriate officials of the affected facility supported by a written schedule for compliance, grant an extension of time for a period not to exceed one year.~~

~~(f) As used in this subdivision, "correctional facility" means any facility, including a group home, having a residential component, the primary purpose of which is to serve persons placed therein by a court, court services department, parole authority, or other correctional agency having dispositional power over persons charged with, convicted, or adjudicated to be guilty or delinquent.~~

Sec. 6. Minnesota Statutes 2020, section 241.021, is amended by adding a subdivision to read:

Subd. 1a. **Correction order; conditional license.** (a) When the commissioner finds that any facility described in subdivision 1, except foster care facilities for delinquent children and youth as provided in subdivision 2, does not substantially conform to the minimum standards established by the commissioner and is not making satisfactory progress toward substantial conformance and the nonconformance does not present an imminent risk of life-threatening harm or serious physical injury to the persons confined or incarcerated in the facility, the commissioner shall promptly notify the facility administrator and the governing board of the facility of the deficiencies and must issue a correction order or a conditional license order that the deficiencies be remedied within a reasonable and specified period of time.

The conditional license order may restrict the use of any facility which does not substantially conform to minimum standards, including imposition of conditions limiting operation of the facility or parts of the facility, reducing facility capacity, limiting intake, limiting length of detention for individuals, or imposing detention limitations based on the needs of the individuals being confined or incarcerated therein.

The correction order or conditional license order must clearly state the following:

(1) the specific minimum standards violated, noting the implicated rule or law;

(2) the findings that constitute a violation of minimum standards;

(3) the corrective action needed;

(4) time allowed to correct each violation; and

(5) if a license is made conditional, the length and terms of the conditional license, any conditions limiting operation of the facility, and the reasons for making the license conditional.

(b) The facility administrator may request review of the findings noted in the conditional license order on the grounds that satisfactory progress toward substantial compliance with minimum standards has been made, supported by evidence of correction, and, if appropriate, may include a written schedule for compliance. The commissioner shall review the evidence of correction and the progress made toward substantial compliance with minimum standards within a reasonable period of time, not to exceed ten business days. When the commissioner has assurance that satisfactory progress toward substantial compliance with minimum standards is being made, the commissioner shall lift any conditions limiting operation of the facility or parts of the facility or remove the conditional license order.

(c) Nothing in this section prohibits the commissioner from ordering a revocation under subdivision 1b prior to issuing a correction order or conditional license order.

Sec. 7. Minnesota Statutes 2020, section 241.021, is amended by adding a subdivision to read:

Subd. 1b. **License revocation order.** (a) When, after due notice to the facility administrator of the commissioner's intent to issue a revocation order, the commissioner finds that any facility described in this subdivision, except county jails and lockups subject to active condemnation proceedings or orders as provided in sections 641.26, 642.10, and 642.11, does not conform to minimum standards, or is not making satisfactory progress toward substantial compliance with minimum standards, and the nonconformance does not present an imminent risk of life-threatening harm or serious physical injury to the persons confined or incarcerated in the facility, the commissioner may issue an order revoking the license of that facility.

The notice of intent to issue a revocation order shall include:

(1) the citation to minimum standards that have been violated;

(2) the nature and severity of each violation;

(3) whether the violation is recurring or nonrecurring;

(4) the effect of the violation on persons confined or incarcerated in the correctional facility;

(5) an evaluation of the risk of harm to persons confined or incarcerated in the correctional facility;

(6) relevant facts, conditions, and circumstances concerning the operation of the licensed facility, including at a minimum:

(i) specific facility deficiencies that endanger the health or safety of persons confined or incarcerated in the correctional facility;

(ii) substantiated complaints relating to the correctional facility; or

(iii) any other evidence that the correctional facility is not in compliance with minimum standards.

(b) The facility administrator must submit a written response within 30 days of receipt of the notice of intent to issue a revocation order with any information related to errors in the notice, ability to conform to minimum standards within a set period of time including but not limited to a written schedule for compliance, and any other information the facility administrator deems relevant for consideration by the commissioner. The written response must also include a written plan indicating how the correctional facility will ensure the transfer of confined or incarcerated individuals and records if the correctional facility closes. Plans must specify arrangements the correctional facility will make to transfer confined or incarcerated individuals to another licensed correctional facility for continuation of detention.

(c) When revoking a license, the commissioner shall consider the nature, chronicity, or severity of the violation of law or rule and the effect of the violation on the health, safety, or rights of persons confined or incarcerated in the correctional facility.

(d) If the facility administrator does not respond within 30 days to the notice of intent to issue a revocation order or if the commissioner does not have assurance that satisfactory progress toward substantial compliance with minimum standards will be made, the commissioner shall issue a revocation order. The revocation order must be sent to the facility administrator and the governing board of the facility, clearly stating:

(1) the specific minimum standards violated, noting the implicated rule or law;

(2) the findings that constitute a violation of minimum standards and the nature, chronicity, or severity of those violations;

(3) the corrective action needed;

(4) any prior correction or conditional license orders issued to correct violations; and

(5) the date at which the license revocation shall take place.

A revocation order may authorize use until a certain date, not to exceed the duration of the current license, unless a limited license is issued by the commissioner for purposes of effectuating a facility closure and continued operation does not present an imminent risk of life-threatening harm or is not likely to result in serious physical injury to the persons confined or incarcerated in the facility.

(e) After revocation of the facility's licensure, that facility shall not be used until the license is renewed. When the commissioner is satisfied that satisfactory progress toward substantial compliance with minimum standards is being made, the commissioner may, at the request of the facility administrator supported by a written schedule for compliance, reinstate the license.

Sec. 8. Minnesota Statutes 2020, section 241.021, is amended by adding a subdivision to read:

Subd. 1c. **Temporary license suspension.** The commissioner shall act immediately to temporarily suspend a license issued under this chapter if:

(1) the correctional facility's failure to comply with applicable minimum standards or the conditions in the correctional facility pose an imminent risk of life-threatening harm or serious physical injury to persons confined or incarcerated in the facility, staff, law enforcement, visitors, or the public; and

(i) if the imminent risk of life-threatening harm or serious physical injury cannot be promptly corrected through a different type of order under this section; and

(ii) the correctional facility cannot or has not corrected the violation giving rise to the imminent risk of life-threatening harm or serious physical injury; or

(2) while the correctional facility continues to operate pending due notice and opportunity for written response to the commissioner's notice of intent to issue an order of revocation, the commissioner identifies one or more subsequent violations of minimum standards which may adversely affect the health or safety of persons confined or incarcerated in the facility, staff, law enforcement, visitors, or the public.

A notice stating the reasons for the immediate suspension informing the facility administrator must be delivered by personal service to the correctional facility administrator and the governing board of the facility.

Sec. 9. Minnesota Statutes 2020, section 241.021, is amended by adding a subdivision to read:

Subd. 1d. **Public notice of restriction, revocation, or suspension.** If the license of a facility under this section is revoked or suspended, or use of the facility is restricted for any reason under a conditional license order, the commissioner shall post the facility, the status of the facility's license, and the reason for the restriction, revocation, or suspension publicly and on the department's website.

Sec. 10. Minnesota Statutes 2020, section 241.021, is amended by adding a subdivision to read:

Subd. 1e. **Reconsideration of orders; appeals.** (a) If the facility administrator believes the correction order, conditional license order, or revocation order is in error, the facility administrator may ask the Department of Corrections to reconsider the parts of the order or action that are alleged to be in error. The request for reconsideration must:

(1) be made in writing;

(2) be postmarked and sent to the commissioner no later than 30 calendar days after receipt of the correction order, conditional license order, or revocation order;

(3) specify the parts of the order that are alleged to be in error;

(4) explain why the correction order, conditional license order, or revocation order is in error; and

(5) include documentation to support the allegation of error.

The commissioner shall issue a disposition within 60 days of receipt of the facility administrator's response to correction, conditional license, or revocation order violations. A request for reconsideration does not stay any provisions or requirements of the order.

(b) The facility administrator may request reconsideration of an order immediately suspending a license. The request for reconsideration of an order immediately suspending a license must be made in writing and sent by certified mail, personal service, or other means expressly stated in the commissioner's order. If mailed, the request for reconsideration must be postmarked and sent to the commissioner no later than five business days after the facility administrator receives notice that the license has been immediately suspended. If a request is made by personal service, it must be received by the commissioner no later than five business days after the facility administrator received the order. The request for reconsideration must:

(1) specify the parts of the order that are alleged to be in error;

(2) explain why they are in error; and

(3) include documentation to support the allegation of error.

A facility administrator and the governing board of the facility shall discontinue operation of the correctional facility upon receipt of the commissioner's order to immediately suspend the license.

(c) Within five business days of receipt of the facility administrator's timely request for reconsideration of a temporary immediate suspension, the commissioner shall review the request for reconsideration. The scope of the review shall be limited solely to the issue of whether the temporary immediate suspension order should remain in effect pending the written response to commissioner's notice of intent to issue a revocation order.

The commissioner's disposition of a request for reconsideration of correction, conditional license, temporary immediate suspension, or revocation order is final and subject to appeal. The facility administrator must request reconsideration as required by this section of any correction, conditional license, temporary immediate suspension, or revocation order prior to appeal.

No later than 60 days after the postmark date of the mailed notice of the commissioner's decision on a request for reconsideration, the facility administrator may appeal the decision by filing for a writ of certiorari with the court of appeals under section 606.01 and Minnesota Rules of Civil Appellate Procedure, Rule 115.

Sec. 11. Minnesota Statutes 2020, section 241.021, is amended by adding a subdivision to read:

Subd. 1f. **Report.** By February 15, 2022, and by February 15 each year thereafter, the commissioner of corrections shall report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over public safety and judiciary on the status of the implementation of the provisions in this section over the prior year, particularly the health and safety of individuals confined or incarcerated in a state correctional facility and a facility licensed by the commissioner. This report shall include but not be limited to data regarding:

(1) the number of confined or incarcerated persons who died while committed to the custody of the facility, regardless of whether the death occurred at the facility or after removal from the facility for medical care stemming from an incident or need for medical care at the correctional facility, including aggregated demographic information and the correctional facilities' most recent inspection reports and any corrective orders or conditional licenses issued;

(2) the aggregated results of the death reviews by facility as required by subdivision 8, including any implemented policy changes;

(3) the number of uses of force by facility staff on persons confined or incarcerated in the correctional facility, including but not limited to whether those uses of force were determined to be justified by the facility, for which the commissioner of corrections shall consult with the Minnesota Sheriffs' Association and a representative from the Minnesota Association of Community Corrections Act Counties who is responsible for the operations of an adult correctional facility to develop criteria for reporting and define reportable uses of force;

(4) the number of suicide attempts, number of people transported to a medical facility, and number of people placed in segregation;

(5) the number of persons committed to the commissioner of corrections' custody that the commissioner is housing in facilities licensed under subdivision 1, including but not limited to:

(i) aggregated demographic data of those individuals;

(ii) length of time spent housed in a licensed correctional facility; and

(iii) any contracts the Department of Corrections has with correctional facilities to provide housing; and

(6) summary data from state correctional facilities regarding complaints involving alleged on-duty staff misconduct, including but not limited to the:

(i) total number of misconduct complaints and investigations;

(ii) total number of complaints by each category of misconduct, as defined by the commissioner of corrections;

(iii) number of allegations dismissed as unfounded;

(iv) number of allegations dismissed on grounds that the allegation was unsubstantiated; and

(v) number of allegations substantiated, any resulting disciplinary action, and the nature of the discipline.

Sec. 12. Minnesota Statutes 2020, section 241.021, is amended by adding a subdivision to read:

Subd. 1g. **Biennial assessment and audit of security practices; state correctional facilities.** (a) Beginning in 2022, the commissioner shall have the department's inspection unit conduct biennial security audits of each state correctional facility using the standards promulgated by the state correctional facilities security audit group. The unit must prepare a report for each assessment and audit and submit the report to the state correctional facilities security audit group within 30 days of completion of the audit.

(b) Corrections and detention confidential data, as defined in section 13.85, subdivision 3, that is contained in reports and records of the group maintain that classification, regardless of their classification in the hands of the person who provided the data, and are not subject to discovery or introduction into evidence in a civil or criminal action against the state arising out of the matters the group 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 they were acquired during the group's audit. This section does not limit a person who presented information to the group or who is a member of the group 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 good faith presentation of information to the group or opinions formed by the person as a result of the group's audits.

Sec. 13. Minnesota Statutes 2020, section 241.021, is amended by adding a subdivision to read:

Subd. 1h. **State correctional facilities security audit group.** (a) Beginning in fiscal year 2022, the commissioner shall form a state correctional facilities security audit group. The group must consist of the following members:

(1) a department employee who is not assigned to the correctional institutions division, appointed by the commissioner;

(2) the ombudsperson for corrections;

(3) an elected sheriff or designee nominated by the Minnesota Sheriffs Association and appointed by the commissioner;

(4) a physical plant safety consultant, appointed by the governor;

(5) a private security consultant with expertise in correctional facility security, appointed by the governor;

(6) two senators, one appointed by the senate majority leader and one appointed by the minority leader; and

(7) two representatives, one appointed by the speaker of the house and one appointed by the minority leader of the house of representatives.

(b) By January 1, 2022, the group shall establish security audit standards for state correctional facilities. In developing the standards, the group, or individual members of the group, may gather information from state correctional facilities and state correctional staff and inmates. The security audit group must periodically review the standards and modify them as needed. The group must report the standards to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over public safety policy and finance by February 15, 2022.

(c) The group shall review facility audit reports submitted to the group by the agency's inspection unit. Notwithstanding any law to the contrary, the group is entitled to review the full audit reports including corrections and detention confidential data. Within 60 days of receiving an audit report from the department's inspection unit, the group must make recommendations to the commissioner. Within 45 days of receiving the group's recommendations, the commissioner must reply in writing to the group's findings and recommendations. The commissioner's response must explain whether the agency will implement the group's recommendations, the timeline for implementation of the changes, and, if not, why the commissioner will not or cannot implement the group's recommendations.

(d) Beginning in 2023, the commissioner must include a written aggregate of the group's recommendations based on each security audit and assessment of a state correctional facility and the commissioner's responses to the recommendations in the biennial report required under section 241.016, subdivision 1. The commissioner shall not include corrections and detention confidential data, as defined in section 13.85, subdivision 3, in the commissioner's report to the legislature.

(e) The commissioner shall provide staffing and administrative support to the group.

Sec. 14. Minnesota Statutes 2020, section 241.021, is amended by adding a subdivision to read:

Subd. 1i. **Definition.** As used in this section, "correctional facility" means any facility, including a group home, having a residential component, the primary purpose of which is to serve persons placed therein by a court, court services department, parole authority, or other correctional agency having dispositional power over persons charged with, convicted, or adjudicated guilty or delinquent.

Sec. 15. Minnesota Statutes 2020, section 241.021, subdivision 2a, is amended to read:

Subd. 2a. **Affected municipality; notice.** The commissioner must not ~~issue~~ grant a license without giving 30 calendar days' written notice to any affected municipality or other political subdivision unless the facility has a licensed capacity of six or fewer persons and is occupied by either the licensee or the group foster home parents. The notification must be given before the license is first ~~issuance of a license~~ granted and annually after that time if annual notification is requested in writing by any affected municipality or other political subdivision. State funds must not be made available to or be spent by an agency or department of state, county, or municipal government for payment to a foster care facility licensed under subdivision 2 until the provisions of this subdivision have been complied with in full.

Sec. 16. Minnesota Statutes 2020, section 241.021, subdivision 2b, is amended to read:

Subd. 2b. **Licensing; facilities; juveniles from outside state.** The commissioner may not:

(1) ~~issue~~ grant a license under this section to operate a correctional facility for the detention or confinement of juvenile offenders if the facility accepts juveniles who reside outside of Minnesota without an agreement with the entity placing the juvenile at the facility that obligates the entity to pay the educational expenses of the juvenile; or

(2) renew a license under this section to operate a correctional facility for the detention or confinement of juvenile offenders if the facility accepts juveniles who reside outside of Minnesota without an agreement with the entity placing the juvenile at the facility that obligates the entity to pay the educational expenses of the juvenile.

Sec. 17. Minnesota Statutes 2020, section 241.021, is amended by adding a subdivision to read:

Subd. 2c. **Searches.** The commissioner shall not grant a license to any county, municipality, or agency to operate a facility for the detention, care, and training of delinquent children and youth unless the county, municipality, or agency institutes a policy strictly prohibiting the visual inspection of breasts, buttocks, or genitalia of children and youth received by the facility except during a health care procedure conducted by a medically licensed person.

Sec. 18. Minnesota Statutes 2020, section 241.021, is amended by adding a subdivision to read:

Subd. 2d. **Disciplinary room time.** The commissioner shall not grant a license to any county, municipality, or agency to operate a facility for the detention, care, and training of delinquent children and youth unless the county, municipality, or agency institutes a policy strictly prohibiting the use of disciplinary room time for children and youth received by the facility. Seclusion used in emergency situations as a response to imminent danger to the resident or others, when less restrictive interventions are determined to be ineffective, is not a violation of this subdivision.

Sec. 19. Minnesota Statutes 2020, section 241.021, is amended by adding a subdivision to read:

Subd. 7. **Intake release of information.** All correctional facilities that confine or incarcerate adults are required at intake to provide each person an authorization form to release information related to that person's health or mental health condition and when that information should be shared. This release form shall allow the individual to select if the individual wants to require the correctional facility to make attempts to contact the designated person to facilitate the sharing of health condition information upon incapacitation or if the individual becomes unable to communicate or direct the sharing of this information, so long as contact information was provided and the incapacitated individual or individual who is unable to communicate or direct the sharing of this information is not subject to a court order prohibiting contact with the designated person.

Sec. 20. Minnesota Statutes 2020, section 241.021, is amended by adding a subdivision to read:

Subd. 8. **Death review teams.** In the event a correctional facility as defined in subdivision 1g receives information of the death of an individual while committed to the custody of the facility, regardless of whether the death occurred at the facility or after removal from the facility for medical care stemming from an incident or need for medical care at the correctional facility, the administrator of the facility, minimally including a medical expert of the facility's choosing who did not provide medical services to the individual, and, if appropriate, a mental health expert, shall review the circumstances of the death and assess for preventable mortality and morbidity, including recommendations for policy or procedure change, within 90 days of death. The investigating law enforcement agency may provide documentation, participate in, or provide documentation and participate in the review in instances where criminal charges were not brought. A preliminary autopsy report must be provided as part of the review and any subsequent autopsy findings as available. The facility administrator shall provide notice to the commissioner of corrections via the Department of Corrections detention information system that the correctional facility has conducted a review and identify any recommendations for changes in policy, procedure, or training that will be implemented. Any report or other documentation created for purposes of a facility death review is confidential as defined in section 13.02, subdivision 3. Nothing in this section relieves the facility administrator from complying with the notice of death to the commissioner as required by subdivision 1, paragraph (a).

Sec. 21. Minnesota Statutes 2020, section 241.025, subdivision 1, is amended to read:

Subdivision 1. **Authorization.** The commissioner of corrections may appoint peace officers, as defined in section 626.84, subdivision 1, paragraph (c), who shall serve in the classified service subject to the provisions of section 43A.01, subdivision 2, and establish a law enforcement agency, as defined in section 626.84, subdivision 1, paragraph (f), known as the Department of Corrections Fugitive Apprehension Unit, to perform the duties necessary to make statewide arrests under sections 629.30 and 629.34. The jurisdiction of the law enforcement agency is ~~limited to~~ primarily the arrest of Department of Corrections' discretionary and statutory released violators and Department of Corrections' escapees. The Department of Corrections Fugitive Apprehension Unit may exercise general law enforcement duties during the course of official duties, including carrying out law enforcement activities in coordination with the law enforcement agency of jurisdiction, investigating criminal offenses in agency-operated correctional facilities and surrounding property, and assisting other law enforcement agencies upon request.

Sec. 22. Minnesota Statutes 2020, section 241.025, subdivision 2, is amended to read:

Subd. 2. **Limitations.** The initial processing of a person arrested by the fugitive apprehension unit for an offense ~~within the agency's jurisdiction~~ is the responsibility of the fugitive apprehension unit unless otherwise directed by the law enforcement agency with primary jurisdiction. A subsequent investigation is the responsibility of the law enforcement agency of the jurisdiction ~~in which a new crime is committed~~ unless the law enforcement agency authorizes the fugitive apprehension unit to assume the subsequent investigation. At the request of the primary jurisdiction, the fugitive apprehension unit may assist in subsequent investigations or law enforcement efforts being carried out by the primary jurisdiction. Persons arrested for violations that the fugitive apprehension unit determines are not within the agency's jurisdiction must be referred to the appropriate local law enforcement agency for further investigation or disposition.

Sec. 23. Minnesota Statutes 2020, section 241.025, subdivision 3, is amended to read:

Subd. 3. **Policies.** The fugitive apprehension unit must develop and file all policies required under state law for law enforcement agencies. The fugitive apprehension unit also must develop a policy for contacting law enforcement agencies in a city or county before initiating any fugitive surveillance, investigation, or apprehension within the city or county. ~~These policies must be filed with the board of peace officers standards and training by November 1, 2000.~~ Revisions of any of these policies must be filed with the board within ten days of the effective date of the revision. The Department of Corrections shall train all of its peace officers regarding the application of these policies.

Sec. 24. **[241.067] RELEASE OF INMATES; DUTIES OF COMMISSIONER.**

Subdivision 1. **Duties upon release.** When releasing an inmate from prison, the commissioner shall provide to the inmate:

(1) a copy of the inmate's unofficial criminal history compiled by the department and marked as unofficial;

(2) information on how to obtain the inmate's full official criminal history from the Bureau of Criminal Apprehension;

(3) general information describing the laws and processes for obtaining an expungement of the inmate's criminal record;

(4) general information on the inmate's right to vote;

(5) current information on local career workforce centers in the county in which the inmate will reside and, upon the inmate's request, other counties;

(6) a record of the programs that the inmate completed while in prison;

(7) an accounting of any court-ordered payments, fines, and fees owed by the inmate upon release of which the department has knowledge;

(8) assistance in obtaining a Social Security card;

(9) a medical discharge summary;

(10) information on how the inmate may obtain a complete copy of the inmate's medical record at no charge to the inmate; and

(11) general information on the Supplemental Nutrition Assistance Program (SNAP) benefits, eligibility criteria, and application process.

Subd. 2. **Assistance relating to birth certificate and identification cards.** (a) Upon the request of an inmate, the commissioner shall assist the inmate in obtaining a copy of the inmate's birth certificate at no cost to the inmate. This assistance does not apply to inmates who (1) upon intake have six months or less remaining in their term of imprisonment, (2) already have an accessible copy of their birth certificate available or other valid identification, or (3) already have a valid photograph on file with the Department of Public Safety that may be used as proof of identity for renewing an identification document.

(b) The commissioner, in collaboration with the Department of Public Safety, shall facilitate the provision of a state identification card to an inmate at no cost to the inmate under the same criteria described in paragraph (a) relating to birth certificates, provided the inmate possesses the necessary qualifying documents to obtain the card.

(c) The commissioner shall inform inmates of the commissioner's duties under paragraphs (a) and (b) upon intake and again upon the initiation of release planning.

Subd. 3. **Medical assistance or MinnesotaCare application.** At least 45 days before the scheduled release of an inmate, the commissioner shall offer to assist the inmate in completing an application for medical assistance or MinnesotaCare and shall provide the assistance if the inmate accepts the offer.

Subd. 4. **Medications.** (a) When releasing an inmate from prison, the commissioner shall provide the inmate with a one-month supply of any non-narcotic medications that have been prescribed to the inmate and a prescription for a 30-day supply of these medications that may be refilled twice.

(b) Paragraph (a) applies only to the extent the requirement is consistent with clinical guidelines and permitted under state and federal law.

(c) Nothing in this subdivision overrides the requirements in section 244.054.

Subd. 5. **Exception; release violators.** Subdivisions 1 to 3 do not apply to inmates who are being imprisoned for a release violation. Subdivision 4 applies to all inmates being released.

EFFECTIVE DATE. This section is effective September 1, 2021, except that the requirement in subdivision 1, clause (10), is effective on July 1, 2022.

Sec. 25. **[241.068] HOMELESSNESS MITIGATION PLAN; ANNUAL REPORTING ON HOMELESSNESS.**

Subdivision 1. **Homelessness mitigation plan; report.** (a) The commissioner of corrections shall develop and implement a homelessness mitigation plan for individuals released from prison. At a minimum, the plan must include:

(1) redesigning of business practices and policies to boost efforts to prevent homelessness for all persons released from prison;

(2) efforts to increase interagency and intergovernmental collaboration between state and local governmental units to identify and leverage shared resources; and

(3) development of internal metrics for the agency to report on its progress toward implementing the plan and achieving the plan's goals.

(b) The commissioner shall submit the plan to the chairs and ranking minority members of the legislative committees having jurisdiction over criminal justice policy and finance by October 31, 2022.

Subd. 2. **Reporting on individuals released to homelessness.** (a) By February 15 of each year beginning in 2022, the commissioner shall report to the chairs and ranking minority members of the legislative committees having jurisdiction over criminal justice policy and finance the following information on adults, disaggregated by race, gender, and county of release:

(1) the total number released to homelessness from prison;

(2) the total number released to homelessness by each Minnesota correctional facility;

(3) the total number released to homelessness by county of release; and

(4) the total number under supervised, intensive supervised, or conditional release following release from prison who reported experiencing homelessness or a lack of housing stability.

(b) Beginning with the 2024 report and continuing until the 2033 report, the commissioner shall include in the report required under paragraph (a), information detailing progress, measures, and challenges to the implementation of the homelessness mitigation plan required by subdivision 1.

EFFECTIVE DATE. This section is effective July, 1, 2021.

Sec. 26. Minnesota Statutes 2020, section 243.48, subdivision 1, is amended to read:

Subdivision 1. **General searches.** The commissioner of corrections, the state correctional facilities audit group, the governor, lieutenant governor, members of the legislature, state officers, and the ombudsperson for corrections may visit the inmates at pleasure, but no other persons without permission of the chief executive officer of the facility, under rules prescribed by the commissioner. A moderate fee may be required of visitors, other than those allowed to visit at pleasure. All fees so collected shall be reported and remitted to the commissioner of management and budget under rules as the commissioner may deem proper, and when so remitted shall be placed to the credit of the general fund.

Sec. 27. Minnesota Statutes 2020, section 243.52, is amended to read:

243.52 DISCIPLINE; PREVENTION OF ESCAPE; DUTY TO REPORT.

Subdivision 1. **Discipline and prevention of escape** If any ~~inmate of~~ person confined or incarcerated in any adult correctional facility either under the control of the commissioner of corrections or licensed by the commissioner of corrections under section 241.021 assaults any correctional officer or any other person ~~or inmate~~, the assaulted person may use force in defense of the assault, except as limited in this section. If any ~~inmate~~ confined or incarcerated person attempts to damage the buildings or appurtenances, resists the lawful authority of any

correctional officer, refuses to obey the correctional officer's reasonable demands, or attempts to escape, the correctional officer may enforce obedience and discipline or prevent escape by the use of force. If any ~~inmate~~ confined or incarcerated person resisting lawful authority is wounded or killed by the use of force by the correctional officer or assistants, that conduct is authorized under this section.

Subd. 2. **Use of force.** (a) Use of force must not be applied maliciously or sadistically for the purpose of causing harm to a confined or incarcerated person.

(b) Unless the use of deadly force is justified in this section, a correctional officer working in a correctional facility as defined in section 241.021 may not use any of the following restraints:

(1) a choke hold;

(2) a prone restraint;

(3) tying all of a person's limbs together behind the person's back to render the person immobile; or

(4) securing a person in any way that results in transporting the person face down in a vehicle, except as directed by a medical professional.

(c) For the purposes of this subdivision, the following terms have the meanings given them:

(1) "choke hold" means a method by which a person applies sufficient pressure to a person to make breathing difficult or impossible, and includes but is not limited to any pressure to the neck, throat, or windpipe that may prevent or hinder breathing or reduce intake of air. Choke hold also means applying pressure to a person's neck on either side of the windpipe, but not to the windpipe itself, to stop the flow of blood to the brain via the carotid arteries;

(2) "prone restraint" means the use of manual restraint that places a person in a face-down position; and

~~As used in this section, "use of force" means conduct which is defined by sections 609.06 to 609.066.~~ (3) "deadly force" has the meaning given in section 609.066, subdivision 1.

(d) Use of deadly force is justified only if an objectively reasonable correctional officer would believe, based on the totality of the circumstances known to the officer at the time and without the benefit of hindsight, that deadly force is necessary:

(1) to protect the correctional officer or another from death or great bodily harm, provided that the threat:

(i) can be articulated with specificity by the correctional officer;

(ii) is reasonably likely to occur absent action by the correctional officer; and

(iii) must be addressed through the use of deadly force without unreasonable delay; or

(2) to effect the capture or prevent the escape of a person when the officer reasonably believes that the person will cause death or great bodily harm to another person under the threat criteria in clause (1), unless immediately apprehended.

Subd. 3. **Duty to report.** (a) Regardless of tenure or rank, staff working in a correctional facility as defined in section 241.021 who observe another employee engage in neglect or use force that exceeds the degree of force permitted by law must report the incident in writing as soon as practicable, but no later than 24 hours to the administrator of the correctional facility that employs the reporting staff member.

(b) A staff member who fails to report neglect or excessive use of force within 24 hours is subject to disciplinary action or sanction by the correctional facility that employs them. Staff members shall suffer no reprisal for reporting another staff member engaged in excessive use of force or neglect.

(c) For the purposes of this subdivision, "neglect" means:

(1) the knowing failure or omission to supply a person confined or incarcerated in the facility with care or services, including but not limited to food, clothing, health care, or supervision that is reasonable and necessary to obtain or maintain the person's physical or mental health or safety; or

(2) the absence or likelihood of absence of care or services, including but not limited to food, clothing, health care, or supervision necessary to maintain the physical and mental health of the person that a reasonable person would deem essential for health, safety, or comfort.

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

Sec. 28. **[243.95] PRIVATE PRISON CONTRACTS PROHIBITED.**

The commissioner may not contract with privately owned and operated prisons for the care, custody, and rehabilitation of offenders committed to the custody of the commissioner.

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

Sec. 29. **[244.049] INDETERMINATE SENTENCE RELEASE BOARD.**

Subdivision 1. **Establishment; membership.** (a) The Indeterminate Sentence Release Board is established to review eligible cases and make release decisions for inmates serving indeterminate sentences under the authority of the commissioner.

(b) The board shall consist of five members as follows:

(1) four persons appointed by the governor from two recommendations of each of the majority leaders and minority leaders of the house of representatives and the senate; and

(2) the commissioner of corrections who shall serve as chair.

(c) The members appointed from the legislative recommendations must meet the following qualifications at a minimum:

(1) a bachelor's degree in criminology, corrections, or a related social science, or a law degree;

(2) five years of experience in corrections, a criminal justice or community corrections field, rehabilitation programming, behavioral health, or criminal law; and

(3) demonstrated knowledge of victim issues and correctional processes.

Subd. 2. **Terms; compensation.** (a) Members of the board shall serve four-year staggered terms except that the terms of the initial members of the board must be as follows:

(1) two members must be appointed for terms that expire January 1, 2024; and

(2) two members must be appointed for terms that expire January 1, 2026.

(b) A member is eligible for reappointment.

(c) Vacancies on the board shall be filled in the same manner as the initial appointments under subdivision 1.

(d) Member compensation and removal of members on the board shall be as provided in section 15.0575.

Subd. 3. **Quorum; administrative duties.** (a) The majority of members constitutes a quorum.

(b) The commissioner of corrections shall provide the board with personnel, supplies, equipment, office space, and other administrative services necessary and incident to the discharge of the functions of the board.

Subd. 4. **Limitation.** Nothing in this section supersedes the commissioner's authority to revoke an inmate's release for a violation of the inmate's terms of release or impairs the power of the Board of Pardons to grant a pardon or commutation in any case.

Subd. 5. **Report.** On or before February 15 each year, the board shall submit to the legislative committees with jurisdiction over criminal justice policy a written report detailing the number of inmates reviewed and identifying persons granted release in the preceding year. The report shall also include the board's recommendations for policy modifications that influence the board's duties.

Sec. 30. Minnesota Statutes 2020, section 244.05, subdivision 5, is amended to read:

Subd. 5. **Supervised release, life sentence.** (a) The ~~commissioner of corrections~~ board may, under rules ~~promulgated~~ adopted by the commissioner and upon majority vote of the board members, give supervised release to an inmate serving a mandatory life sentence under section 609.185, paragraph (a), clause (3), (5), or (6); 609.3455, subdivision 3 or 4; 609.385; or Minnesota Statutes 2004, section 609.109, subdivision 3, after the inmate has served the minimum term of imprisonment specified in subdivision 4.

(b) The ~~commissioner~~ board shall require the preparation of a community investigation report and shall consider the findings of the report when making a supervised release decision under this subdivision. The report shall reflect the sentiment of the various elements of the community toward the inmate, both at the time of the offense and at the present time. The report shall include the views of the sentencing judge, the prosecutor, any law enforcement personnel who may have been involved in the case, and any successors to these individuals who may have information relevant to the supervised release decision. The report shall also include the views of the victim and the victim's family unless the victim or the victim's family chooses not to participate.

(c) The commissioner shall make reasonable efforts to notify the victim, in advance, of the time and place of the inmate's supervised release review hearing. The victim has a right to submit an oral or written statement at the review hearing. The statement may summarize the harm suffered by the victim as a result of the crime and give the victim's recommendation on whether the inmate should be given supervised release at this time. The ~~commissioner~~ board must consider the victim's statement when making the supervised release decision.

(d) When considering whether to give supervised release to an inmate serving a life sentence under section 609.3455, subdivision 3 or 4, the ~~commissioner~~ board shall consider, at a minimum, the following: the risk the inmate poses to the community if released, the inmate's progress in treatment, the inmate's behavior while incarcerated, psychological or other diagnostic evaluations of the inmate, the inmate's criminal history, and any other relevant conduct of the inmate while incarcerated or before incarceration. The ~~commissioner~~ board may not give supervised release to the inmate unless:

(1) while in prison:

(i) the inmate has successfully completed appropriate sex offender treatment;

(ii) the inmate has been assessed for chemical dependency needs and, if appropriate, has successfully completed chemical dependency treatment; and

(iii) the inmate has been assessed for mental health needs and, if appropriate, has successfully completed mental health treatment; and

(2) a comprehensive individual release plan is in place for the inmate that ensures that, after release, the inmate will have suitable housing and receive appropriate aftercare and community-based treatment. The comprehensive plan also must include a postprison employment or education plan for the inmate.

(e) As used in this subdivision~~,~~:

(1) "board" means the Indeterminate Sentence Release Board under section 244.049; and

(2) "victim" means the individual who suffered harm as a result of the inmate's crime or, if the individual is deceased, the deceased's surviving spouse or next of kin.

Sec. 31. Minnesota Statutes 2020, section 244.065, is amended to read:

244.065 PRIVATE EMPLOYMENT OF INMATES OR SPECIALIZED PROGRAMMING FOR PREGNANT INMATES OF STATE CORRECTIONAL INSTITUTIONS IN COMMUNITY.

Subdivision 1. **Work.** When consistent with the public interest and the public safety, the commissioner of corrections may conditionally release an inmate to work at paid employment, seek employment, or participate in a vocational training or educational program, as provided in section 241.26, if the inmate has served at least one half of the term of imprisonment.

Subd. 2. **Pregnancy.** (a) In the furtherance of public interest and community safety, the commissioner of corrections may conditionally release:

(1) for up to one year postpartum, an inmate who gave birth within eight months of the date of commitment; and

(2) for the duration of the pregnancy and up to one year postpartum, an inmate who is pregnant.

(b) The commissioner may conditionally release an inmate under paragraph (a) to community-based programming for the purpose of participation in prenatal or postnatal care programming and to promote mother-child bonding in addition to other programming requirements as established by the commissioner, including evidence-based parenting skills programming; working at paid employment; seeking employment; or participating in vocational training, an educational program, or chemical dependency or mental health treatment services.

(c) The commissioner shall develop policy and criteria to implement this subdivision according to public safety and generally accepted correctional practice.

(d) By April 1 of each year, the commissioner shall report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over corrections on the number of inmates released and the duration of the release under this subdivision for the prior calendar year.

Sec. 32. Minnesota Statutes 2020, section 244.19, subdivision 3, is amended to read:

Subd. 3. **Powers and duties.** All county probation officers serving a district court shall act under the orders of the court in reference to any person committed to their care by the court, and in the performance of their duties shall have the general powers of a peace officer; and it shall be their duty to make such investigations with regard to any

person as may be required by the court before, during, or after the trial or hearing, and to furnish to the court such information and assistance as may be required; to take charge of any person before, during or after trial or hearing when so directed by the court, and to keep such records and to make such reports to the court as the court may order.

All county probation officers serving a district court shall, in addition, provide probation and parole services to wards of the commissioner of corrections resident in the counties they serve, and shall act under the orders of said commissioner of corrections in reference to any ward committed to their care by the commissioner of corrections.

All probation officers serving a district court shall, under the direction of the authority having power to appoint them, initiate programs for the welfare of persons coming within the jurisdiction of the court to prevent delinquency and crime and to rehabilitate within the community persons who come within the jurisdiction of the court and are properly subject to efforts to accomplish prevention and rehabilitation. They shall, under the direction of the court, cooperate with all law enforcement agencies, schools, child welfare agencies of a public or private character, and other groups concerned with the prevention of crime and delinquency and the rehabilitation of persons convicted of crime and delinquency.

All probation officers serving a district court shall make monthly and annual reports to the commissioner of corrections, on forms furnished by the commissioner, containing such information on number of cases cited to the juvenile division of district court, offenses, adjudications, dispositions, and related matters as may be required by the commissioner of corrections. The reports shall include the information on individuals convicted as an extended jurisdiction juvenile identified in section 241.016, subdivision 1, paragraph (c).

Sec. 33. Minnesota Statutes 2020, section 244.195, subdivision 2, is amended to read:

Subd. 2. **Detention pending hearing.** When it appears necessary to enforce discipline or to prevent a person on conditional release from escaping or absconding from supervision, a court services director has the authority to issue a written order directing any peace officer or any probation officer in the state serving the district and juvenile courts to detain and bring the person before the court or the commissioner, whichever is appropriate, for disposition. If the person on conditional release commits a violation described in section 609.14, subdivision 1a, paragraph (a), the court services director must have a reasonable belief that the order is necessary to prevent the person from escaping or absconding from supervision or that the continued presence of the person in the community presents a risk to public safety before issuing a written order. This written order is sufficient authority for the peace officer or probation officer to detain the person for not more than 72 hours, excluding Saturdays, Sundays, and holidays, pending a hearing before the court or the commissioner.

Sec. 34. **[260B.008] USE OF RESTRAINTS.**

(a) As used in this section, "restraints" means a mechanical or other device that constrains the movement of a person's body or limbs.

(b) Restraints may not be used on a child appearing in court in a proceeding under this chapter unless the court finds that:

(1) the use of restraints is necessary:

(i) to prevent physical harm to the child or another; or

(ii) to prevent the child from fleeing in situations in which the child presents a substantial risk of flight from the courtroom; and

(2) there are no less restrictive alternatives to restraints that will prevent flight or physical harm to the child or another, including but not limited to the presence of court personnel, law enforcement officers, or bailiffs.

The finding in clause (1), item (i), may be based, among other things, on the child having a history of disruptive courtroom behavior or behavior while in custody for any current or prior offense that has placed others in potentially harmful situations, or presenting a substantial risk of inflicting physical harm on the child or others as evidenced by past behavior. The court may take into account the physical structure of the courthouse in assessing the applicability of the above factors to the individual child.

(c) The court shall be provided the child's behavior history and shall provide the child an opportunity to be heard in person or through counsel before ordering the use of restraints. If restraints are ordered, the court shall make findings of fact in support of the order.

(d) By April 1, 2022, each judicial district shall develop a protocol to address how to implement and comply with this section. In developing the protocol, a district shall consult with law enforcement agencies, prosecutors, public defenders within the district, and any other entity deemed necessary by the district's chief judge.

EFFECTIVE DATE. Paragraphs (a), (b), and (c) are effective April 15, 2022. Paragraph (d) is effective the day following final enactment.

Sec. 35. Minnesota Statutes 2020, section 260B.163, subdivision 1, is amended to read:

Subdivision 1. **General.** (a) Except for hearings arising under section 260B.425, hearings on any matter shall be without a jury and may be conducted in an informal manner, except that a child who is prosecuted as an extended jurisdiction juvenile has the right to a jury trial on the issue of guilt. The rules of evidence promulgated pursuant to section 480.0591 and the law of evidence shall apply in adjudicatory proceedings involving a child alleged to be delinquent, an extended jurisdiction juvenile, or a juvenile petty offender, and hearings conducted pursuant to section 260B.125 except to the extent that the rules themselves provide that they do not apply.

(b) When a continuance or adjournment is ordered in any proceeding, the court may make any interim orders as it deems in the best interests of the minor in accordance with the provisions of sections 260B.001 to 260B.421.

(c) Except as otherwise provided in this paragraph, the court shall exclude the general public from hearings under this chapter and shall admit only those persons who, in the discretion of the court, have a direct interest in the case or in the work of the court. The court shall permit the victim of a child's delinquent act to attend any related delinquency proceeding, except that the court may exclude the victim:

(1) as a witness under the Rules of Criminal Procedure; and

(2) from portions of a certification hearing to discuss psychological material or other evidence that would not be accessible to the public.

The court shall open the hearings to the public in ~~delinquency or~~ extended jurisdiction juvenile proceedings where the child is alleged to have committed an offense or has been proven to have committed an offense that would be a felony if committed by an adult and the child was at least 16 years of age at the time of the offense, except that the court may exclude the public from portions of a certification hearing to discuss psychological material or other evidence that would not be accessible to the public in an adult proceeding.

(d) In all delinquency cases a person named in the charging clause of the petition as a person directly damaged in person or property shall be entitled, upon request, to be notified by the court administrator in writing, at the named person's last known address, of (1) the date of the certification or adjudicatory hearings, and (2) the disposition of the case.

Sec. 36. **[260B.1755] ALTERNATIVE TO ARREST OF CERTAIN JUVENILE OFFENDERS AUTHORIZED.**

(a) A peace officer who has probable cause to believe that a child is a petty offender or delinquent child may refer the child to a program, including restorative programs, that the law enforcement agency with jurisdiction over the child deems appropriate.

(b) If a peace officer or law enforcement agency refers a child to a program under paragraph (a), the peace officer or law enforcement agency may defer issuing a citation or a notice to the child to appear in juvenile court, transmitting a report to the prosecuting authority, or otherwise initiating a proceeding in juvenile court.

(c) After receiving notice that a child who was referred to a program under paragraph (a) successfully completed that program, a peace officer or law enforcement agency shall not issue a citation or a notice to the child to appear in juvenile court, transmit a report to the prosecuting authority, or otherwise initiate a proceeding in juvenile court for the conduct that formed the basis of the referral.

(d) This section does not apply to peace officers acting pursuant to an order or warrant described in section 260B.175, subdivision 1, paragraph (a), or other court order to take a child into custody.

Sec. 37. Minnesota Statutes 2020, section 260B.176, is amended by adding a subdivision to read:

Subd. 1a. **Risk assessment instrument.** If a peace officer or probation or parole officer who took a child into custody does not release the child as provided in subdivision 1, the peace officer or probation or parole officer shall communicate with or deliver the child to a juvenile secure detention facility to determine whether the child should be released or detained. Before detaining a child, the supervisor of the facility shall use an objective and racially, ethnically, and gender-responsive juvenile detention risk assessment instrument developed by the commissioner of corrections, county, group of counties, or judicial district, in consultation with the state coordinator or coordinators of the Minnesota Juvenile Detention Alternatives Initiative. The risk assessment instrument must assess the likelihood that a child released from preadjudication detention under this section or section 260B.178 would endanger others or not return for a court hearing. The instrument must identify the appropriate setting for a child who might endanger others or not return for a court hearing pending adjudication, with either continued detention or placement in a noncustodial community-based supervision setting. The instrument must also identify the type of noncustodial community-based supervision setting necessary to minimize the risk that a child who is released from custody will endanger others or not return for a court hearing. If, after using the instrument, a determination is made that the child should be released, the person taking the child into custody or the supervisor of the facility shall release the child as provided in subdivision 1.

EFFECTIVE DATE. This section is effective August 15, 2022.

Sec. 38. Minnesota Statutes 2020, section 260B.176, subdivision 2, is amended to read:

Subd. 2. **Reasons for detention.** (a) If the child is not released as provided in subdivision 1, the person taking the child into custody shall notify the court as soon as possible of the detention of the child and the reasons for detention.

(b) No child may be detained in a secure detention facility after being taken into custody for a delinquent act as defined in section 260B.007, subdivision 6, unless the child is over the age of 12.

~~(b)~~ (c) No child may be detained in a juvenile secure detention facility or shelter care facility longer than 36 hours, excluding Saturdays, Sundays, and holidays, after being taken into custody for a delinquent act as defined in section 260B.007, subdivision 6, unless a petition has been filed and the judge or referee determines pursuant to section 260B.178 that the child shall remain in detention.

~~(c)~~ (d) No child may be detained in an adult jail or municipal lockup longer than 24 hours, excluding Saturdays, Sundays, and holidays, or longer than six hours in an adult jail or municipal lockup in a standard metropolitan statistical area, after being taken into custody for a delinquent act as defined in section 260B.007, subdivision 6, unless:

(1) a petition has been filed under section 260B.141; and

(2) a judge or referee has determined under section 260B.178 that the child shall remain in detention.

After August 1, 1991, no child described in this paragraph may be detained in an adult jail or municipal lockup longer than 24 hours, excluding Saturdays, Sundays, and holidays, or longer than six hours in an adult jail or municipal lockup in a standard metropolitan statistical area, unless the requirements of this paragraph have been met and, in addition, a motion to refer the child for adult prosecution has been made under section 260B.125. Notwithstanding this paragraph, continued detention of a child in an adult detention facility outside of a standard metropolitan statistical area county is permissible if:

(i) the facility in which the child is detained is located where conditions of distance to be traveled or other ground transportation do not allow for court appearances within 24 hours. A delay not to exceed 48 hours may be made under this clause; or

(ii) the facility is located where conditions of safety exist. Time for an appearance may be delayed until 24 hours after the time that conditions allow for reasonably safe travel. "Conditions of safety" include adverse life-threatening weather conditions that do not allow for reasonably safe travel.

The continued detention of a child under clause (i) or (ii) must be reported to the commissioner of corrections.

~~(d)~~ (e) If a child described in paragraph ~~(c)~~ (d) is to be detained in a jail beyond 24 hours, excluding Saturdays, Sundays, and holidays, the judge or referee, in accordance with rules and procedures established by the commissioner of corrections, shall notify the commissioner of the place of the detention and the reasons therefor. The commissioner shall thereupon assist the court in the relocation of the child in an appropriate juvenile secure detention facility or approved jail within the county or elsewhere in the state, or in determining suitable alternatives. The commissioner shall direct that a child detained in a jail be detained after eight days from and including the date of the original detention order in an approved juvenile secure detention facility with the approval of the administrative authority of the facility. If the court refers the matter to the prosecuting authority pursuant to section 260B.125, notice to the commissioner shall not be required.

~~(e)~~ (f) When a child is detained for an alleged delinquent act in a state licensed juvenile facility or program, or when a child is detained in an adult jail or municipal lockup as provided in paragraph ~~(c)~~ (d), the supervisor of the facility shall, if the child's parent or legal guardian consents, have a children's mental health screening conducted with a screening instrument approved by the commissioner of human services, unless a screening has been performed within the previous 180 days or the child is currently under the care of a mental health professional. The screening shall be conducted by a mental health practitioner as defined in section 245.4871, subdivision 26, or a probation officer who is trained in the use of the screening instrument. The screening shall be conducted after the initial detention hearing has been held and the court has ordered the child continued in detention. The results of the screening may only be presented to the court at the dispositional phase of the court proceedings on the matter unless the parent or legal guardian consents to presentation at a different time. If the screening indicates a need for assessment, the local social services agency or probation officer, with the approval of the child's parent or legal guardian, shall have a diagnostic assessment conducted, including a functional assessment, as defined in section 245.4871.

Sec. 39. Minnesota Statutes 2020, section 260C.007, subdivision 6, is amended to read:

Subd. 6. **Child in need of protection or services.** "Child in need of protection or services" means a child who is in need of protection or services because the child:

(1) is abandoned or without parent, guardian, or custodian;

(2)(i) has been a victim of physical or sexual abuse as defined in section 260E.03, subdivision 18 or 20, (ii) resides with or has resided with a victim of child abuse as defined in subdivision 5 or domestic child abuse as defined in subdivision 13, (iii) resides with or would reside with a perpetrator of domestic child abuse as defined in subdivision 13 or child abuse as defined in subdivision 5 or 13, or (iv) is a victim of emotional maltreatment as defined in subdivision 15;

(3) is without necessary food, clothing, shelter, education, or other required care for the child's physical or mental health or morals because the child's parent, guardian, or custodian is unable or unwilling to provide that care;

(4) is without the special care made necessary by a physical, mental, or emotional condition because the child's parent, guardian, or custodian is unable or unwilling to provide that care;

(5) is medically neglected, which includes, but is not limited to, the withholding of medically indicated treatment from an infant with a disability with a life-threatening condition. The term "withholding of medically indicated treatment" means the failure to respond to the infant's life-threatening conditions by providing treatment, including appropriate nutrition, hydration, and medication which, in the treating physician's or advanced practice registered nurse's reasonable medical judgment, will be most likely to be effective in ameliorating or correcting all conditions, except that the term does not include the failure to provide treatment other than appropriate nutrition, hydration, or medication to an infant when, in the treating physician's or advanced practice registered nurse's reasonable medical judgment:

(i) the infant is chronically and irreversibly comatose;

(ii) the provision of the treatment would merely prolong dying, not be effective in ameliorating or correcting all of the infant's life-threatening conditions, or otherwise be futile in terms of the survival of the infant; or

(iii) the provision of the treatment would be virtually futile in terms of the survival of the infant and the treatment itself under the circumstances would be inhumane;

(6) is one whose parent, guardian, or other custodian for good cause desires to be relieved of the child's care and custody, including a child who entered foster care under a voluntary placement agreement between the parent and the responsible social services agency under section 260C.227;

(7) has been placed for adoption or care in violation of law;

(8) is without proper parental care because of the emotional, mental, or physical disability, or state of immaturity of the child's parent, guardian, or other custodian;

(9) is one whose behavior, condition, or environment is such as to be injurious or dangerous to the child or others. An injurious or dangerous environment may include, but is not limited to, the exposure of a child to criminal activity in the child's home;

(10) is experiencing growth delays, which may be referred to as failure to thrive, that have been diagnosed by a physician and are due to parental neglect;

(11) is a sexually exploited youth;

(12) has committed a delinquent act or a juvenile petty offense before becoming ~~ten~~ 13 years old;

(13) is a runaway;

(14) is a habitual truant;

(15) has been found incompetent to proceed or has been found not guilty by reason of mental illness or mental deficiency in connection with a delinquency proceeding, a certification under section 260B.125, an extended jurisdiction juvenile prosecution, or a proceeding involving a juvenile petty offense; or

(16) has a parent whose parental rights to one or more other children were involuntarily terminated or whose custodial rights to another child have been involuntarily transferred to a relative and there is a case plan prepared by the responsible social services agency documenting a compelling reason why filing the termination of parental rights petition under section 260C.503, subdivision 2, is not in the best interests of the child.

Sec. 40. Minnesota Statutes 2020, section 401.025, subdivision 1, is amended to read:

Subdivision 1. **Peace officers and probation officers serving CCA counties.** (a) When it appears necessary to enforce discipline or to prevent a person on conditional release from escaping or absconding from supervision, the chief executive officer or designee of a community corrections agency in a CCA county has the authority to issue a written order directing any peace officer or any probation officer in the state serving the district and juvenile courts to detain and bring the person before the court or the commissioner, whichever is appropriate, for disposition. If the person on conditional release commits a violation described in section 609.14, subdivision 1a, paragraph (a), the chief executive officer or designee must have a reasonable belief that the order is necessary to prevent the person from escaping or absconding from supervision or that the continued presence of the person in the community presents a risk to public safety before issuing a written order. This written order is sufficient authority for the peace officer or probation officer to detain the person for not more than 72 hours, excluding Saturdays, Sundays, and holidays, pending a hearing before the court or the commissioner.

(b) The chief executive officer or designee of a community corrections agency in a CCA county has the authority to issue a written order directing a peace officer or probation officer serving the district and juvenile courts to release a person detained under paragraph (a) within 72 hours, excluding Saturdays, Sundays, and holidays, without an appearance before the court or the commissioner. This written order is sufficient authority for the peace officer or probation officer to release the detained person.

(c) The chief executive officer or designee of a community corrections agency in a CCA county has the authority to issue a written order directing any peace officer or any probation officer serving the district and juvenile courts to detain any person on court-ordered pretrial release who absconds from pretrial release or fails to abide by the conditions of pretrial release. A written order issued under this paragraph is sufficient authority for the peace officer or probation officer to detain the person.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to violations that occur on or after that date.

Sec. 41. Minnesota Statutes 2020, section 401.06, is amended to read:

401.06 COMPREHENSIVE PLAN; STANDARDS OF ELIGIBILITY; COMPLIANCE.

No county or group of counties electing to provide correctional services pursuant to sections 401.01 to 401.16 shall be eligible for the subsidy herein provided unless and until its comprehensive plan shall have been approved by the commissioner. The commissioner shall, pursuant to the Administrative Procedure Act, promulgate rules establishing standards of eligibility for counties to receive funds under sections 401.01 to 401.16. To remain eligible for subsidy counties shall maintain substantial compliance with the minimum standards established pursuant to sections 401.01 to 401.16 and the policies and procedures governing the services described in section 401.025 as prescribed by the commissioner. Counties shall also be in substantial compliance with other correctional operating

standards permitted by law and established by the commissioner and shall report statistics required by the commissioner including but not limited to information on individuals convicted as an extended jurisdiction juvenile identified in section 241.016, subdivision 1, paragraph (c). The commissioner shall review annually the comprehensive plans submitted by participating counties, including the facilities and programs operated under the plans. The commissioner is hereby authorized to enter upon any facility operated under the plan, and inspect books and records, for purposes of recommending needed changes or improvements.

When the commissioner shall determine that there are reasonable grounds to believe that a county or group of counties is not in substantial compliance with minimum standards, at least 30 days' notice shall be given the county or counties and a hearing conducted by the commissioner to ascertain whether there is substantial compliance or satisfactory progress being made toward compliance. The commissioner may suspend all or a portion of any subsidy until the required standard of operation has been met.

Sec. 42. Minnesota Statutes 2020, section 609.14, subdivision 1, is amended to read:

Subdivision 1. **Grounds.** (a) When it appears that the defendant has violated any of the conditions of probation or intermediate sanction, or has otherwise been guilty of misconduct which warrants the imposing or execution of sentence, the court may without notice revoke the stay and direct that the defendant be taken into immediate custody. Revocation should only be used as a last resort when rehabilitation has failed.

(b) When it appears that the defendant violated any of the conditions of probation during the term of the stay, but the term of the stay has since expired, the defendant's probation officer or the prosecutor may ask the court to initiate probation revocation proceedings under the Rules of Criminal Procedure at any time within six months after the expiration of the stay. The court also may initiate proceedings under these circumstances on its own motion. If proceedings are initiated within this six-month period, the court may conduct a revocation hearing and take any action authorized under rule 27.04 at any time during or after the six-month period.

(c) Notwithstanding the provisions of section 609.135 or any law to the contrary, after proceedings to revoke the stay have been initiated by a court order revoking the stay and directing either that the defendant be taken into custody or that a summons be issued in accordance with paragraph (a), the proceedings to revoke the stay may be concluded and the summary hearing provided by subdivision 2 may be conducted after the expiration of the stay or after the six-month period set forth in paragraph (b). The proceedings to revoke the stay shall not be dismissed on the basis that the summary hearing is conducted after the term of the stay or after the six-month period. The ability or inability to locate or apprehend the defendant prior to the expiration of the stay or during or after the six-month period shall not preclude the court from conducting the summary hearing unless the defendant demonstrates that the delay was purposefully caused by the state in order to gain an unfair advantage.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to violations that occur on or after that date.

Sec. 43. Minnesota Statutes 2020, section 609.14, is amended by adding a subdivision to read:

Subd. 1a. **Violations where policies favor continued rehabilitation.** (a) Correctional treatment is better provided through a community resource than through confinement, it would not unduly depreciate the seriousness of the violation if probation was not revoked, and the policies favoring probation outweigh the need for confinement if a person has not previously violated a condition of probation or intermediate sanction and does any of the following in violation of a condition imposed by the court:

(1) fails to abstain from the use of controlled substances without a valid prescription, unless the person is under supervision for a violation of:

(i) section 169A.20;

(ii) 609.2112, subdivision 1, paragraph (a), clauses (2) to (6); or

(iii) 609.2113, subdivision 1, clauses (2) to (6), subdivision 2, clauses (2) to (6), or subdivision 3, clauses (2) to (6);

(2) fails to abstain from the use of alcohol, unless the person is under supervision for a violation of:

(i) section 169A.20;

(ii) 609.2112, subdivision 1, paragraph (a), clauses (2) to (6); or

(iii) 609.2113, subdivision 1, clauses (2) to (6), subdivision 2, clauses (2) to (6), or subdivision 3, clauses (2) to (6);

(3) possesses drug paraphernalia in violation of section 152.092;

(4) fails to obtain or maintain employment;

(5) fails to pursue a course of study or vocational training;

(6) fails to report a change in employment, unless the person is prohibited from having contact with minors and the employment would involve such contact;

(7) violates a curfew;

(8) fails to report contact with a law enforcement agency, unless the person was charged with a misdemeanor, gross misdemeanor, or felony; or

(9) commits any offense for which the penalty is a petty misdemeanor.

(b) A violation by a person described in paragraph (a) does not warrant the imposition or execution of sentence and the court may not direct that the person be taken into immediate custody unless the court receives a written report, signed under penalty of perjury pursuant to section 358.116, showing probable cause to believe the person violated probation and establishing by a preponderance of the evidence that the continued presence of the person in the community would present a risk to public safety. If the court does not direct that the person be taken into custody, the court may request a supplemental report from the supervising agent containing:

(1) the specific nature of the violation;

(2) the response of the person under supervision to the violation, if any; and

(3) the actions the supervising agent has taken or will take to address the violation.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to violations that occur on or after that date.

Sec. 44. **[641.015] PLACEMENT IN PRIVATE PRISONS PROHIBITED.**

Subdivision 1. **Placement prohibited.** After August 1, 2021, a sheriff shall not allow inmates committed to the custody of the sheriff to be housed in facilities that are not owned and operated by a local government, or a group of local units of government.

Subd. 2. **Contracts prohibited.** The county board may not authorize the sheriff to contract with privately owned and operated prisons for the care, custody, and rehabilitation of offenders committed to the custody of the sheriff.

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

Sec. 45. Laws 2017, chapter 95, article 3, section 30, is amended to read:

Sec. 30. **ALTERNATIVES TO INCARCERATION PILOT PROGRAM ~~FUND~~.** (a) Agencies providing supervision to offenders on probation, parole, or supervised release are eligible for ~~grants~~ funding to facilitate access to community options including, but not limited to, inpatient chemical dependency treatment for nonviolent controlled substance offenders to address and correct behavior that is, or is likely to result in, a technical violation of the conditions of release. For purposes of this section, "nonviolent controlled substance offender" is a person who meets the criteria described under Minnesota Statutes, section 244.0513, subdivision 2, clauses (1), (2), and (5), and "technical violation" means a violation of a court order of probation, condition of parole, or condition of supervised release, except an allegation of a subsequent criminal act that is alleged in a formal complaint, citation, or petition.

(b) The Department of Corrections shall ~~establish criteria for selecting grant recipients and the amount awarded to each grant recipient~~ issue annual funding of $160,000 to each recipient.

(c) ~~By January 15, 2019,~~ The commissioner of corrections shall submit ~~a~~ an annual report to the chairs of the house of representatives and senate committees with jurisdiction over public safety policy and finance by January 15 of each year. At a minimum, the report must include:

~~(1) the total number of grants issued under this program;~~

~~(2) the average amount of each grant;~~

~~(3)~~ (1) the community services accessed as a result of the ~~grants~~ funding;

~~(4)~~ (2) a summary of the type of supervision offenders were under when ~~a grant~~ funding was used to help access a community option;

~~(5)~~ (3) the number of individuals who completed, and the number who failed to complete, programs accessed as a result of this ~~grant~~ funding; ~~and~~

~~(6)~~ (4) the number of individuals who violated the terms of release following participation in a program accessed as a result of this ~~grant~~ funding, separating technical violations and new criminal offenses~~.~~;

(5) the number of individuals who completed or were discharged from probation after participating in the program;

(6) the number of individuals identified in clause (5) who committed a new offense after discharge from the program;

(7) identification of barriers nonviolent controlled substance offenders face in accessing community services and a description of how the program navigates those barriers; and

(8) identification of gaps in existing community services for nonviolent controlled substance offenders.

Sec. 46. **TASK FORCE ON AIDING AND ABETTING FELONY MURDER.**

Subdivision 1. **Definitions.** As used in this section, the following terms have the meanings given:

(1) "aiding and abetting" means a person who is criminally liable for a crime committed by another because that person intentionally aided, advised, hired, counseled, or conspired with or otherwise procured the other to commit the crime; and

(2) "felony murder" means a violation of Minnesota Statutes, section 609.185, paragraph (a), clause (2), (3), (5), (6), or (7); or 609.19, subdivision 2, clause (1).

Subd. 2. **Establishment.** The task force on aiding and abetting felony murder is established to collect and analyze data on the charging, convicting, and sentencing of people for aiding and abetting felony murder; assess whether current laws and practices promote public safety and equity in sentencing; and make recommendations to the legislature.

Subd. 3. **Membership.** (a) The task force consists of the following members:

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

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

(3) the commissioner of corrections or a designee;

(4) the executive director of the Minnesota Sentencing Guidelines Commission or a designee;

(5) the attorney general or a designee;

(6) the state public defender or a designee;

(7) the statewide coordinator of the Violent Crime Coordinating Council;

(8) one defense attorney, appointed by the Minnesota Association of Criminal Defense Lawyers;

(9) three county attorneys, appointed by the Minnesota County Attorneys Association;

(10) two members representing victims' rights organizations, appointed by the Office of Justice Programs director in the Department of Public Safety;

(11) one member of a criminal justice advocacy organization, appointed by the governor;

(12) one member of a statewide civil rights organization, appointed by the governor;

(13) two impacted persons who are directly related to a person who has been convicted of felony murder, appointed by the governor; and

(14) one person with expertise regarding the laws and practices of other states relating to aiding and abetting felony murder, appointed by the governor.

(b) Appointments must be made no later than July 30, 2021.

(c) The legislative members identified in paragraph (a), clauses (1) and (2), shall serve as ex officio, nonvoting members of the task force.

(d) Members shall serve without compensation.

(e) Members of the task force serve at the pleasure of the appointing authority or until the task force expires. Vacancies shall be filled by the appointing authority consistent with the qualifications of the vacating member required by this subdivision.

Subd. 4. **Officers; meetings.** (a) The task force shall elect a chair and vice-chair and may elect other officers as necessary.

(b) The commissioner of corrections shall convene the first meeting of the task force no later than August 1, 2021, and shall provide meeting space and administrative assistance as necessary for the task force to conduct its work.

(c) The task force shall meet at least monthly or upon the call of its chair. The task force shall meet sufficiently enough to accomplish the tasks identified in this section. Meetings of the task force are subject to Minnesota Statutes, chapter 13D.

(d) To compile and analyze data, the task force shall request the cooperation and assistance of local law enforcement agencies, the Minnesota Sentencing Guidelines Commission, the judicial branch, the Bureau of Criminal Apprehension, county attorneys, and Tribal governments and may request the cooperation of academics and others with experience and expertise in researching the impact of laws criminalizing aiding and abetting felony murder.

Subd. 5. **Duties.** (a) The task force shall, at a minimum:

(1) collect and analyze data on charges, convictions, and sentences for aiding and abetting felony murder;

(2) collect and analyze data on sentences for aiding and abetting felony murder in which a person received a mitigated durational departure because the person played a minor or passive role in the crime or participated under circumstances of coercion or duress;

(3) collect and analyze data on charges, convictions, and sentences for codefendants of people sentenced for aiding and abetting felony murder;

(4) review relevant state statutes and state and federal court decisions;

(5) receive input from individuals who were convicted of aiding and abetting felony murder;

(6) receive input from family members of individuals who were victims of felony murder;

(7) analyze the benefits and unintended consequences of Minnesota Statutes and practices related to the charging, convicting, and sentencing of people for aiding and abetting felony murder including but not limited to an analysis of whether current statutes and practice:

(i) promote public safety; and

(ii) properly punish people for their role in an offense; and

(8) make recommendations for legislative action, if any, on laws affecting:

(i) the collection and reporting of data; and

(ii) the charging, convicting, and sentencing of people for aiding and abetting felony murder.

(b) At its discretion, the task force may examine, as necessary, other related issues consistent with this section.

Subd. 6. **Report.** On or before January 15, 2022, the task force shall submit a report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over criminal sentencing on the findings and recommendations of the task force.

Subd. 7. **Expiration.** The task force expires the day after submitting its report under subdivision 6.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 47. **TITLE.**

Sections 5 to 11, 13, 19, 20, and 27 shall be know as the "Hardel Sherrell Act."

Sec. 48. **CORRECTIONAL SUPERVISION WORKING GROUP; TRIBAL GOVERNMENTS.**

Subdivision 1. **Establishment.** Recognizing the sovereignty of Tribal governments and the shared state and Tribal interests in providing effective, responsive, and culturally relevant correctional supervision and services, a working group is established to develop policy, protocols, and procedures for Minnesota-based federally recognized Indian Tribes to participate in the Community Corrections Act subsidy program and make recommendations to the legislature on changes to the law to allow for Tribal supervision.

Subd. 2. **Duties.** The working group shall develop comprehensive recommendations that allow a Minnesota-based federally recognized Indian Tribe, as defined in United States Code, title 25, section 450b(e), to qualify for a grant provided in Minnesota Statutes, section 401.01, by meeting and agreeing to the requirements in Minnesota Statutes, section 401.02, subdivision 1, excluding the population requirement. The working group shall:

(1) develop statutory policy language that provides that interested Tribal governments may participate in the Community Corrections Act grant program;

(2) identify Tribal Community Corrections Act supervision jurisdiction parameters such as Tribal lands, Tribal enrollment, and recognized Tribal affiliation;

(3) develop a court process for determining whether an individual shall receive correctional supervision and services from a Tribal Community Corrections Act authority;

(4) develop an effective and relevant formula for determining the amount of community corrections aid to be paid to a participating Tribal government; and

(5) develop legislation to establish conformance with all other requirements in the Community Corrections Act.

Subd. 3. **Members.** The working group must include the following members:

(1) the commissioner of corrections, or designee;

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

(3) the attorney general, or designee;

(4) a representative of each Minnesota-based federally recognized Indian Tribe appointed by each Tribe;

(5) a representative appointed by the governor;

(6) a representative appointed by the speaker of the house;

(7) a representative appointed by the senate majority leader;

(8) a representative of the State Court Administrators Office appointed by the state court administrator;

(9) Department of Corrections, executive officer of hearings and release;

(10) Department of Corrections, director of field services;

(11) a representative of the Minnesota Indian Affairs Council appointed by the council; and

(12) one representative appointed by each of the following associations:

(i) the Minnesota Association of Community Corrections Act Counties;

(ii) the Minnesota Association of County Probation Officers;

(iii) the Minnesota Sheriffs' Association;

(iv) the Minnesota County Attorney's Association; and

(v) the Association of Minnesota Counties.

Subd. 4. **Meetings.** The commissioner of corrections or a designee shall convene the first meeting of the working group no later than October 15, 2021. Members of the working group shall elect a chair from among the group's members at the first meeting, and the commissioner of corrections or a designee shall serve as the working group's chair until a chair is elected.

Subd. 5. **Compensation.** Members of the working group shall serve without compensation.

Subd. 6. **Administrative support.** The commissioner of corrections shall provide administrative support staff and meeting space for the working group.

Subd. 7. **Report.** The working group shall prepare and submit a report to the chairs of the house of representatives and senate committees and divisions with jurisdiction over public safety not later than March 15, 2022. The working group's report shall minimally include statutory policy language that provides that interested Tribal governments may participate in the Community Corrections Act grant program.

Subd. 8. **Expiration.** The working group expires the earlier of March 16, 2022, or the day after the working group submits the report under subdivision 7.

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

ARTICLE 4
MINNESOTA REHABILITATION AND REINVESTMENT ACT

Section 1. Minnesota Statutes 2020, section 244.03, is amended to read:

244.03 REHABILITATIVE PROGRAMS.

The commissioner shall ~~provide appropriate mental health programs and vocational and educational programs with employment related goals for inmates. The selection, design and implementation of programs under this section shall be the sole responsibility of the commissioner, acting within the limitations imposed by the funds appropriated for such programs~~ develop, implement, and provide appropriate substance abuse treatment programs; sexual offender treatment programming; domestic abuse programming; medical and mental health services; and vocational, employment and career, educational, and other rehabilitative programs for persons committed to the authority of the commissioner.

While evidence-based programs shall be prioritized, the selection, design, and implementation of programs under this section shall be the sole responsibility of the commissioner, acting within the limitations imposed by the funds appropriated for the programs under this section.

No action challenging the level of expenditures for programs authorized under this section, nor any action challenging the selection, design or implementation of these programs, including employee assignments, may be maintained by an ~~inmate~~ incarcerated person in any court in this state.

The commissioner may impose disciplinary sanctions upon any ~~inmate~~ incarcerated person who refuses to participate in rehabilitative programs.

Sec. 2. **[244.031] REHABILITATIVE NEED ASSESSMENT AND INDIVIDUALIZED PROGRAM PLAN REQUIRED.**

(a) The commissioner shall develop a comprehensive need assessment process for each person who is serving a fixed term of imprisonment in a state correctional facility on or after August 1, 2021, and has 365 days or more remaining until the person's scheduled supervised release date.

(b) Upon completion of the assessment process, the commissioner shall ensure the development of an individualized program plan, along with identified goals for every person committed to the authority of the Department of Corrections. The individualized program plan shall be holistic in nature in that it identifies intended outcomes for addressing the incarcerated person's needs and risk factors, the individual's identified strengths, and available and needed community supports, including victim safety considerations as required in section 244.0552, if applicable.

(c) When an individual is committed to the custody of the commissioner for a crime resulting in harm against a person or persons, the commissioner shall provide opportunity for input during the assessment and program plan process. Victim input may include a summary of victim concerns relative to release, concerns related to victim safety during the committed person's term of imprisonment, and requests for imposition of victim safety protocols as additional conditions of imprisonment or supervised release.

(d) The commissioner shall consider victim input statements in program planning and establishing conditions governing confinement or release.

(e) For an individual with less than 365 days remaining until the individual's supervised release date, the commissioner, in consultation with the incarcerated individual, shall develop a transition and release plan.

Sec. 3. **[244.032] EARNED INCENTIVE RELEASE.**

(a) For the purposes of this section, "earned incentive release" means release credit that is earned and subtracted from the term of imprisonment for completion of objectives established by an incarcerated person's individualized program plan.

(b) To encourage and support rehabilitation when consistent with public interest and public safety, the commissioner of corrections, in consultation with the Minnesota County Attorney's Association, Minnesota Board of Public Defense, Minnesota Association of Community Corrections Act Counties, Minnesota Indian Women's Sexual Assault Coalition, Violence Free Minnesota, Minnesota Coalition Against Sexual Assault, Minnesota Alliance on Crime, the Minnesota Sheriff's Association, Minnesota Chiefs of Police Association, and the Minnesota Police and Peace Officers Association, shall establish policy providing for earned incentive release credit and forfeiture of the credit as part of the term of imprisonment. The policy shall:

(1) provide circumstances upon which an incarcerated person may earn incentive release credits, including participation in rehabilitative programming as required under section 244.031; and

(2) address those circumstances where (i) the capacity to provide treatment programming in the correctional facility is diminished but the services are available to the community, and (ii) the conditions under which the incarcerated person could be released to the community-based resource but remain subject to commitment to the commissioner and considered for earned incentive release credit.

(c) The commissioner shall also develop a policy establishing a process for assessing and addressing any systemic and programmatic gender and racial disparities that may be identified in the award of earned incentive release credits.

Sec. 4. **[244.033] APPLICATION OF EARNED INCENTIVE RELEASE CREDIT.**

(a) Earned incentive release credits shall be subtracted from the term of imprisonment but shall not be added to the person's supervised release term. In no case shall the credit reduce the term of imprisonment to less than one-half of the incarcerated person's executed sentence.

(b) The earned incentive release program is separate and distinct from other legislatively authorized release programs, including the challenge incarceration program, work release, conditional medical release, or Conditional Release of Nonviolent Controlled Substance Offenders program, which may have unique statutory requirements and obligations.

Sec. 5. **[244.034] CERTAIN OFFENSES INELIGIBLE FOR EARNED INCENTIVE RELEASE CREDIT.**

(a) A person committed to the commissioner for any of the following offenses shall be ineligible for earned incentive release credit under sections 244.031 to 244.033:

(1) section 609.185, first degree murder, or 609.19, murder in the second degree;

(2) section 609.195, murder in the third degree, or 609.221, assault in the first degree;

(3) section 609.342, first degree criminal sexual conduct, 609.343, second degree criminal sexual conduct, or 609.344, third degree criminal sexual conduct, if the offense was committed with force or violence;

(4) section 609.3455, subdivision 5, dangerous sex offenders, where the court shall specify a minimum term of imprisonment, based on the sentencing guidelines or any applicable mandatory minimum sentence, that must be served before the offender may be considered for supervised release;

(5) section 609.229, subdivision 4, paragraph (b), crimes committed for the benefit of a gang where any person convicted and sentenced as required by section 609.229, subdivision 4, paragraph (a), is not eligible for probation, parole, discharge, work release, or supervised release until that person has served the full term of imprisonment as provided by law;

(6) section 152.026 where a person with a mandatory minimum sentence imposed for a first or second degree controlled substance crime is not eligible for probation, parole, discharge, or supervised release until that person has served the full term of imprisonment as provided by law;

(7) a person who was convicted in any other jurisdiction of a crime and the person's supervision was transferred to this state;

(8) section 243.166, subdivision 5, paragraph (e), predatory offender registration;

(9) section 609.11, subdivision 6, use of firearm or dangerous weapon during the commission of certain offenses;

(10) section 609.221, subdivision 2, paragraph (b), use of deadly force against a peace officer, prosecutor, judge, or correctional employee;

(11) section 609.2231, subdivision 3a, paragraph (d), assault against secure treatment personnel; and

(12) a person subject to a conditional release term under section 609.3455, subdivisions 6 and 7, whether on the present offense or previous offense for which a term of conditional release remains.

(b) Persons serving life sentences, persons given indeterminate sentences for crimes committed on or before April 30, 1980, or persons subject to good time under section 244.04, or similar laws are ineligible for earned incentive release credit.

Sec. 6. Minnesota Statutes 2020, section 244.05, subdivision 1b, is amended to read:

Subd. 1b. **Supervised release; offenders who commit crimes on or after August 1, 1993.** (a) Except as provided in subdivisions 4 and 5, every inmate sentenced to prison for a felony offense committed on or after August 1, 1993, shall serve a supervised release term upon completion of the inmate's term of imprisonment and any disciplinary confinement period imposed by the commissioner due to the inmate's violation of any disciplinary rule adopted by the commissioner or refusal to participate in a rehabilitative program required under section 244.03. The amount of time the inmate serves on supervised release shall be equal in length to the amount of time remaining in the inmate's executed sentence after the inmate has served the term of imprisonment reduced by any earned incentive release credit and any disciplinary confinement period imposed by the commissioner.

(b) No inmate who violates a disciplinary rule or refuses to participate in a rehabilitative program as required under section 244.03 shall be placed on supervised release until the inmate has served the disciplinary confinement period for that disciplinary sanction or until the inmate is discharged or released from punitive ~~segregation~~ restrictive housing confinement, whichever is later. The imposition of a disciplinary confinement period shall be considered to be a disciplinary sanction imposed upon an inmate, and the procedure for imposing the disciplinary confinement period and the rights of the inmate in the procedure shall be those in effect for the imposition of other disciplinary sanctions at each state correctional institution.

Sec. 7. **[244.0551] EARNED COMPLIANCE CREDIT AND SUPERVISION ABATEMENT STATUS.**

(a) For the purposes of this section, the following terms have the meanings given them:

(1) "supervision abatement status" means an end to active correctional supervision of a supervised individual without effect on the legal expiration date of the executed sentence less any earned incentive release credit; and

(2) "earned compliance credit" means a one-month reduction from the period of active supervision of the supervised release term for every two months that a supervised individual exhibits compliance with the conditions and goals of the individual's supervision plan.

(b) The commissioner of corrections shall adopt policy providing for earned compliance credit and forfeiture of the credit. The commissioner shall adjust the period of an individual's supervised release term for earned compliance credits accrued under a program created under this section. Once a combination of time served, earned incentive credit, along with a term of supervision and earned compliance credits equal the supervised release term, the commissioner shall place the individual on supervision abatement status.

(c) A person whose period of active supervision has been completely reduced as a result of earned compliance credits shall remain on supervision abatement status until the expiration of the executed sentence, less any earned incentive release credit. If an individual is on supervision abatement status and is charged with a new presumptive commit felony-level crime against a person, the commissioner may return the individual to active supervision and impose any additional sanctions, up to and including revocation from supervised release and return to the custody of the commissioner.

(d) A person who is placed on supervision abatement status under this section may not be required to regularly report to a supervised release agent or pay a supervision fee but must continue to obey all laws, report any new criminal charges, and abide by section 243.1605 before seeking written authorization to relocate to another state.

(e) This section does not apply to persons serving life sentences, persons given indeterminate sentences for crimes committed on or before April 30, 1980, or persons subject to good time under section 244.04, or similar laws.

Sec. 8. **[244.0552] VICTIM INPUT.**

When an individual is committed to the custody of the commissioner for a crime of violence and is eligible for earned incentive release credit under section 244.032, the commissioner shall make reasonable efforts to notify the victim of the committed person's eligibility for earned incentive release. Victim input may include a summary of victim concerns relative to earned incentive release eligibility, concerns related to victim safety during the committed person's term of imprisonment, and requests for imposition of victim safety protocols as additional conditions of imprisonment or supervised release.

The commissioner shall consider victim input statements in establishing requirements governing conditions of release. The commissioner shall provide the name and telephone number of the local victim agency serving the jurisdiction of release to any victim providing input on earned incentive release.

Sec. 9. **[244.0553] VICTIM NOTIFICATION.**

Nothing in sections 244.031 to 244.033 or 244.0551 to 244.0554 limits any victim notification obligations of the commissioner of corrections required by statute related to a change in custody status, committing offense, end of confinement review, or notification registration.

Sec. 10. **[244.0554] INTERSTATE COMPACT.**

As may be allowed by compact requirements established in section 243.1605, a person subject to supervision on a Minnesota sentence in another state under the Interstate Compact for Adult Offender Supervision may be eligible for supervision abatement status pursuant to this chapter only if they meet eligibility criteria as established in this section and certified by a supervising entity in another state.

Sec. 11. **[244.0555] REALLOCATION OF EARNED INCENTIVE RELEASE SAVINGS.**

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

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

(c) "Offender daily cost" means the actual nonsalary expenditures, including encumbrances as of July 31 following the end of the fiscal year, from the Department of Corrections expense budgets for case management, food preparation, food provisions, offender personal support including clothing, linen and other personal supplies, transportation, dental care, nursing services, and professional technical contracted health care services.

(d) "Incarcerated days saved" means the number of days of an incarcerated person's original sentence minus the number of actual days served, excluding days not served due to death or as a result of time earned in the Challenge Incarceration Program under sections 244.17 to 244.173.

(e) "Earned incentive release per day cost savings" means the calculation of the total actual expenses identified in paragraph (c) divided by the average daily population, divided by 365 days, which reflects the daily cost per person.

(f) "Earned incentive release savings" means the calculation of the offender daily cost multiplied by the number of incarcerated days saved for the period of one fiscal year.

Subd. 2. **Establishment of reallocation revenue account.** The reallocation of earned incentive release savings account is established in the special revenue fund in the state treasury. Funds in the account are appropriated to the commissioner and shall be expended in accordance with the allocation established in subdivision 5, once the requirements of subdivision 3 are met. Funds in the account are available until expended.

Subd. 3. **Certification of earned incentive release savings.** On or before the final closeout date of each fiscal year, the commissioner shall certify to Minnesota Management and Budget the earned incentive release savings from the previous fiscal year. The commissioner shall provide the detailed calculation substantiating the savings amount, including accounting system-generated data where possible, supporting the offender daily cost and the incarcerated days saved.

Subd. 4. **Savings to be transferred to the reallocation revenue account.** After the certification in subdivision 3 is completed, the commissioner shall transfer funds from the appropriation from which the savings occurred to the reallocation revenue account according to the allocation in subdivision 5. Transfers shall occur before the final closeout each year.

Subd. 5. **Distribution of reallocation funds.** The commissioner shall distribute funds as follows:

(1) 25 percent shall be transferred to the Office of Justice Programs in the Department of Public Safety for crime victim services;

(2) 25 percent shall be transferred to the Community Corrections Act subsidy appropriation and to the Department of Corrections for supervised release and intensive supervision services, based upon a three-year average of the release jurisdiction of supervised releasees and intensive supervised releasees across the state;

(3) 25 percent shall be transferred to the Department of Corrections for grants to develop and invest in community-based services that support the identified needs of correctionally involved individuals or individuals at risk of criminal justice system involvement, and for sustaining the operation of evidence-based programming and domestic abuse programming in state and local correctional facilities; and

(4) 25 percent shall be transferred to the general fund.

Sec. 12. **[244.0556] REPORTING REQUIRED.**

(a) Beginning January 15, 2022, and by January 15 each year thereafter for a period of ten years, the commissioner of corrections shall provide a report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over public safety and judiciary on the status of the requirements in this section for the previous fiscal year. The report shall also be provided to the sitting president of the Minnesota Association of Community Corrections Act Counties and the executive directors of the Minnesota Sentencing Guidelines Commission, the Minnesota Indian Women's Sexual Assault Coalition, the Minnesota Alliance on Crime, Violence Free Minnesota, the Minnesota Coalition Against Sexual Assault, and the Minnesota County Attorney Association. The report shall include but not be limited to:

(1) a qualitative description of program development; implementation status; identified implementation or operational challenges; strategies identified to mitigate and ensure that the program does not create or exacerbate gender, racial, and ethnic disparities; the number, reason, and background of those in the prison population deemed ineligible for participation in the program; and proposed mechanisms for projecting future program savings and reallocation of savings;

(2) the number of persons granted earned incentive release, the total number of days of incentive release earned, a summary of committing offenses for those individuals who earned incentive release, the most recent calculated per diem, and the demographic data for all persons eligible for earned incentive release and the reasons and demographic data of those eligible individuals for whom earned incentive release was unearned or denied;

(3) the number of persons who earned supervision abatement status, the total number of days of supervision abatement earned, the committing offenses for those individuals granted supervision abatement status, the number of revocations for reoffense while on supervision abatement status, and the demographic data for all persons eligible for, considered for, granted, or denied supervision abatement status and the reasons supervision abatement status was unearned or denied; and

(4) the number of victims who submitted input, the number of referrals to local victim-serving agencies, and a summary of the kinds of victim services requested.

(b) The commissioner shall solicit feedback on victim-related operational concerns as it relates to the application earned incentive release and supervision abatement status options from the Minnesota Indian Women's Sexual Assault Coalition, Minnesota Alliance on Crime, Minnesota Coalition Against Sexual Assault, and Violence Free Minnesota. A summary of the feedback from these organizations shall be included in the annual report under paragraph (a).

(c) The commissioner shall direct the Department of Corrections' research unit to perform regular evaluation of the earned incentive release program and publish findings on the Department of Corrections' website and in the annual report under paragraph (a).

Sec. 13. **EFFECTIVE DATE.**

Sections 1 to 12 are effective August 1, 2021, and apply to persons sentenced to a fixed executed sentence or to persons serving a fixed term of imprisonment in a state correctional facility on or after that date.

ARTICLE 5
CRIMINAL SEXUAL CONDUCT REFORM

Section 1. Minnesota Statutes 2020, section 609.2325, is amended to read:

609.2325 CRIMINAL ABUSE.

Subdivision 1. **Crimes.** ~~(a)~~ A caregiver who, with intent to produce physical or mental pain or injury to a vulnerable adult, subjects a vulnerable adult to any aversive or deprivation procedure, unreasonable confinement, or involuntary seclusion, is guilty of criminal abuse and may be sentenced as provided in subdivision 3.

This ~~paragraph~~ subdivision does not apply to therapeutic conduct.

~~(b) A caregiver, facility staff person, or person providing services in a facility who engages in sexual contact or penetration, as defined in section 609.341, under circumstances other than those described in sections 609.342 to 609.345, with a resident, patient, or client of the facility is guilty of criminal abuse and may be sentenced as provided in subdivision 3.~~

Subd. 2. **Exemptions.** For the purposes of this section, a vulnerable adult is not abused for the sole reason that:

(1) the vulnerable adult or a person with authority to make health care decisions for the vulnerable adult under sections 144.651, 144A.44, chapter 145B, 145C, or 252A, or sections 253B.03 or 524.5-101 to 524.5-502, refuses consent or withdraws consent, consistent with that authority and within the boundary of reasonable medical practice, to any therapeutic conduct, including any care, service, or procedure to diagnose, maintain, or treat the physical or mental condition of the vulnerable adult or, where permitted under law, to provide nutrition and hydration parenterally or through intubation; this paragraph does not enlarge or diminish rights otherwise held under law by:

(i) a vulnerable adult or a person acting on behalf of a vulnerable adult, including an involved family member, to consent to or refuse consent for therapeutic conduct; or

(ii) a caregiver to offer or provide or refuse to offer or provide therapeutic conduct; or

(2) the vulnerable adult, a person with authority to make health care decisions for the vulnerable adult, or a caregiver in good faith selects and depends upon spiritual means or prayer for treatment or care of disease or remedial care of the vulnerable adult in lieu of medical care, provided that this is consistent with the prior practice or belief of the vulnerable adult or with the expressed intentions of the vulnerable adult~~; or~~.

~~(3) the vulnerable adult, who is not impaired in judgment or capacity by mental or emotional dysfunction or undue influence, engages in consensual sexual contact with: (i) a person, including a facility staff person, when a consensual sexual personal relationship existed prior to the caregiving relationship; or (ii) a personal care attendant, regardless of whether the consensual sexual personal relationship existed prior to the caregiving relationship.~~

Subd. 3. **Penalties.** ~~(a)~~ A person who violates subdivision 1~~, paragraph (a),~~ may be sentenced as follows:

(1) if the act results in the death of a vulnerable adult, imprisonment for not more than 15 years or payment of a fine of not more than $30,000, or both;

(2) if the act results in great bodily harm, imprisonment for not more than ten years or payment of a fine of not more than $20,000, or both;

(3) if the act results in substantial bodily harm or the risk of death, imprisonment for not more than five years or payment of a fine of not more than $10,000, or both; or

(4) in other cases, imprisonment for not more than one year or payment of a fine of not more than $3,000, or both.

~~(b) A person who violates subdivision 1, paragraph (b), may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than $3,000, or both.~~

Sec. 2. Minnesota Statutes 2020, section 609.341, subdivision 3, is amended to read:

Subd. 3. **Force.** "Force" means either: (1) the infliction~~,~~ by the actor of bodily harm; or (2) the attempted infliction, or threatened infliction by the actor of bodily harm or commission or threat of any other crime by the actor against the complainant or another, which ~~(a)~~ causes the complainant to reasonably believe that the actor has the present ability to execute the threat ~~and (b) if the actor does not have a significant relationship to the complainant, also causes the complainant to submit~~.

Sec. 3. Minnesota Statutes 2020, section 609.341, subdivision 7, is amended to read:

Subd. 7. **Mentally incapacitated.** "Mentally incapacitated" means:

(1) that a person under the influence of alcohol, a narcotic, anesthetic, or any other substance, administered to that person without the person's agreement, lacks the judgment to give a reasoned consent to sexual contact or sexual penetration; or

(2) that a person is under the influence of an intoxicating substance to a degree that renders them incapable of consenting or incapable of appreciating, understanding, or controlling the person's conduct.

Sec. 4. Minnesota Statutes 2020, section 609.341, subdivision 11, is amended to read:

Subd. 11. **Sexual contact.** (a) "Sexual contact," for the purposes of sections 609.343, subdivision 1, clauses (a) to ~~(f)~~ (e), and subdivision 1a, clauses (a) to (f) and (i), and 609.345, subdivision 1, clauses (a) to ~~(e),~~ (d) and ~~(h) to (p)~~ (i), and subdivision 1a, clauses (a) to (e), (h), and (i), includes any of the following acts committed without the complainant's consent, except in those cases where consent is not a defense, and committed with sexual or aggressive intent:

(i) the intentional touching by the actor of the complainant's intimate parts, or

(ii) the touching by the complainant of the actor's, the complainant's, or another's intimate parts effected by a person in a current or recent position of authority, or by coercion, or by inducement if the complainant is under ~~13~~ 14 years of age or mentally impaired, or

(iii) the touching by another of the complainant's intimate parts effected by coercion or by a person in a current or recent position of authority, or

(iv) in any of the cases above, the touching of the clothing covering the immediate area of the intimate parts, or

(v) the intentional touching with seminal fluid or sperm by the actor of the complainant's body or the clothing covering the complainant's body.

(b) "Sexual contact," for the purposes of sections 609.343, subdivision ~~1~~ 1a, clauses (g) and (h), and 609.345, subdivision ~~1~~ 1a, clauses (f) and (g), includes any of the following acts committed with sexual or aggressive intent:

(i) the intentional touching by the actor of the complainant's intimate parts;

(ii) the touching by the complainant of the actor's, the complainant's, or another's intimate parts;

(iii) the touching by another of the complainant's intimate parts;

(iv) in any of the cases listed above, touching of the clothing covering the immediate area of the intimate parts; or

(v) the intentional touching with seminal fluid or sperm by the actor of the complainant's body or the clothing covering the complainant's body.

(c) "Sexual contact with a person under ~~13~~ 14" means the intentional touching of the complainant's bare genitals or anal opening by the actor's bare genitals or anal opening with sexual or aggressive intent or the touching by the complainant's bare genitals or anal opening of the actor's or another's bare genitals or anal opening with sexual or aggressive intent.

Sec. 5. Minnesota Statutes 2020, section 609.341, subdivision 12, is amended to read:

Subd. 12. **Sexual penetration.** "Sexual penetration" means any of the following acts committed without the complainant's consent, except in those cases where consent is not a defense, whether or not emission of semen occurs:

(1) sexual intercourse, cunnilingus, fellatio, or anal intercourse; or

(2) any intrusion however slight into the genital or anal openings:

(i) of the complainant's body by any part of the actor's body or any object used by the actor for this purpose;

(ii) of the complainant's body by any part of the body of the complainant, by any part of the body of another person, or by any object used by the complainant or another person for this purpose, when effected by a person in a current or recent position of authority, or by coercion, or by inducement if the child is under ~~13~~ 14 years of age or mentally impaired; or

(iii) of the body of the actor or another person by any part of the body of the complainant or by any object used by the complainant for this purpose, when effected by a person in a current or recent position of authority, or by coercion, or by inducement if the child is under ~~13~~ 14 years of age or mentally impaired.

Sec. 6. Minnesota Statutes 2020, section 609.341, subdivision 14, is amended to read:

Subd. 14. **Coercion.** "Coercion" means the use by the actor of words or circumstances that cause the complainant reasonably to fear ~~that the actor will inflict~~ the infliction of bodily harm upon the complainant or another, or the use by the actor of confinement, or superior size or strength, against the complainant ~~that causes the complainant to submit to sexual penetration or contact against the complainant's will~~ to accomplish the act. Proof of coercion does not require proof of a specific act or threat.

Sec. 7. Minnesota Statutes 2020, section 609.341, subdivision 15, is amended to read:

Subd. 15. **Significant relationship.** "Significant relationship" means a situation in which the actor is:

(1) the complainant's parent, stepparent, or guardian;

(2) any of the following persons related to the complainant by blood, marriage, or adoption: brother, sister, stepbrother, stepsister, first cousin, aunt, uncle, nephew, niece, grandparent, great-grandparent, great-uncle, great-aunt; ~~or~~

(3) an adult who jointly resides intermittently or regularly in the same dwelling as the complainant and who is not the complainant's spouse; or

(4) an adult who is or was involved in a significant romantic or sexual relationship with the parent of a complainant.

Sec. 8. Minnesota Statutes 2020, section 609.341, is amended by adding a subdivision to read:

Subd. 24. **Prohibited occupational relationship.** A "prohibited occupational relationship" exists when the actor is in one of the following occupations and the act takes place under the specified circumstances:

(1) the actor performed massage or other bodywork for hire, the sexual penetration or sexual contact occurred during or immediately before or after the actor performed or was hired to perform one of those services for the complainant, and the sexual penetration or sexual contact was nonconsensual; or

(2) the actor and the complainant were in one of the following occupational relationships at the time of the act. Consent by the complainant is not a defense:

(i) the actor was a psychotherapist, the complainant was the actor's patient, and the sexual penetration or sexual contact occurred during a psychotherapy session or during a period of time when the psychotherapist-patient relationship was ongoing;

(ii) the actor was a psychotherapist and the complainant was the actor's former patient who was emotionally dependent on the actor;

(iii) the actor was or falsely impersonated a psychotherapist, the complainant was the actor's patient or former patient, and the sexual penetration or sexual contact occurred by means of therapeutic deception;

(iv) the actor was or falsely impersonated a provider of medical services to the complainant and the sexual penetration or sexual contact occurred by means of deception or false representation that the sexual penetration or sexual contact was for a bona fide medical purpose;

(v) the actor was or falsely impersonated a member of the clergy, the complainant was not married to the actor, the complainant met with the actor in private seeking or receiving religious or spiritual advice, aid, or comfort from the actor, and the sexual penetration or sexual contact occurred during the course of the meeting or during a period of time when the meetings were ongoing;

(vi) the actor provided special transportation service to the complainant and the sexual penetration or sexual contact occurred during or immediately before or after the actor transported the complainant;

(vii) the actor was or falsely impersonated a peace officer, as defined in section 626.84, the actor physically or constructively restrained the complainant or the complainant did not reasonably feel free to leave the actor's presence, and the sexual penetration or sexual contact was not pursuant to a lawful search or lawful use of force;

(viii) the actor was an employee, independent contractor, or volunteer of a state, county, city, or privately operated adult or juvenile correctional system, or secure treatment facility, or treatment facility providing services to clients civilly committed as mentally ill and dangerous, sexually dangerous persons, or sexual psychopathic personalities, including but not limited to jails, prisons, detention centers, or work release facilities, and the complainant was a resident of a facility or under supervision of the correctional system;

(ix) the complainant was enrolled in a secondary school and:

(A) the actor was a licensed educator employed or contracted to provide service for the school at which the complainant was a student;

(B) the actor was age 18 or older and at least 48 months older than the complainant and was employed or contracted to provide service for the secondary school at which the complainant was a student; or

(C) the actor was age 18 or older and at least 48 months older than the complainant, and was a licensed educator employed or contracted to provide services for an elementary, middle, or secondary school;

(x) the actor was a caregiver, facility staff person, or person providing services in a facility, as defined under section 609.232, subdivision 3, and the complainant was a vulnerable adult who was a resident, patient, or client of the facility who was impaired in judgment or capacity by mental or emotional dysfunction or undue influence; or

(xi) the actor was a caregiver, facility staff person, or person providing services in a facility, and the complainant was a resident, patient, or client of the facility. This clause does not apply if a consensual sexual personal relationship existed prior to the caregiving relationship or if the actor was a personal care attendant.

Sec. 9. Minnesota Statutes 2020, section 609.341, is amended by adding a subdivision to read:

Subd. 25. **Caregiver.** "Caregiver" has the meaning given in section 609.232, subdivision 2.

Sec. 10. Minnesota Statutes 2020, section 609.341, is amended by adding a subdivision to read:

Subd. 26. **Facility.** "Facility" has the meaning given in section 609.232, subdivision 3.

Sec. 11. Minnesota Statutes 2020, section 609.341, is amended by adding a subdivision to read:

Subd. 27. **Vulnerable adult.** "Vulnerable adult" has the meaning given in section 609.232, subdivision 11.

Sec. 12. Minnesota Statutes 2020, section 609.342, is amended to read:

609.342 CRIMINAL SEXUAL CONDUCT IN THE FIRST DEGREE.

Subdivision 1. **Adult victim; crime defined.** A person who engages in sexual penetration with another person~~, or in sexual contact with a person under 13 years of age as defined in section 609.341, subdivision 11, paragraph (c),~~ is guilty of criminal sexual conduct in the first degree if any of the following circumstances exists:

~~(a) the complainant is under 13 years of age and the actor is more than 36 months older than the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;~~

~~(b) the complainant is at least 13 years of age but less than 16 years of age and the actor is more than 48 months older than the complainant and in a current or recent position of authority over the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;~~

~~(c)~~ (a) circumstances existing at the time of the act cause the complainant to have a reasonable fear of imminent great bodily harm to the complainant or another;

~~(d)~~ (b) the actor is armed with a dangerous weapon or any article used or fashioned in a manner to lead the complainant to reasonably believe it to be a dangerous weapon and uses or threatens to use the weapon or article to cause the complainant to submit;

~~(e)~~ (c) the actor causes personal injury to the complainant, and ~~either~~ any of the following circumstances exist:

(i) the actor uses ~~force or~~ coercion to accomplish the act; ~~or~~

(ii) the actor uses force, as defined in section 609.341, subdivision 3, clause (2); or

~~(ii)~~ (iii) the actor knows or has reason to know that the complainant is mentally impaired, mentally incapacitated, or physically helpless;

(d) the actor uses force as defined in section 609.341, subdivision 3, clause (1); or

~~(f)~~ (e) the actor is aided or abetted by one or more accomplices within the meaning of section 609.05, and either of the following circumstances exists:

(i) the actor or an accomplice uses force or coercion to cause the complainant to submit; or

(ii) the actor or an accomplice is armed with a dangerous weapon or any article used or fashioned in a manner to lead the complainant reasonably to believe it to be a dangerous weapon and uses or threatens to use the weapon or article to cause the complainant to submit~~;~~.

~~(g) the actor has a significant relationship to the complainant and the complainant was under 16 years of age at the time of the act. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense; or~~

~~(h) the actor has a significant relationship to the complainant, the complainant was under 16 years of age at the time of the act, and:~~

~~(i) the actor or an accomplice used force or coercion to accomplish the act;~~

~~(ii) the complainant suffered personal injury; or~~

~~(iii) the sexual abuse involved multiple acts committed over an extended period of time.~~

~~Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense.~~

Subd. 1a. **Victim under the age of 18; crime defined.** A person who engages in penetration with anyone under 18 years of age or sexual contact with a person under 14 years of age as defined in section 609.341, subdivision 11, paragraph (c), is guilty of criminal sexual conduct in the first degree if any of the following circumstances exists:

(a) circumstances existing at the time of the act cause the complainant to have a reasonable fear of imminent great bodily harm to the complainant or another;

(b) the actor is armed with a dangerous weapon or any article used or fashioned in a manner to lead the complainant to reasonably believe it to be a dangerous weapon and uses or threatens to use the weapon or article to cause the complainant to submit;

(c) the actor causes personal injury to the complainant, and any of the following circumstances exist:

(i) the actor uses coercion to accomplish the act;

(ii) the actor uses force, as defined in section 609.341, subdivision 3, clause (2); or

(iii) the actor knows or has reason to know that the complainant is mentally impaired, mentally incapacitated, or physically helpless;

(d) the actor is aided or abetted by one or more accomplices within the meaning of section 609.05, and either of the following circumstances exists:

(i) the actor or an accomplice uses force or coercion to cause the complainant to submit; or

(ii) the actor or an accomplice is armed with a dangerous weapon or any article used or fashioned in a manner to lead the complainant to reasonably believe it to be a dangerous weapon and uses or threatens to use the weapon or article to cause the complainant to submit;

(e) the complainant is under 14 years of age and the actor is more than 36 months older than the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(f) the complainant is at least 14 years of age but less than 16 years of age and:

(i) the actor is more than 36 months older than the complainant; and

(ii) the actor is in a current or recent position of authority over the complainant.

Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(g) the complainant was under 16 years of age at the time of the act and the actor has a significant relationship to the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(h) the complainant was under 16 years of age at the time of the act, and the actor has a significant relationship to the complainant and any of the following circumstances exist:

(i) the actor or an accomplice used force or coercion to accomplish the act;

(ii) the complainant suffered personal injury; or

(iii) the sexual abuse involved multiple acts committed over an extended period of time.

Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense; or

(i) the actor uses force, as defined in section 609.341, subdivision 3, clause (1).

Subd. 2. **Penalty.** (a) Except as otherwise provided in section 609.3455; or Minnesota Statutes 2004, section 609.109, a person convicted under subdivision 1 or subdivision 1a may be sentenced to imprisonment for not more than 30 years or to a payment of a fine of not more than $40,000, or both.

(b) Unless a longer mandatory minimum sentence is otherwise required by law or the Sentencing Guidelines provide for a longer presumptive executed sentence, the court shall presume that an executed sentence of 144 months must be imposed on an offender convicted of violating this section. Sentencing a person in a manner other than that described in this paragraph is a departure from the Sentencing Guidelines.

(c) A person convicted under this section is also subject to conditional release under section 609.3455.

Subd. 3. **Stay.** Except when imprisonment is required under section 609.3455; or Minnesota Statutes 2004, section 609.109, if a person is convicted under subdivision ~~1~~ 1a, clause (g), the court may stay imposition or execution of the sentence if it finds that:

(a) a stay is in the best interest of the complainant or the family unit; and

(b) a professional assessment indicates that the offender has been accepted by and can respond to a treatment program.

If the court stays imposition or execution of sentence, it shall include the following as conditions of probation:

(1) incarceration in a local jail or workhouse;

(2) a requirement that the offender complete a treatment program; and

(3) a requirement that the offender have no unsupervised contact with the complainant until the offender has successfully completed the treatment program unless approved by the treatment program and the supervising correctional agent.

Sec. 13. Minnesota Statutes 2020, section 609.343, is amended to read:

609.343 CRIMINAL SEXUAL CONDUCT IN THE SECOND DEGREE.

Subdivision 1. **Adult victim; crime defined.** A person who engages in sexual contact with another person is guilty of criminal sexual conduct in the second degree if any of the following circumstances exists:

~~(a) the complainant is under 13 years of age and the actor is more than 36 months older than the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense. In a prosecution under this clause, the state is not required to prove that the sexual contact was coerced;~~

~~(b) the complainant is at least 13 but less than 16 years of age and the actor is more than 48 months older than the complainant and in a current or recent position of authority over the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;~~

~~(c)~~ (a) circumstances existing at the time of the act cause the complainant to have a reasonable fear of imminent great bodily harm to the complainant or another;

~~(d)~~ (b) the actor is armed with a dangerous weapon or any article used or fashioned in a manner to lead the complainant to reasonably believe it to be a dangerous weapon and uses or threatens to use the dangerous weapon to cause the complainant to submit;

~~(e)~~ (c) the actor causes personal injury to the complainant, and ~~either~~ any of the following circumstances exist:

(i) the actor uses ~~force or~~ coercion to accomplish the sexual contact; ~~or~~

(ii) the actor uses force, as defined in section 609.341, subdivision 3, clause (2); or

~~(ii)~~ (iii) the actor knows or has reason to know that the complainant is mentally impaired, mentally incapacitated, or physically helpless;

(d) the actor uses force as defined in section 609.341, subdivision 3, clause (1); or

~~(f)~~ (e) the actor is aided or abetted by one or more accomplices within the meaning of section 609.05, and either of the following circumstances exists:

(i) the actor or an accomplice uses force or coercion to cause the complainant to submit; or

(ii) the actor or an accomplice is armed with a dangerous weapon or any article used or fashioned in a manner to lead the complainant to reasonably believe it to be a dangerous weapon and uses or threatens to use the weapon or article to cause the complainant to submit~~;~~.

~~(g) the actor has a significant relationship to the complainant and the complainant was under 16 years of age at the time of the sexual contact. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense; or~~

~~(h) the actor has a significant relationship to the complainant, the complainant was under 16 years of age at the time of the sexual contact, and:~~

~~(i) the actor or an accomplice used force or coercion to accomplish the contact;~~

~~(ii) the complainant suffered personal injury; or~~

~~(iii) the sexual abuse involved multiple acts committed over an extended period of time.~~

~~Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense.~~

Subd. 1a. **Victim under the age of 18; crime defined.** A person who engages in sexual contact with anyone under 18 years of age is guilty of criminal sexual conduct in the second degree if any of the following circumstances exists:

(a) circumstances existing at the time of the act cause the complainant to have a reasonable fear of imminent great bodily harm to the complainant or another;

(b) the actor is armed with a dangerous weapon or any article used or fashioned in a manner to lead the complainant to reasonably believe it to be a dangerous weapon and uses or threatens to use the dangerous weapon to cause the complainant to submit;

(c) the actor causes personal injury to the complainant, and any of the following circumstances exist:

(i) the actor uses coercion to accomplish the sexual contact;

(ii) the actor uses force, as defined in section 609.341, subdivision 3, clause (2); or

(iii) the actor knows or has reason to know that the complainant is mentally impaired, mentally incapacitated, or physically helpless;

(d) the actor is aided or abetted by one or more accomplices within the meaning of section 609.05, and either of the following circumstances exists:

(i) the actor or an accomplice uses force or coercion to cause the complainant to submit; or

(ii) the actor or an accomplice is armed with a dangerous weapon or any article used or fashioned in a manner to lead the complainant to reasonably believe it to be a dangerous weapon and uses or threatens to use the weapon or article to cause the complainant to submit;

(e) the complainant is under 14 years of age and the actor is more than 36 months older than the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense. In a prosecution under this clause, the state is not required to prove that the sexual contact was coerced;

(f) the complainant is at least 14 but less than 16 years of age and the actor is more than 36 months older than the complainant and in a current or recent position of authority over the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(g) the complainant was under 16 years of age at the time of the sexual contact and the actor has a significant relationship to the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(h) the actor has a significant relationship to the complainant, the complainant was under 16 years of age at the time of the sexual contact, and:

(i) the actor or an accomplice used force or coercion to accomplish the contact;

(ii) the complainant suffered personal injury; or

(iii) the sexual abuse involved multiple acts committed over an extended period of time.

Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense; or

(i) the actor uses force, as defined in section 609.341, subdivision 3, clause (1).

Subd. 2. **Penalty.** (a) Except as otherwise provided in section 609.3455; or Minnesota Statutes 2004, section 609.109, a person convicted under subdivision 1 or subdivision 1a may be sentenced to imprisonment for not more than 25 years or to a payment of a fine of not more than $35,000, or both.

(b) Unless a longer mandatory minimum sentence is otherwise required by law or the Sentencing Guidelines provide for a longer presumptive executed sentence, the court shall presume that an executed sentence of 90 months must be imposed on an offender convicted of violating subdivision 1, clause (a), (b), (c), (d), or (e)~~, (f),~~ or subdivision 1a, clause (a), (b), (c), (d), ~~or~~ (h), or (i). Sentencing a person in a manner other than that described in this paragraph is a departure from the Sentencing Guidelines.

(c) A person convicted under this section is also subject to conditional release under section 609.3455.

Subd. 3. **Stay.** Except when imprisonment is required under section 609.3455; or Minnesota Statutes 2004, section 609.109, if a person is convicted under subdivision ~~1~~ 1a, clause (g), the court may stay imposition or execution of the sentence if it finds that:

(a) a stay is in the best interest of the complainant or the family unit; and

(b) a professional assessment indicates that the offender has been accepted by and can respond to a treatment program.

If the court stays imposition or execution of sentence, it shall include the following as conditions of probation:

(1) incarceration in a local jail or workhouse;

(2) a requirement that the offender complete a treatment program; and

(3) a requirement that the offender have no unsupervised contact with the complainant until the offender has successfully completed the treatment program unless approved by the treatment program and the supervising correctional agent.

Sec. 14. Minnesota Statutes 2020, section 609.344, is amended to read:

609.344 CRIMINAL SEXUAL CONDUCT IN THE THIRD DEGREE.

Subdivision 1. **Adult victim; crime defined.** A person who engages in sexual penetration with another person is guilty of criminal sexual conduct in the third degree if any of the following circumstances exists:

~~(a) the complainant is under 13 years of age and the actor is no more than 36 months older than the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant shall be a defense;~~

~~(b) the complainant is at least 13 but less than 16 years of age and the actor is more than 24 months older than the complainant. In any such case if the actor is no more than 120 months older than the complainant, it shall be an affirmative defense, which must be proved by a preponderance of the evidence, that the actor reasonably believes the complainant to be 16 years of age or older. In all other cases, mistake as to the complainant's age shall not be a defense. Consent by the complainant is not a defense;~~

~~(c)~~ (a) the actor uses ~~force or~~ coercion to accomplish the penetration;

~~(d)~~ (b) the actor knows or has reason to know that the complainant is mentally impaired, mentally incapacitated, or physically helpless;

(c) the actor uses force, as defined in section 609.341, subdivision 3, clause (2); or

(d) at the time of the act, the actor is in a prohibited occupational relationship with the complainant.

Subd. 1a. **Victim under the age of 18; crime defined.** A person who engages in sexual penetration with anyone under 18 years of age is guilty of criminal sexual conduct in the third degree if any of the following circumstances exists:

(a) the complainant is under 14 years of age and the actor is no more than 36 months older than the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant shall be a defense;

(b) the complainant is at least 14 but less than 16 years of age and the actor is more than 36 months older than the complainant. In any such case if the actor is no more than 60 months older than the complainant, it shall be an affirmative defense, which must be proved by a preponderance of the evidence, that the actor reasonably believes the complainant to be 16 years of age or older. In all other cases, mistake as to the complainant's age shall not be a defense. Consent by the complainant is not a defense;

(c) the actor uses coercion to accomplish the penetration;

(d) the actor knows or has reason to know that the complainant is mentally impaired, mentally incapacitated, or physically helpless;

(e) the complainant is at least 16 but less than 18 years of age and the actor is more than ~~48~~ 36 months older than the complainant and in a current or recent position of authority over the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(f) the actor has a significant relationship to the complainant and the complainant was at least 16 but under 18 years of age at the time of the sexual penetration. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(g) the actor has a significant relationship to the complainant, the complainant was at least 16 but under 18 years of age at the time of the sexual penetration, and:

(i) the actor or an accomplice used force or coercion to accomplish the penetration;

(ii) the complainant suffered personal injury; or

(iii) the sexual abuse involved multiple acts committed over an extended period of time.

Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(h) ~~the actor is a psychotherapist and the complainant is a patient of the psychotherapist and the sexual penetration occurred:~~ the actor uses force, as defined in section 609.341, subdivision 3, clause (2); or

(i) at the time of the act, the actor is in a prohibited occupational relationship with the complainant.

~~(i) during the psychotherapy session; or~~

~~(ii) outside the psychotherapy session if an ongoing psychotherapist-patient relationship exists.~~

~~Consent by the complainant is not a defense;~~

~~(i) the actor is a psychotherapist and the complainant is a former patient of the psychotherapist and the former patient is emotionally dependent upon the psychotherapist;~~

~~(j) the actor is a psychotherapist and the complainant is a patient or former patient and the sexual penetration occurred by means of therapeutic deception. Consent by the complainant is not a defense;~~

~~(k) the actor accomplishes the sexual penetration by means of deception or false representation that the penetration is for a bona fide medical purpose. Consent by the complainant is not a defense;~~

~~(l) the actor is or purports to be a member of the clergy, the complainant is not married to the actor, and:~~

~~(i) the sexual penetration occurred during the course of a meeting in which the complainant sought or received religious or spiritual advice, aid, or comfort from the actor in private; or~~

~~(ii) the sexual penetration occurred during a period of time in which the complainant was meeting on an ongoing basis with the actor to seek or receive religious or spiritual advice, aid, or comfort in private. Consent by the complainant is not a defense;~~

~~(m) the actor is an employee, independent contractor, or volunteer of a state, county, city, or privately operated adult or juvenile correctional system, or secure treatment facility, or treatment facility providing services to clients civilly committed as mentally ill and dangerous, sexually dangerous persons, or sexual psychopathic personalities, including, but not limited to, jails, prisons, detention centers, or work release facilities, and the complainant is a resident of a facility or under supervision of the correctional system. Consent by the complainant is not a defense;~~

~~(n) the actor provides or is an agent of an entity that provides special transportation service, the complainant used the special transportation service, and the sexual penetration occurred during or immediately before or after the actor transported the complainant. Consent by the complainant is not a defense;~~

~~(o) the actor performs massage or other bodywork for hire, the complainant was a user of one of those services, and nonconsensual sexual penetration occurred during or immediately before or after the actor performed or was hired to perform one of those services for the complainant; or~~

~~(p) the actor is a peace officer, as defined in section 626.84, and the officer physically or constructively restrains the complainant or the complainant does not reasonably feel free to leave the officer's presence. Consent by the complainant is not a defense. This paragraph does not apply to any penetration of the mouth, genitals, or anus during a lawful search.~~

Subd. 2. **Penalty.** Except as otherwise provided in section 609.3455, a person convicted under subdivision 1 or subdivision 1a may be sentenced:

(1) to imprisonment for not more than 15 years or to a payment of a fine of not more than $30,000, or both; or

(2) if the person was convicted under subdivision ~~1~~ 1a, paragraph (b), and if the actor was no more than 48 months but more than 24 months older than the complainant, to imprisonment for not more than five years or a fine of not more than $30,000, or both.

A person convicted under this section is also subject to conditional release under section 609.3455.

Subd. 3. **Stay.** Except when imprisonment is required under section 609.3455; or Minnesota Statutes 2004, section 609.109, if a person is convicted under subdivision ~~1~~ 1a, clause (f), the court may stay imposition or execution of the sentence if it finds that:

(a) a stay is in the best interest of the complainant or the family unit; and

(b) a professional assessment indicates that the offender has been accepted by and can respond to a treatment program.

If the court stays imposition or execution of sentence, it shall include the following as conditions of probation:

(1) incarceration in a local jail or workhouse;

(2) a requirement that the offender complete a treatment program; and

(3) a requirement that the offender have no unsupervised contact with the complainant until the offender has successfully completed the treatment program unless approved by the treatment program and the supervising correctional agent.

Sec. 15. Minnesota Statutes 2020, section 609.345, is amended to read:

609.345 CRIMINAL SEXUAL CONDUCT IN THE FOURTH DEGREE.

Subdivision 1. **Adult victim; crime defined.** A person who engages in sexual contact with another person is guilty of criminal sexual conduct in the fourth degree if any of the following circumstances exists:

~~(a) the complainant is under 13 years of age and the actor is no more than 36 months older than the complainant. Neither mistake as to the complainant's age or consent to the act by the complainant is a defense. In a prosecution under this clause, the state is not required to prove that the sexual contact was coerced;~~

~~(b) the complainant is at least 13 but less than 16 years of age and the actor is more than 48 months older than the complainant or in a current or recent position of authority over the complainant. Consent by the complainant to the act is not a defense. In any such case, if the actor is no more than 120 months older than the complainant, it shall be an affirmative defense which must be proved by a preponderance of the evidence that the actor reasonably believes the complainant to be 16 years of age or older. In all other cases, mistake as to the complainant's age shall not be a defense;~~

~~(c)~~ (a) the actor uses ~~force or~~ coercion to accomplish the sexual contact;

~~(d)~~ (b) the actor knows or has reason to know that the complainant is mentally impaired, mentally incapacitated, or physically helpless;

(c) the actor uses force, as defined in section 609.341, subdivision 3, clause (2); or

(d) at the time of the act, the actor is in a prohibited occupational relationship with the complainant.

Subd. 1a. **Victim under the age of 18; crime defined.** A person who engages in sexual contact with anyone under 18 years of age is guilty of criminal sexual conduct in the fourth degree if any of the following circumstances exists:

(a) the complainant is under 14 years of age and the actor is no more than 36 months older than the complainant. Neither mistake as to the complainant's age or consent to the act by the complainant is a defense. In a prosecution under this clause, the state is not required to prove that the sexual contact was coerced;

(b) the complainant is at least 14 but less than 16 years of age and the actor is more than 36 months older than the complainant or in a current or recent position of authority over the complainant. Consent by the complainant to the act is not a defense.

Mistake of age is not a defense unless actor is less than 60 months older. In any such case, if the actor is no more than 60 months older than the complainant, it shall be an affirmative defense which must be proved by a preponderance of the evidence that the actor reasonably believes the complainant to be 16 years of age or older. In all other cases, mistake as to the complainant's age shall not be a defense;

(c) the actor uses coercion to accomplish the sexual contact;

(d) The actor knows or has reason to know that the complainant is mentally impaired, mentally incapacitated, or physically helpless;

(e) the complainant is at least 16 but less than 18 years of age and the actor is more than ~~48~~ 36 months older than the complainant and in a current or recent position of authority over the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(f) the actor has a significant relationship to the complainant and the complainant was at least 16 but under 18 years of age at the time of the sexual contact. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(g) the actor has a significant relationship to the complainant, the complainant was at least 16 but under 18 years of age at the time of the sexual contact, and:

(i) the actor or an accomplice used force or coercion to accomplish the contact;

(ii) the complainant suffered personal injury; or

(iii) the sexual abuse involved multiple acts committed over an extended period of time.

Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(h) ~~the actor is a psychotherapist and the complainant is a patient of the psychotherapist and the sexual contact occurred:~~ the actor uses force, as defined in section 609.341, subdivision 3, clause (2); or

(i) at the time of the act, the actor is in a prohibited occupational relationship with the complainant.

~~(i) during the psychotherapy session; or~~

~~(ii) outside the psychotherapy session if an ongoing psychotherapist-patient relationship exists. Consent by the complainant is not a defense;~~

~~(i) the actor is a psychotherapist and the complainant is a former patient of the psychotherapist and the former patient is emotionally dependent upon the psychotherapist;~~

~~(j) the actor is a psychotherapist and the complainant is a patient or former patient and the sexual contact occurred by means of therapeutic deception. Consent by the complainant is not a defense;~~

~~(k) the actor accomplishes the sexual contact by means of deception or false representation that the contact is for a bona fide medical purpose. Consent by the complainant is not a defense;~~

~~(l) the actor is or purports to be a member of the clergy, the complainant is not married to the actor, and:~~

~~(i) the sexual contact occurred during the course of a meeting in which the complainant sought or received religious or spiritual advice, aid, or comfort from the actor in private; or~~

~~(ii) the sexual contact occurred during a period of time in which the complainant was meeting on an ongoing basis with the actor to seek or receive religious or spiritual advice, aid, or comfort in private. Consent by the complainant is not a defense;~~

~~(m) the actor is an employee, independent contractor, or volunteer of a state, county, city, or privately operated adult or juvenile correctional system, or secure treatment facility, or treatment facility providing services to clients civilly committed as mentally ill and dangerous, sexually dangerous persons, or sexual psychopathic personalities, including, but not limited to, jails, prisons, detention centers, or work release facilities, and the complainant is a resident of a facility or under supervision of the correctional system. Consent by the complainant is not a defense;~~

~~(n) the actor provides or is an agent of an entity that provides special transportation service, the complainant used the special transportation service, the complainant is not married to the actor, and the sexual contact occurred during or immediately before or after the actor transported the complainant. Consent by the complainant is not a defense;~~

~~(o) the actor performs massage or other bodywork for hire, the complainant was a user of one of those services, and nonconsensual sexual contact occurred during or immediately before or after the actor performed or was hired to perform one of those services for the complainant; or~~

~~(p) the actor is a peace officer, as defined in section 626.84, and the officer physically or constructively restrains the complainant or the complainant does not reasonably feel free to leave the officer's presence. Consent by the complainant is not a defense.~~

Subd. 2. **Penalty.** Except as otherwise provided in section 609.3455, a person convicted under subdivision 1 or subdivision 1a may be sentenced to imprisonment for not more than ten years or to a payment of a fine of not more than $20,000, or both. A person convicted under this section is also subject to conditional release under section 609.3455.

Subd. 3. **Stay.** Except when imprisonment is required under section 609.3455; or Minnesota Statutes 2004, section 609.109, if a person is convicted under subdivision ~~1~~ 1a, clause (f), the court may stay imposition or execution of the sentence if it finds that:

(a) a stay is in the best interest of the complainant or the family unit; and

(b) a professional assessment indicates that the offender has been accepted by and can respond to a treatment program.

If the court stays imposition or execution of sentence, it shall include the following as conditions of probation:

(1) incarceration in a local jail or workhouse;

(2) a requirement that the offender complete a treatment program; and

(3) a requirement that the offender have no unsupervised contact with the complainant until the offender has successfully completed the treatment program unless approved by the treatment program and the supervising correctional agent.

Sec. 16. Minnesota Statutes 2020, section 609.3451, is amended to read:

609.3451 CRIMINAL SEXUAL CONDUCT IN THE FIFTH DEGREE.

Subdivision 1. **Sexual penetration; crime defined.** A person is guilty of criminal sexual conduct in the fifth degree~~:~~ if the person engages in nonconsensual sexual penetration.

Subd. 1a. **Sexual contact; child present; crime defined.** A person is guilty of criminal sexual conduct in the fifth degree if:

(1) ~~if~~ the person engages in nonconsensual sexual contact; or

(2) the person engages in masturbation or lewd exhibition of the genitals in the presence of a minor under the age of 16, knowing or having reason to know the minor is present.

For purposes of this section, "sexual contact" has the meaning given in section 609.341, subdivision 11, paragraph (a), clauses (i), (iv), and (v). Sexual contact also includes the intentional removal or attempted removal of clothing covering the complainant's intimate parts or undergarments, and the nonconsensual touching by the complainant of the actor's intimate parts, effected by the actor, if the action is performed with sexual or aggressive intent.

Subd. 2. **Gross misdemeanor.** A person convicted under subdivision ~~1~~ 1a may be sentenced to imprisonment for not more than one year or to a payment of a fine of not more than $3,000, or both.

Subd. 3. **Felony.** (a) A person is guilty of a felony and may be sentenced to imprisonment for not more than two years or to payment of a fine of not more than $10,000, or both, if the person violates subdivision 1.

(b) A person is guilty of a felony and may be sentenced to imprisonment for not more than seven years or to payment of a fine of not more than $14,000, or both, if the person violates ~~this section~~ subdivision 1 or 1a within ~~seven~~ ten years of:

(1) conviction or adjudication under subdivision 1; or

(2) a previous conviction or adjudication for violating subdivision ~~1~~ 1a, clause (2), ~~a crime described in paragraph (b),~~ or a statute from another state in conformity with any of these offenses; or

~~(2)~~ (3) the first of two or more previous convictions for violating subdivision ~~1~~ 1a, clause (1), or a statute from another state in conformity with this offense.

~~(b)~~ (c) A previous conviction for violating section 609.342; 609.343; 609.344; 609.345; 609.3453; 617.23, subdivision 2, clause (2), or subdivision 3; or 617.247 may be used to enhance a criminal penalty as provided in paragraph (a).

Sec. 17. Minnesota Statutes 2020, section 609.3455, is amended to read:

609.3455 DANGEROUS SEX OFFENDERS; LIFE SENTENCES; CONDITIONAL RELEASE.

Subdivision 1. **Definitions.** (a) As used in this section, the following terms have the meanings given.

(b) "Conviction" includes a conviction as an extended jurisdiction juvenile under section 260B.130 for a violation of, or an attempt to violate, section 609.342, 609.343, 609.344, ~~or~~ 609.3453, or 609.3458, if the adult sentence has been executed.

(c) "Extreme inhumane conditions" mean situations where, either before or after the sexual penetration or sexual contact, the offender knowingly causes or permits the complainant to be placed in a situation likely to cause the complainant severe ongoing mental, emotional, or psychological harm, or causes the complainant's death.

(d) A "heinous element" includes:

(1) the offender tortured the complainant;

(2) the offender intentionally inflicted great bodily harm upon the complainant;

(3) the offender intentionally mutilated the complainant;

(4) the offender exposed the complainant to extreme inhumane conditions;

(5) the offender was armed with a dangerous weapon or any article used or fashioned in a manner to lead the complainant to reasonably believe it to be a dangerous weapon and used or threatened to use the weapon or article to cause the complainant to submit;

(6) the offense involved sexual penetration or sexual contact with more than one victim;

(7) the offense involved more than one perpetrator engaging in sexual penetration or sexual contact with the complainant; or

(8) the offender, without the complainant's consent, removed the complainant from one place to another and did not release the complainant in a safe place.

(e) "Mutilation" means the intentional infliction of physical abuse designed to cause serious permanent disfigurement or permanent or protracted loss or impairment of the functions of any bodily member or organ, where the offender relishes the infliction of the abuse, evidencing debasement or perversion.

(f) A conviction is considered a "previous sex offense conviction" if the offender was convicted and sentenced for a sex offense before the commission of the present offense.

(g) A conviction is considered a "prior sex offense conviction" if the offender was convicted of committing a sex offense before the offender has been convicted of the present offense, regardless of whether the offender was convicted for the first offense before the commission of the present offense, and the convictions involved separate behavioral incidents.

(h) "Sex offense" means any violation of, or attempt to violate, section 609.342, 609.343, 609.344, 609.345, 609.3451, 609.3453, 609.3458, or any similar statute of the United States, this state, or any other state.

(i) "Torture" means the intentional infliction of extreme mental anguish, or extreme psychological or physical abuse, when committed in an especially depraved manner.

(j) An offender has "two previous sex offense convictions" only if the offender was convicted and sentenced for a sex offense committed after the offender was earlier convicted and sentenced for a sex offense and both convictions preceded the commission of the present offense of conviction.

Subd. 2. **Mandatory life sentence without release; egregious first-time and repeat offenders.** (a) Notwithstanding the statutory maximum penalty otherwise applicable to the offense, the court shall sentence a person convicted under section 609.342, subdivision 1, paragraph (a), (b), (c), (d), or (e)~~, (f), or (h)~~; ~~or~~ 609.342, subdivision 1a, clause (a), (b), (c), (d), (h), or (i); 609.343, subdivision 1, paragraph (a), (b), (c), (d), or (e)~~, (f),~~; or ~~(h)~~ 609.343, subdivision 1a, clause (a), (b), (c), (d), (h), or (i), to life without the possibility of release if:

(1) the fact finder determines that two or more heinous elements exist; or

(2) the person has a previous sex offense conviction for a violation of section 609.342, 609.343, ~~or~~ 609.344, or 609.3458, and the fact finder determines that a heinous element exists for the present offense.

(b) A fact finder may not consider a heinous element if it is an element of the underlying specified violation of section 609.342 or 609.343. In addition, when determining whether two or more heinous elements exist, the fact finder may not use the same underlying facts to support a determination that more than one element exists.

Subd. 3. **Mandatory life sentence for egregious first-time offenders.** (a) Notwithstanding the statutory maximum penalty otherwise applicable to the offense, the court shall sentence a person to imprisonment for life if the person is convicted under section 609.342, subdivision 1, paragraph (a), (b), (c), (d), or (e)~~, (f), or (h), or~~; 609.342, subdivision 1a, clause (a), (b), (c), (d), (h), or (i); 609.343, subdivision 1, paragraph (a), (b), (c), (d), or (e)~~, (f), or (h)~~; or 609.343, subdivision 1a, clause (a), (b), (c), (d), (h), or (i); and the fact finder determines that a heinous element exists.

(b) The fact finder may not consider a heinous element if it is an element of the underlying specified violation of section 609.342 or 609.343.

Subd. 3a. **Mandatory sentence for certain engrained offenders.** (a) A court shall commit a person to the commissioner of corrections for a period of time that is not less than double the presumptive sentence under the sentencing guidelines and not more than the statutory maximum, or if the statutory maximum is less than double the presumptive sentence, for a period of time that is equal to the statutory maximum, if:

(1) the court is imposing an executed sentence on a person convicted of committing or attempting to commit a violation of section 609.342, 609.343, 609.344, 609.345, ~~or~~ 609.3453, or 609.3458;

(2) the fact finder determines that the offender is a danger to public safety; and

(3) the fact finder determines that the offender's criminal sexual behavior is so engrained that the risk of reoffending is great without intensive psychotherapeutic intervention or other long-term treatment or supervision extending beyond the presumptive term of imprisonment and supervised release.

(b) The fact finder shall base its determination that the offender is a danger to public safety on any of the following factors:

(1) the crime involved an aggravating factor that would justify a durational departure from the presumptive sentence under the sentencing guidelines;

(2) the offender previously committed or attempted to commit a predatory crime or a violation of section 609.224 or 609.2242, including:

(i) an offense committed as a juvenile that would have been a predatory crime or a violation of section 609.224 or 609.2242 if committed by an adult; or

(ii) a violation or attempted violation of a similar law of any other state or the United States; or

(3) the offender planned or prepared for the crime prior to its commission.

(c) As used in this section, "predatory crime" has the meaning given in section 609.341, subdivision 22.

Subd. 4. **Mandatory life sentence; repeat offenders.** (a) Notwithstanding the statutory maximum penalty otherwise applicable to the offense, the court shall sentence a person to imprisonment for life if the person is convicted of violating section 609.342, 609.343, 609.344, 609.345, ~~or~~ 609.3453, or 609.3458 and:

(1) the person has two previous sex offense convictions;

(2) the person has a previous sex offense conviction and:

(i) the fact finder determines that the present offense involved an aggravating factor that would provide grounds for an upward durational departure under the sentencing guidelines other than the aggravating factor applicable to repeat criminal sexual conduct convictions;

(ii) the person received an upward durational departure from the sentencing guidelines for the previous sex offense conviction; or

(iii) the person was sentenced under this section or Minnesota Statutes 2004, section 609.108, for the previous sex offense conviction; or

(3) the person has two prior sex offense convictions, and the fact finder determines that the prior convictions and present offense involved at least three separate victims, and:

(i) the fact finder determines that the present offense involved an aggravating factor that would provide grounds for an upward durational departure under the sentencing guidelines other than the aggravating factor applicable to repeat criminal sexual conduct convictions;

(ii) the person received an upward durational departure from the sentencing guidelines for one of the prior sex offense convictions; or

(iii) the person was sentenced under this section or Minnesota Statutes 2004, section 609.108, for one of the prior sex offense convictions.

(b) Notwithstanding paragraph (a), a court may not sentence a person to imprisonment for life for a violation of section 609.345, unless the person's previous or prior sex offense convictions that are being used as the basis for the sentence are for violations of section 609.342, 609.343, 609.344, ~~or~~ 609.3453, or 609.3458, or any similar statute of the United States, this state, or any other state.

Subd. 5. **Life sentences; minimum term of imprisonment.** At the time of sentencing under subdivision 3 or 4, the court shall specify a minimum term of imprisonment, based on the sentencing guidelines or any applicable mandatory minimum sentence, that must be served before the offender may be considered for supervised release.

Subd. 6. **Mandatory ten-year conditional release term.** Notwithstanding the statutory maximum sentence otherwise applicable to the offense and unless a longer conditional release term is required in subdivision 7, when a court commits an offender to the custody of the commissioner of corrections for a violation of section 609.342, 609.343, 609.344, 609.345, ~~or~~ 609.3453, or 609.3458, the court shall provide that, after the offender has been released from prison, the commissioner shall place the offender on conditional release for ten years.

Subd. 7. **Mandatory lifetime conditional release term.** (a) When a court sentences an offender under subdivision 3 or 4, the court shall provide that, if the offender is released from prison, the commissioner of corrections shall place the offender on conditional release for the remainder of the offender's life.

(b) Notwithstanding the statutory maximum sentence otherwise applicable to the offense, when the court commits an offender to the custody of the commissioner of corrections for a violation of section 609.342, 609.343, 609.344, 609.345, ~~or~~ 609.3453, or 609.3458, and the offender has a previous or prior sex offense conviction, the court shall provide that, after the offender has been released from prison, the commissioner shall place the offender on conditional release for the remainder of the offender's life.

(c) Notwithstanding paragraph (b), an offender may not be placed on lifetime conditional release for a violation of section 609.345, unless the offender's previous or prior sex offense conviction is for a violation of section 609.342, 609.343, 609.344, ~~or~~ 609.3453, or 609.3458, or any similar statute of the United States, this state, or any other state.

Subd. 8. **Terms of conditional release; applicable to all sex offenders.** (a) The provisions of this subdivision relating to conditional release apply to all sex offenders sentenced to prison for a violation of section 609.342, 609.343, 609.344, 609.345, ~~or~~ 609.3453, or 609.3458. Except as provided in this subdivision, conditional release of sex offenders is governed by provisions relating to supervised release. The commissioner of corrections may not dismiss an offender on conditional release from supervision until the offender's conditional release term expires.

(b) The conditions of release may include successful completion of treatment and aftercare in a program approved by the commissioner, satisfaction of the release conditions specified in section 244.05, subdivision 6, and any other conditions the commissioner considers appropriate. The commissioner shall develop a plan to pay the cost of treatment of a person released under this subdivision. The plan may include co-payments from offenders, third-party payers, local agencies, or other funding sources as they are identified. This section does not require the commissioner to accept or retain an offender in a treatment program. Before the offender is placed on conditional release, the commissioner shall notify the sentencing court and the prosecutor in the jurisdiction where the offender was sentenced of the terms of the offender's conditional release. The commissioner also shall make reasonable efforts to notify the victim of the offender's crime of the terms of the offender's conditional release.

(c) If the offender fails to meet any condition of release, the commissioner may revoke the offender's conditional release and order that the offender serve all or a part of the remaining portion of the conditional release term in prison. An offender, while on supervised release, is not entitled to credit against the offender's conditional release term for time served in confinement for a violation of release.

Subd. 9. **Applicability.** The provisions of this section do not affect the applicability of Minnesota Statutes 2004, section 609.108, to crimes committed before August 1, 2005, or the validity of sentences imposed under Minnesota Statutes 2004, section 609.108.

Subd. 10. **Presumptive executed sentence for repeat sex offenders.** Except as provided in subdivision 2, 3, 3a, or 4, if a person is convicted under sections 609.342 to 609.345 or 609.3453 within 15 years of a previous sex offense conviction, the court shall commit the defendant to the commissioner of corrections for not less than three years, nor more than the maximum sentence provided by law for the offense for which convicted, notwithstanding sections 242.19, 243.05, 609.11, 609.12, and 609.135. The court may stay the execution of the sentence imposed under this subdivision only if it finds that a professional assessment indicates the offender is accepted by and can respond to treatment at a long-term inpatient program exclusively treating sex offenders and approved by the commissioner of corrections. If the court stays the execution of a sentence, it shall include the following as conditions of probation:

(1) incarceration in a local jail or workhouse; and

(2) a requirement that the offender successfully complete the treatment program and aftercare as directed by the court.

Sec. 18. **[609.3458] SEXUAL EXTORTION.**

Subdivision 1. **Crime defined.** (a) A person who engages in sexual contact with another person and compels the other person to submit to the contact by making any of the following threats, directly or indirectly, is guilty of sexual extortion:

(1) a threat to withhold or harm the complainant's trade, business, profession, position, employment, or calling;

(2) a threat to make or cause to be made a criminal charge against the complainant, whether true or false;

(3) a threat to report the complainant's immigration status to immigration or law enforcement authorities;

(4) a threat to disseminate private sexual images of the complainant as specified in section 617.261, nonconsensual dissemination of private sexual images;

(5) a threat to expose information that the actor knows the complainant wishes to keep confidential; or

(6) a threat to withhold complainant's housing, or to cause complainant a loss or disadvantage in the complainant's housing, or a change in the cost of complainant's housing.

(b) A person who engages in sexual penetration with another person and compels the other person to submit to such penetration by making any of the following threats, directly or indirectly, is guilty of sexual extortion:

(1) a threat to withhold or harm the complainant's trade, business, profession, position, employment, or calling;

(2) a threat to make or cause to be made a criminal charge against the complainant, whether true or false;

(3) a threat to report the complainant's immigration status to immigration or law enforcement authorities;

(4) a threat to disseminate private sexual images of the complainant as specified in section 617.261, nonconsensual dissemination of private sexual images;

(5) a threat to expose information that the actor knows the complainant wishes to keep confidential; or

(6) a threat to withhold complainant's housing, or to cause complainant a loss or disadvantage in the complainant's housing, or a change in the cost of complainant's housing.

Subd. 2. **Penalty.** (a) A person is guilty of a felony and may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than $20,000, or both, if the person violates subdivision 1, paragraph (a).

(b) A person is guilty of a felony and may be sentenced to imprisonment for not more than 15 years or to payment of a fine of not more than $30,000, or both, if the person violates subdivision 1, paragraph (b).

(c) A person convicted under this section is also subject to conditional release under section 609.3455.

Subd. 3. **No attempt charge.** Notwithstanding section 609.17, no person may be charged with or convicted of an attempt to commit a violation of this section.

Sec. 19. Minnesota Statutes 2020, section 624.712, subdivision 5, is amended to read:

Subd. 5. **Crime of violence.** "Crime of violence" means: felony convictions of the following offenses: sections 609.185 (murder in the first degree); 609.19 (murder in the second degree); 609.195 (murder in the third degree); 609.20 (manslaughter in the first degree); 609.205 (manslaughter in the second degree); 609.215 (aiding

suicide and aiding attempted suicide); 609.221 (assault in the first degree); 609.222 (assault in the second degree); 609.223 (assault in the third degree); 609.2231 (assault in the fourth degree); 609.224 (assault in the fifth degree); 609.2242 (domestic assault); 609.2247 (domestic assault by strangulation); 609.229 (crimes committed for the benefit of a gang); 609.235 (use of drugs to injure or facilitate crime); 609.24 (simple robbery); 609.245 (aggravated robbery); 609.25 (kidnapping); 609.255 (false imprisonment); 609.322 (solicitation, inducement, and promotion of prostitution; sex trafficking); 609.342 (criminal sexual conduct in the first degree); 609.343 (criminal sexual conduct in the second degree); 609.344 (criminal sexual conduct in the third degree); 609.345 (criminal sexual conduct in the fourth degree); 609.3458 (sexual extortion); 609.377 (malicious punishment of a child); 609.378 (neglect or endangerment of a child); 609.486 (commission of crime while wearing or possessing a bullet-resistant vest); 609.52 (involving theft of a firearm and theft involving the theft of a controlled substance, an explosive, or an incendiary device); 609.561 (arson in the first degree); 609.562 (arson in the second degree); 609.582, subdivision 1 or 2 (burglary in the first and second degrees); 609.66, subdivision 1e (drive-by shooting); 609.67 (unlawfully owning, possessing, operating a machine gun or short-barreled shotgun); 609.71 (riot); 609.713 (terroristic threats); 609.749 (harassment); 609.855, subdivision 5 (shooting at a public transit vehicle or facility); and chapter 152 (drugs, controlled substances); and an attempt to commit any of these offenses.

Sec. 20. **PREDATORY OFFENDER STATUTORY FRAMEWORK WORKING GROUP; REPORT.**

Subdivision 1. **Direction.** By September 1, 2021, the commissioner of public safety shall convene a working group to comprehensively assess the predatory offender statutory framework. The commissioner shall invite representatives from the Department of Corrections with specific expertise on juvenile justice reform, city and county prosecuting agencies, statewide crime victim coalitions, the Minnesota judicial branch, the Minnesota Board of Public Defense, private criminal defense attorneys, the Department of Public Safety, the Department of Human Services, the Sentencing Guidelines Commission, state and local law enforcement agencies, and other interested parties to participate in the working group. The commissioner shall ensure that the membership of the working group is balanced among the various representatives and reflects a broad spectrum of viewpoints, and is inclusive of marginalized communities as well as victim and survivor voices.

Subd. 2. **Duties.** The working group must examine and assess the predatory offender registration (POR) laws, including, but not limited to, the requirements placed on offenders, the crimes for which POR is required, the method by which POR requirements are applied to offenders, and the effectiveness of the POR system in achieving its stated purpose. Governmental agencies that hold POR data shall provide the working group with public POR data upon request. The working group is encouraged to request the assistance of the state court administrator's office to obtain relevant POR data maintained by the court system.

Subd. 3. **Report to legislature.** The commissioner shall file a report detailing the working group's findings and recommendations with the chairs and ranking minority members of the house of representatives and senate committees and divisions having jurisdiction over public safety and judiciary policy and finance by January 15, 2022.

Sec. 21. **REVISOR INSTRUCTION.**

The revisor of statutes shall make necessary cross-reference changes and remove statutory cross-references in Minnesota Statutes to conform with this article. The revisor may make technical and other necessary changes to language and sentence structure to preserve the meaning of the text.

Sec. 22. **REPEALER.**

Minnesota Statutes 2020, sections 609.293, subdivisions 1 and 5; 609.34; and 609.36, are repealed.

ARTICLE 6
CRIMINAL AND SENTENCING PROVISIONS

Section 1. Minnesota Statutes 2020, section 244.05, subdivision 1b, is amended to read:

Subd. 1b. **Supervised release; offenders who commit crimes on or after August 1, 1993.** (a) Except as provided in subdivisions 4, 4a, and 5, every inmate sentenced to prison for a felony offense committed on or after August 1, 1993, shall serve a supervised release term upon completion of the inmate's term of imprisonment and any disciplinary confinement period imposed by the commissioner due to the inmate's violation of any disciplinary rule adopted by the commissioner or refusal to participate in a rehabilitative program required under section 244.03. The amount of time the inmate serves on supervised release shall be equal in length to the amount of time remaining in the inmate's executed sentence after the inmate has served the term of imprisonment and any disciplinary confinement period imposed by the commissioner.

(b) No inmate who violates a disciplinary rule or refuses to participate in a rehabilitative program as required under section 244.03 shall be placed on supervised release until the inmate has served the disciplinary confinement period for that disciplinary sanction or until the inmate is discharged or released from punitive segregation confinement, whichever is later. The imposition of a disciplinary confinement period shall be considered to be a disciplinary sanction imposed upon an inmate, and the procedure for imposing the disciplinary confinement period and the rights of the inmate in the procedure shall be those in effect for the imposition of other disciplinary sanctions at each state correctional institution.

Sec. 2. Minnesota Statutes 2020, section 244.05, subdivision 4, is amended to read:

Subd. 4. **Minimum imprisonment, life sentence.** (a) An inmate serving a mandatory life sentence under section 609.106, subdivision 2, or 609.3455, subdivision 2, paragraph (a), must not be given supervised release under this section.

(b) Except as provided in paragraph (f), an inmate serving a mandatory life sentence under section 609.185, paragraph (a), clause (3), (5), or (6); or Minnesota Statutes 2004, section 609.109, subdivision 3, must not be given supervised release under this section without having served a minimum term of 30 years.

(c) Except as provided in paragraph (f), an inmate serving a mandatory life sentence under section 609.385 must not be given supervised release under this section without having served a minimum term of imprisonment of 17 years.

(d) An inmate serving a mandatory life sentence under section 609.3455, subdivision 3 or 4, must not be given supervised release under this section without having served the minimum term of imprisonment specified by the court in its sentence.

(e) An inmate serving a mandatory life sentence under section 609.106, subdivision 3, or 609.3455, subdivision 2, paragraph (c), must not be given supervised release under this section without having served a minimum term of imprisonment of 15 years.

(f) An inmate serving a mandatory life sentence for a crime described in paragraph (b) or (c) who was under 18 years of age at the time of the commission of the offense must not be given supervised release under this section without having served a minimum term of imprisonment of 15 years.

Sec. 3. Minnesota Statutes 2020, section 244.05, is amended by adding a subdivision to read:

Subd. 4a. **Eligibility for early supervised release; offenders who were under 18 at the time of offense.** (a) Notwithstanding any other provision of law, any person who was under the age of 18 at the time of the commission of an offense is eligible for early supervised release if the person is serving an executed sentence that includes a term of imprisonment of more than 15 years or separate, consecutive executed sentences for two or more crimes that include combined terms of imprisonment that total more than 15 years.

(b) A person eligible for early supervised release under paragraph (a) must be considered for early supervised release pursuant to section 244.0515 after serving 15 years of imprisonment.

(c) Where the person is serving separate, consecutive executed sentences for two or more crimes, the person may be granted early supervised release on all sentences.

Sec. 4. Minnesota Statutes 2020, section 244.05, subdivision 5, is amended to read:

Subd. 5. **Supervised release, life sentence.** (a) Except as provided in section 244.0515, the commissioner of corrections may, under rules promulgated by the commissioner, give supervised release to an inmate serving a mandatory life sentence under section 609.185, paragraph (a), clause (3), (5), or (6); 609.3455, subdivision 3 or 4; 609.385; or Minnesota Statutes 2004, section 609.109, subdivision 3, after the inmate has served the minimum term of imprisonment specified in subdivision 4.

(b) The commissioner shall require the preparation of a community investigation report and shall consider the findings of the report when making a supervised release decision under this subdivision. The report shall reflect the sentiment of the various elements of the community toward the inmate, both at the time of the offense and at the present time. The report shall include the views of the sentencing judge, the prosecutor, any law enforcement personnel who may have been involved in the case, and any successors to these individuals who may have information relevant to the supervised release decision. The report shall also include the views of the victim and the victim's family unless the victim or the victim's family chooses not to participate.

(c) The commissioner shall make reasonable efforts to notify the victim, in advance, of the time and place of the inmate's supervised release review hearing. The victim has a right to submit an oral or written statement at the review hearing. The statement may summarize the harm suffered by the victim as a result of the crime and give the victim's recommendation on whether the inmate should be given supervised release at this time. The commissioner must consider the victim's statement when making the supervised release decision.

(d) When considering whether to give supervised release to an inmate serving a life sentence under section 609.3455, subdivision 3 or 4, the commissioner shall consider, at a minimum, the following: the risk the inmate poses to the community if released, the inmate's progress in treatment, the inmate's behavior while incarcerated, psychological or other diagnostic evaluations of the inmate, the inmate's criminal history, and any other relevant conduct of the inmate while incarcerated or before incarceration. The commissioner may not give supervised release to the inmate unless:

(1) while in prison:

(i) the inmate has successfully completed appropriate sex offender treatment;

(ii) the inmate has been assessed for chemical dependency needs and, if appropriate, has successfully completed chemical dependency treatment; and

(iii) the inmate has been assessed for mental health needs and, if appropriate, has successfully completed mental health treatment; and

(2) a comprehensive individual release plan is in place for the inmate that ensures that, after release, the inmate will have suitable housing and receive appropriate aftercare and community-based treatment. The comprehensive plan also must include a postprison employment or education plan for the inmate.

(e) As used in this subdivision, "victim" means the individual who suffered harm as a result of the inmate's crime or, if the individual is deceased, the deceased's surviving spouse or next of kin.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 5. **[244.0515] JUVENILE REVIEW BOARD.**

Subdivision 1. **Board.** The Juvenile Review Board is created with the power and duties established by subdivision 4.

Subd. 2. **Members.** (a) The board consists of seven members as follows:

(1) the commissioner of corrections or the commissioner's designee;

(2) the commissioner of human services or the commissioner's designee;

(3) the commissioner of public safety or the commissioner's designee;

(4) the attorney general or the attorney general's designee; and

(5) three at-large members with expertise in the neurodevelopment of youth, appointed by the governor.

(b) The board shall select one of its members to serve as chair.

Subd. 3. **Terms, compensation, and removal.** The membership terms, compensation, and removal of members and the filling of membership vacancies is as provided in section 15.0575.

Subd. 4. **Powers and duties.** (a) Consistent with the requirements of this section, the board has authority to grant supervised release to an inmate who was under 18 years of age at the time of the commission of the offense and is serving a mandatory life sentence; an executed sentence that includes a term of imprisonment of more than 15 years; or separate, consecutive executed sentences for two or more crimes that include combined terms of imprisonment that total more than 15 years.

(b) The board may give supervised release to an inmate described in paragraph (a) after the inmate has served the minimum term of imprisonment specified by the court or 15 years, whichever is earlier.

(c) Where an inmate is serving multiple sentences that are concurrent to one another, the board must grant or deny supervised release on all sentences. Notwithstanding any law to the contrary, where an inmate is serving multiple sentences that are consecutive to one another, the court may grant or deny supervised release on one or more sentences.

(d) The board shall conduct an initial supervised release review hearing as soon as practicable after the inmate has served the applicable minimum term of imprisonment. Hearings for inmates eligible for a review hearing on or before July 1, 2021, shall take place before July 1, 2022.

(e) If the inmate is not released at the initial supervised release review hearing, the board shall conduct subsequent review hearings until the inmate's release. Review hearings shall not be scheduled to take place within six months of a previous hearing or more than three years after a previous hearing.

(f) The board may order that an inmate be placed on intensive supervised release for all or part of the inmate's supervised release pursuant to section 244.05, subdivision 6.

Subd. 5. **Administrative services.** The commissioner of corrections shall provide adequate office space and administrative services for the board and the board shall reimburse the commissioner for the space and services provided. The board may also utilize, with their consent, the services, equipment, personnel, information, and resources of other state agencies; and may accept voluntary and uncompensated services, contract with individuals and public and private agencies, and request information, reports, and data from any agency of the state or any of the state's political subdivisions to the extent authorized by law.

Subd. 6. **Development report.** (a) Except as provided in paragraph (b), the board shall require the preparation of a development report and shall consider the findings of the report when making a supervised release decision under this section. The report shall be prepared by a mental health professional as defined in section 245.462, subdivision 18, clauses (1) to (4) or (6), and shall address the cognitive, emotional, and social maturity of the inmate.

(b) If a development report was prepared within the 12 months immediately proceeding the hearing, the board may rely on that report.

Subd. 7. **Victim statement.** The board shall make reasonable efforts to notify the victim, in advance, of the time and place of the inmate's supervised release review hearing. The victim has a right to submit an oral or written statement at the review hearing. The statement may summarize the harm suffered by the victim as a result of the crime and give the victim's recommendation on whether the inmate should be given supervised release at this time. The board must consider the victim's statement when making the supervised release decision. As used in this subdivision, "victim" means the individual who suffered harm as a result of the inmate's crime or, if the individual is deceased, the deceased's surviving spouse or next of kin.

Subd. 8. **Review hearing; notice.** (a) At least 90 days before a supervised release review hearing, the commissioner of corrections shall notify the inmate of the time and place of the hearing and that the inmate has the right to be present at the hearing, request appointment of counsel, access the inmate's prison file prior to the hearing, and submit written arguments to the board prior to the hearing.

(b) The inmate may make oral arguments to the board at the hearing.

Subd. 9. **Considerations.** (a) When considering whether to give supervised release to an inmate serving a mandatory life sentence the board shall consider, at a minimum, the following:

(1) the development report;

(2) the victim statement, if any;

(3) the risk the inmate poses to the community if released;

(4) the inmate's progress in treatment;

(5) the inmate's behavior while incarcerated;

(6) any additional psychological or other diagnostic evaluations of the inmate;

(7) the inmate's criminal history;

(8) whether the inmate is serving consecutive sentences; and

(9) any other relevant conduct of the inmate while incarcerated or before incarceration.

(b) In making its decision, the board must consider relevant science regarding the neurological development of juveniles and shall prioritize information regarding the inmate's maturity and rehabilitation while incarcerated.

(c) Except as provided in paragraph (d), the board may not give supervised release to the inmate unless:

(1) while in prison:

(i) if applicable, the inmate has successfully completed appropriate sex offender treatment;

(ii) the inmate has been assessed for chemical dependency needs and, if appropriate, has successfully completed chemical dependency treatment; and

(iii) the inmate has been assessed for mental health needs and, if appropriate, has been provided mental health treatment; and

(2) a comprehensive individual release plan is in place for the inmate that ensures that, after release, the inmate will have suitable housing and receive appropriate aftercare and community-based treatment. The comprehensive plan also must include a postprison employment or education plan for the inmate.

(d) The board shall not deny supervised release to an inmate pursuant to paragraph (c) if the appropriate assessments, treatment, or planning were not made available to the inmate.

Subd. 10. **Findings of the board.** Within 30 days after a supervised release hearing, the board shall issue its decision on granting release, including a statement of reasons for that decision. If the board does not grant supervised release, the statement of the reasons for that denial must identify specific steps the inmate can take to increase the likelihood that release will be granted at a future hearing.

Subd. 11. **Review by court of appeals.** When the board has issued its findings, an inmate who acts within 30 days from the date the inmate received the findings may have the order reviewed by the court of appeals upon either of the following grounds:

(1) the order does not conform with this section; or

(2) the findings of fact and order were unsupported by substantial evidence in view of the entire record as submitted.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 6. Minnesota Statutes 2020, section 244.09, is amended by adding a subdivision to read:

Subd. 15. **Report on sentencing adjustments.** The Sentencing Guidelines Commission shall include in its annual report to the legislature a summary and analysis of sentence adjustments issued under section 609.133. At a minimum, the summary and analysis must include information on the counties where a sentencing adjustment was granted and on the race, sex, and age of individuals who received a sentence adjustment.

Sec. 7. Minnesota Statutes 2020, section 244.101, subdivision 1, is amended to read:

Subdivision 1. **Executed sentences.** Except as provided in section 244.05, subdivision 4a, when a felony offender is sentenced to a fixed executed sentence for an offense committed on or after August 1, 1993, the executed sentence consists of two parts: (1) a specified minimum term of imprisonment that is equal to two-thirds of the

executed sentence; and (2) a specified maximum supervised release term that is equal to one-third of the executed sentence. The amount of time the inmate actually serves in prison and on supervised release is subject to the provisions of section 244.05, subdivision 1b.

Sec. 8. Minnesota Statutes 2020, section 480A.06, subdivision 4, is amended to read:

Subd. 4. **Administrative review.** The court of appeals shall have jurisdiction to review on the record the validity of administrative rules, as provided in sections 14.44 and 14.45, ~~and~~ the decisions of administrative agencies in contested cases, as provided in sections 14.63 to 14.69, and the decisions of the Juvenile Review Board as provided in section 244.0515.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 9. Minnesota Statutes 2020, section 609.03, is amended to read:

609.03 PUNISHMENT WHEN NOT OTHERWISE FIXED.

If a person is convicted of a crime for which no punishment is otherwise provided the person may be sentenced as follows:

(1) If the crime is a felony, to imprisonment for not more than five years or to payment of a fine of not more than $10,000, or both; or

(2) If the crime is a gross misdemeanor, to imprisonment for not more than ~~one year~~ 364 days or to payment of a fine of not more than $3,000, or both; or

(3) If the crime is a misdemeanor, to imprisonment for not more than 90 days or to payment of a fine of not more than $1,000, or both; or

(4) If the crime is other than a misdemeanor and a fine is imposed but the amount is not specified, to payment of a fine of not more than $1,000, or to imprisonment for a specified term of not more than six months if the fine is not paid.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to offenders receiving a gross misdemeanor sentence before, on, or after that date.

Sec. 10. **[609.0342] MAXIMUM PUNISHMENT FOR GROSS MISDEMEANORS.**

Any law of this state that provides for a maximum sentence of imprisonment of one year or is defined as a gross misdemeanor shall be deemed to provide for a maximum fine of $3,000 and a maximum sentence of imprisonment of 364 days.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to offenders receiving a gross misdemeanor sentence before, on, or after that date.

Sec. 11. **[609.1056] MILITARY VETERANS; CRIMES COMMITTED BECAUSE OF CONDITIONS RESULTING FROM SERVICE; DISCHARGE AND DISMISSAL.**

Subdivision 1. **Definitions.** As used in this section, the following terms have the meanings given:

(1) "applicable condition" means sexual trauma, traumatic brain injury, posttraumatic stress disorder, substance abuse, or a mental health condition;

(2) "eligible offense" means any misdemeanor or gross misdemeanor, and any felony that is ranked at severity level 7 or lower or D7 or lower on the Sentencing Guidelines grid;

(3) "pretrial diversion" means the decision of a prosecutor to refer a defendant to a diversion program on condition that the criminal charges against the defendant shall be dismissed after a specified period of time, or the case shall not be charged, if the defendant successfully completes the program of treatment recommended by the United States Department of Veterans Affairs or a local, state, federal, or private nonprofit treatment program; and

(4) "veterans treatment court program" means a program that has the following essential characteristics:

(i) the integration of services in the processing of cases in the judicial system;

(ii) the use of a nonadversarial approach involving prosecutors and defense attorneys to promote public safety and to protect the due process rights of program participants;

(iii) early identification and prompt placement of eligible participants in the program;

(iv) access to a continuum of alcohol, controlled substance, mental health, and other related treatment and rehabilitative services;

(v) careful monitoring of treatment and services provided to program participants;

(vi) a coordinated strategy to govern program responses to participants' compliance;

(vii) ongoing judicial interaction with program participants;

(viii) monitoring and evaluation of program goals and effectiveness;

(ix) continuing interdisciplinary education to promote effective program planning, implementation, and operations;

(x) development of partnerships with public agencies and community organizations, including the United States Department of Veterans Affairs; and

(xi) inclusion of a participant's family members who agree to be involved in the treatment and services provided to the participant under the program.

Subd. 2. **Deferred prosecution.** (a) The court shall defer prosecution for an eligible offense committed by a defendant who was, or currently is, a member of the United States military as provided in this subdivision. The court shall do this at the request of the defendant upon a finding of guilty after trial or upon a guilty plea.

(b) A defendant who requests to be sentenced under this subdivision shall release or authorize access to military service reports and records relating to the alleged applicable condition. The court must file the records as confidential and designate that they remain sealed, except as provided in this paragraph. In addition, the court may request, through existing resources, an assessment of the defendant. The defendant, through existing records or licensed professional evaluation, shall establish the diagnosis of the condition, that it was caused by military service, and that the offense was committed as a result of the condition. The court, on its own motion or the prosecutor's, with notice to defense counsel, may order the defendant to furnish to the court for in-camera review or to the prosecutor copies of all medical and military service reports and records previously or subsequently made concerning the defendant's condition and the condition's connection to service.

(c) Based on the record, the court shall determine whether, by clear and convincing evidence: (1) the defendant suffered from an applicable condition at the time of the offense; (2) the applicable condition was caused by service in the United States military; and (3) the offense was committed as a result of the applicable condition. Within 15 days of the court's determination, either party may file a challenge to the determination and demand a hearing on the defendant's eligibility under this subdivision.

(d) If the court makes the determination described in paragraph (c), the court shall, without entering a judgment of guilty, defer further proceedings and place the defendant on probation upon such reasonable conditions as it may require and for a period not to exceed the maximum period provided by law. A court may extend a defendant's term of probation pursuant to section 609.135, subdivision 2, paragraphs (g) and (h). Conditions ordered by the court must include treatment, services, rehabilitation, and education sufficient so that if completed, the defendant would be eligible for discharge and dismissal under subdivision 3. In addition, the court shall order that the defendant undergo a chemical use assessment that includes a recommended level of care for the defendant in accordance with the criteria contained in rules adopted by the commissioner of human services under section 254A.03, subdivision 3.

(e) If the court determines that the defendant is eligible for a deferred sentence but the defendant has previously received one for a felony offense under this subdivision, the court may, but is not required to, impose a deferred sentence. If the court does not impose a deferred sentence, the court may sentence the defendant as otherwise provided in law, including as provided in subdivision 4.

(f) Upon violation of a condition of probation, the court may enter an adjudication of guilt and proceed as otherwise provided in law, including as provided in subdivision 4.

(g) As a condition of probation, the court may order the defendant to attend a local, state, federal, or private nonprofit treatment program for a period not to exceed the maximum period for which the defendant could have been incarcerated.

(h) The court, when issuing an order under this subdivision that a defendant attend an established treatment program, shall give preference to a treatment program that has a history of successfully treating veterans who suffer from applicable conditions caused by military service, including but not limited to programs operated by the United States Department of Defense or Veterans Affairs.

(i) The court and any assigned treatment program shall collaborate with, when available, the county veterans service officer and the United States Department of Veterans Affairs to maximize benefits and services provided to the defendant.

(j) If available in the county or judicial district having jurisdiction over the case, the defendant may be supervised by a veterans treatment court program under subdivision 5. If there is a veterans treatment court that meets the requirements of subdivision 5 in the county in which the defendant resides or works, supervision of the defendant may be transferred to that county or judicial district veterans treatment court program. Upon the defendant's successful or unsuccessful completion of the program, the veterans treatment court program shall communicate this information to the court of original jurisdiction for further action.

(k) Sentencing pursuant to this subdivision waives any right to administrative review pursuant to section 169A.53, subdivision 1, or judicial review pursuant to section 169A.53, subdivision 2, for a license revocation or cancellation imposed pursuant to section 169A.52, and also waives any right to administrative review pursuant to section 171.177, subdivision 10, or judicial review pursuant to section 171.177, subdivision 11, for a license revocation or cancellation imposed pursuant to section 171.177, if that license revocation or cancellation is the result of the same incident that is being sentenced.

Subd. 3. **Discharge and dismissal.** (a) Upon the expiration of the period of the defendant's probation the court shall hold a hearing to discharge the defendant from probation and determine whether to dismiss the proceedings against a defendant who received a deferred sentence under subdivision 2. The hearing shall be scheduled so that the parties have adequate time to prepare and present arguments regarding the issue of dismissal. The parties may submit written arguments to the court prior to the date of the hearing and may make oral arguments before the court at the hearing. The defendant must be present at the hearing unless excused under Minnesota Rules of Criminal Procedure, rule 26.03, subdivision 1, clause (3).

(b) The court shall provide notice to any identifiable victim of the offense at least 15 days before the hearing is held. Notice to victims of the offense under this subdivision must specifically inform the victim of the right to submit an oral or written statement to the court at the time of the hearing describing the harm suffered by the victim as a result of the crime and the victim's recommendation on whether dismissal should be granted or denied. The judge shall consider the victim's statement when making a decision. If a victim notifies the prosecutor of an objection to dismissal and is not present at the hearing, the prosecutor shall make the objections known to the court.

(c) The court shall dismiss proceedings against a defendant if the court finds by clear and convincing evidence that the defendant:

(1) is in substantial compliance with the conditions of probation;

(2) has successfully participated in court-ordered treatment and services to address the applicable condition caused by military service;

(3) does not represent a danger to the health or safety of victims or others; and

(4) has demonstrated significant benefit from court-ordered education, treatment, or rehabilitation to clearly show that a discharge and dismissal under this subdivision is in the interests of justice.

(d) In determining the interests of justice, the court shall consider, among other factors, all of the following:

(1) the defendant's completion and degree of participation in education, treatment, and rehabilitation as ordered by the court;

(2) the defendant's progress in formal education;

(3) the defendant's development of career potential;

(4) the defendant's leadership and personal responsibility efforts;

(5) the defendant's contribution of service in support of the community;

(6) the level of harm to the community from the offense; and

(7) the statement of the victim, if any.

(e) If the court finds that the defendant does not qualify for discharge and dismissal under paragraph (c), the court shall enter an adjudication of guilt and proceed as otherwise provided in law, including as provided in subdivision 4.

(f) Discharge and dismissal under this subdivision shall be without court adjudication of guilt, but a not public record of the discharge and dismissal shall be retained by the Bureau of Criminal Apprehension for the purpose of use by the courts in determining the merits of subsequent proceedings against the defendant. The not public record

may also be opened only upon court order for purposes of a criminal investigation, prosecution, or sentencing. Upon request by law enforcement, prosecution, or corrections authorities, the bureau shall notify the requesting party of the existence of the not public record and the right to seek a court order to open the not public record under this paragraph. The court shall forward a record of any discharge and dismissal under this subdivision to the bureau, which shall make and maintain the not public record of the discharge and dismissal. The discharge and dismissal shall not be deemed a conviction for purposes of disqualifications or disabilities imposed by law upon conviction of a crime or for any other purpose. For purposes of this paragraph, "not public" has the meaning given in section 13.02, subdivision 8a.

Subd. 4. **Sentencing departure; waiver of mandatory sentence.** (a) This subdivision applies to defendants who plead or are found guilty of any criminal offense except one for which registration is required under section 243.166, subdivision 1b.

(b) Prior to sentencing, a defendant described in paragraph (a) may present proof to the court that the defendant has, since the commission of the offense, engaged in rehabilitative efforts consistent with those described in this section. If the court determines that the defendant has engaged in substantial rehabilitative efforts and the defendant establishes by clear and convincing evidence that:

(1) the defendant suffered from an applicable condition at the time of the offense;

(2) the applicable condition was caused by service in the United States military; and

(3) the offense was committed as a result of the applicable condition;

the court may determine that the defendant is particularly amenable to probation and order a mitigated durational or dispositional sentencing departure or a waiver of any statutory mandatory minimum sentence applicable to the defendant.

Subd. 5. **Optional veterans treatment court program; procedures for eligible defendants.** A county or judicial district may supervise probation under this section through a veterans treatment court, using county veterans service officers appointed under sections 197.60 to 197.606, United States Department of Veterans Affairs veterans justice outreach specialists, probation agents, and any other rehabilitative resources available to the court.

Subd. 6. **Creation of county and city diversion programs; authorization.** Any county or city may establish and operate a veterans pretrial diversion program for offenders eligible under subdivision 2 without penalty under section 477A.0175.

Subd. 7. **Exception.** This section does not apply to a person charged with an offense for which registration is required under section 243.166, subdivision 1b.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to crimes committed on or after that date.

Sec. 12. Minnesota Statutes 2020, section 609.106, subdivision 2, is amended to read:

Subd. 2. **Life without release.** Except as provided in subdivision 3, the court shall sentence a person to life imprisonment without possibility of release under the following circumstances:

(1) the person is convicted of first-degree murder under section 609.185, paragraph (a), clause (1), (2), (4), or (7);

(2) the person is convicted of committing first-degree murder in the course of a kidnapping under section 609.185, paragraph (a), clause (3); or

(3) the person is convicted of first-degree murder under section 609.185, paragraph (a), clause (3), (5), or (6), and the court determines on the record at the time of sentencing that the person has one or more previous convictions for a heinous crime.

Sec. 13. Minnesota Statutes 2020, section 609.106, is amended by adding a subdivision to read:

Subd. 3. **Offender under age 18; life imprisonment.** The court shall sentence a person who was under 18 years of age at the time of the commission of an offense under the circumstances described in subdivision 2 to imprisonment for life.

Sec. 14. Minnesota Statutes 2020, section 609.1095, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) As used in this section, the following terms have the meanings given.

(b) "Conviction" means any of the following accepted and recorded by the court: a plea of guilty, a verdict of guilty by a jury, or a finding of guilty by the court. The term includes a conviction by any court in Minnesota or another jurisdiction.

(c) "Prior conviction" means a conviction that occurred before the offender committed the next felony resulting in a conviction and before the offense for which the offender is being sentenced under this section.

(d) "Violent crime" means a violation of or an attempt or conspiracy to violate any of the following laws of this state or any similar laws of the United States or any other state: sections 152.137; 609.165; 609.185; 609.19; 609.195; 609.20; 609.205; 609.2112; 609.2113; 609.2114; 609.221; 609.222; 609.223; 609.228; 609.235; 609.24; 609.245; 609.25; 609.255; 609.2661; 609.2662; 609.2663; 609.2664; 609.2665; 609.267; 609.2671; 609.268; 609.322; 609.342; 609.343; 609.344; 609.345; 609.498, subdivision 1; 609.561; 609.562; 609.582, subdivision 1; 609.66, subdivision 1e; 609.687; and 609.855, subdivision 5; any provision of sections 609.229; 609.377; 609.378; 609.749; and 624.713 that is punishable by a felony penalty; or any provision of chapter 152 that is punishable by a maximum sentence of 15 years or more; or Minnesota Statutes 2012, section 609.21.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to crimes committed on or after that date.

Sec. 15. Minnesota Statutes 2020, section 609.115, is amended by adding a subdivision to read:

Subd. 11. **Disability impact statement.** (a) When a defendant appears in court and is convicted of a crime, the court shall inquire whether the defendant is an individual with a disability. For the purposes of this subdivision, "disability" has the meaning given in the Americans with Disabilities Act of 1990, as amended by the Americans with Disabilities Act Amendment Act of 2008, United States Code, Title 42, section 12102.

(b) If the defendant is an individual with a disability and may be sentenced to a term of imprisonment, the court:

(1) may order that the presentence investigator preparing the report under subdivision 1 prepare an impact statement that addresses the impact on a person's disability including but not limited to health, housing, family, employment effect of benefits, and potential for abuse if the defendant is sentenced to a term of imprisonment, for the purpose of providing the court with information regarding sentencing options other than a term of imprisonment;

(2) must consider the impact statement in imposing a sentence; and

(3) must consider the least restrictive environment to meet the state's penal objective.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to individuals convicted of a crime on or after that date.

Sec. 16. Minnesota Statutes 2020, section 609.115, is amended by adding a subdivision to read:

Subd. 12. **Traumatic brain injury.** (a) When a defendant appears in court and is convicted of a felony, the court shall inquire whether the defendant has a history of stroke, traumatic brain injury, or fetal alcohol spectrum disorder.

(b) If the defendant has a history of stroke, traumatic brain injury, or fetal alcohol spectrum disorder and the court believes that the offender may have a mental impairment that caused the offender to lack substantial capacity for judgment when the offense was committed, the court shall order that the offender undergo a neuropsychological examination unless the offender has had a recent examination as described in paragraph (c). The report prepared under subdivision 1 shall contain the results of the examination ordered by the court or the recent examination and the officer preparing the report may consult with any medical provider, mental health professional, or other agency or person with suitable knowledge or experience for the purpose of providing the court with information regarding treatment and case management options available to the defendant.

(c) An updated neuropsychological examination is not required under this subdivision if:

(1) the person had a previous examination when the person was at least 25 years of age;

(2) the examination took place at least 18 months after the person's most recent stroke or traumatic brain injury; and

(3) the examination took place within the previous three years.

(d) At sentencing, the court may consider any relevant information including but not limited to the information provided pursuant to paragraph (b) and the recommendations of any diagnosing or treating medical providers or mental health professionals to determine whether the offender, because of mental impairment resulting from a stroke, traumatic brain injury, or fetal alcohol spectrum disorder, lacked substantial capacity for judgment when the offense was committed.

Sec. 17. Minnesota Statutes 2020, section 609.131, subdivision 2, is amended to read:

Subd. 2. **Certain violations excepted.** Subdivision 1 does not apply to a misdemeanor violation of section 169A.20; 171.09, subdivision 1, paragraph (g); 171.306, subdivision 6; 609.224; 609.2242; 609.226; ~~609.324, subdivision 3;~~ 609.52; or 617.23, or an ordinance that conforms in substantial part to any of those sections. A violation described in this subdivision must be treated as a misdemeanor unless the defendant consents to the certification of the violation as a petty misdemeanor.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to crimes committed on or after that date.

Sec. 18. **[609.133] SENTENCE ADJUSTMENT.**

Subdivision 1. **Definition.** As used in this section, "prosecutor" means the attorney general, county attorney, or city attorney responsible for the prosecution of individuals charged with a crime.

Subd. 2. **Prosecutor-initiated sentence adjustment.** The prosecutor responsible for the prosecution of an individual convicted of a crime may commence a proceeding to adjust the sentence of that individual at any time after the initial sentencing provided the prosecutor does not seek to increase the period of confinement or, if the individual is serving a stayed sentence, increase the period of supervision.

Subd. 3. **Review by prosecutor.** (a) Prosecutors may review individual cases at their discretion.

(b) Prior to filing a petition under this section, a prosecutor shall make a reasonable and good faith effort to seek input from any identifiable victim and shall consider the impact an adjusted sentence would have on the victim.

(c) The commissioner of corrections, a supervising agent, or an offender may request that a prosecutor review an individual case. A prosecutor is not required to respond to a request.

Subd. 4. **Petition; contents; fee.** (a) A petition for sentence adjustment shall include the following:

(1) the full name of the individual on whose behalf the petition is being brought and, to the extent possible, all other legal names or aliases by which the individual has been known at any time;

(2) the individual's date of birth;

(3) the individual's address;

(4) a brief statement of the reason the prosecutor is seeking a sentence adjustment for the individual;

(5) the details of the offense for which an adjustment is sought, including:

(i) the date and jurisdiction of the occurrence;

(ii) either the names of any victims or that there were no identifiable victims;

(iii) whether there is a current order for protection, restraining order, or other no contact order prohibiting the individual from contacting the victims or whether there has ever been a prior order for protection or restraining order prohibiting the individual from contacting the victims;

(iv) the court file number; and

(v) the date of conviction;

(6) what steps the individual has taken since the time of the offense toward personal rehabilitation, including treatment, work, good conduct within correctional facilities, or other personal history that demonstrates rehabilitation;

(7) the individual's criminal conviction record indicating all convictions for misdemeanors, gross misdemeanors, or felonies in this state, and for all comparable convictions in any other state, federal court, or foreign country, whether the convictions occurred before or after the conviction for which an adjustment is sought;

(8) the individual's criminal charges record indicating all prior and pending criminal charges against the individual in this state or another jurisdiction, including all criminal charges that have been continued for dismissal, stayed for adjudication, or were the subject of pretrial diversion; and

(9) to the extent known, all prior requests by the individual, whether for the present offense or for any other offenses in this state or any other state or federal court, for pardon, return of arrest records, or expungement or sealing of a criminal record, whether granted or not, and all stays of adjudication or imposition of sentence involving the petitioner.

(b) The filing fee for a petition brought under this section shall be waived.

Subd. 5. **Service of petition.** (a) The prosecutor shall serve the petition for sentence adjustment on the individual on whose behalf the petition is being brought.

(b) The prosecutor shall make a good faith and reasonable effort to notify any person determined to be a victim of the offense for which adjustment is sought of the existence of a petition. Notification under this paragraph does not constitute a violation of an existing order for protection, restraining order, or other no contact order.

(c) Notice to victims of the offense under this subdivision must:

(1) specifically inform the victim of the right to object, orally or in writing, to the proposed adjustment of sentence; and

(2) inform the victims of the right to be present and to submit an oral or written statement at the hearing described in subdivision 6.

(d) If a victim notifies the prosecutor of an objection to the proposed adjustment of sentence and is not present when the court considers the sentence adjustment, the prosecutor shall make these objections known to the court.

Subd. 6. **Hearing.** (a) The court shall hold a hearing on the petition no sooner than 60 days after service of the petition. The hearing shall be scheduled so that the parties have adequate time to prepare and present arguments regarding the issue of sentence adjustment. The parties may submit written arguments to the court prior to the date of the hearing and may make oral arguments before the court at the hearing. The individual on whose behalf the petition has been brought must be present at the hearing, unless excused under Minnesota Rules of Criminal Procedure, rule 26.03, subdivision 1, clause (3).

(b) A victim of the offense for which sentence adjustment is sought has a right to submit an oral or written statement to the court at the time of the hearing describing the harm suffered by the victim as a result of the crime and the victim's recommendation on whether adjustment should be granted or denied. The judge shall consider the victim's statement when making a decision.

(c) Representatives of the Department of Corrections, supervising agents, community treatment providers, and any other individual with relevant information may submit an oral or written statement to the court at the time of the hearing.

Subd. 7. **Nature of remedy; standard.** (a) The court shall determine whether there are substantial and compelling reasons to adjust the individual's sentence. In making this determination, the court shall consider what impact, if any, a sentence adjustment would have on public safety, including whether an adjustment would promote the rehabilitation of the individual, properly reflect the severity of the underlying offense, or reduce sentencing disparities. In making this determination, the court may consider factors relating to both the offender and the offense, including but not limited to:

(1) the individual's performance on probation or supervision;

(2) the individual's disciplinary record during any period of incarceration;

(3) records of any rehabilitation efforts made by the individual since the date of offense and any plan to continue those efforts in the community;

(4) evidence that remorse, age, diminished physical condition, or any other factor has significantly reduced the likelihood that the individual will commit a future offense;

(5) the amount of time the individual has served in custody or under supervision; and

(6) significant changes in law or sentencing practice since the date of offense.

(b) Notwithstanding any law to the contrary, if the court determines that there are substantial and compelling reasons to adjust the individual's sentence, the court may modify the sentence in any way provided the adjustment does not:

(1) increase the period of confinement or, if the individual is serving a stayed sentence, increase the period of supervision;

(2) reduce or eliminate the amount of court-ordered restitution; or

(3) reduce or eliminate a term of conditional release required by law when a court commits an offender to the custody of the commissioner of corrections.

The court may stay imposition or execution of sentence pursuant to section 609.135.

(c) A sentence adjustment is not a valid basis to vacate the judgment of conviction, enter a judgment of conviction for a different offense, or impose sentence for any other offense.

(d) The court shall state in writing or on the record the reasons for its decision on the petition. If the court grants a sentence adjustment, it shall cause a sentencing worksheet as provided in section 609.115, subdivision 1, to be completed and forwarded to the Sentencing Guidelines Commission. The sentencing worksheet shall clearly indicate that it is for a sentence adjustment.

Subd. 8. **Appeals.** An order issued under this section shall not be considered a final judgment, but shall be treated as an order imposing or staying a sentence.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 19. Minnesota Statutes 2020, section 609.2231, subdivision 4, is amended to read:

Subd. 4. **Assaults motivated by bias.** (a) Whoever assaults another in whole or in part because of the victim's or another's actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03, ~~age, or national origin~~ or because of the victim's actual or perceived association with another person or group of a certain actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03, may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than $3,000, or both.

(b) Whoever violates the provisions of paragraph (a) within five years of a previous conviction under paragraph (a) is guilty of a felony and may be sentenced to imprisonment for not more than one year and a day or to payment of a fine of not more than $3,000, or both.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to crimes committed on or after that date.

Sec. 20. Minnesota Statutes 2020, section 609.2233, is amended to read:

609.2233 FELONY ASSAULT MOTIVATED BY BIAS; INCREASED STATUTORY MAXIMUM SENTENCE.

A person who violates section 609.221, 609.222, or 609.223 because of the victim's or another person's actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03, ~~age, or national origin~~ or because of the victim's actual

or perceived association with another person or group of a certain actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03, is subject to a statutory maximum penalty of 25 percent longer than the maximum penalty otherwise applicable.

Sec. 21. Minnesota Statutes 2020, section 609.322, subdivision 1, is amended to read:

Subdivision 1. **Solicitation, inducement, and promotion of prostitution; sex trafficking in the first degree.** (a) Whoever, while acting other than as a prostitute or patron, intentionally does any of the following may be sentenced to imprisonment for not more than ~~20~~ 25 years or to payment of a fine of not more than $50,000, or both:

(1) solicits or induces an individual under the age of 18 years to practice prostitution;

(2) promotes the prostitution of an individual under the age of 18 years;

(3) receives profit, knowing or having reason to know that it is derived from the prostitution, or the promotion of the prostitution, of an individual under the age of 18 years; or

(4) engages in the sex trafficking of an individual under the age of 18 years.

(b) Whoever violates paragraph (a) or subdivision 1a may be sentenced to imprisonment for not more than ~~25~~ 30 years or to payment of a fine of not more than $60,000, or both, if one or more of the following aggravating factors are present:

(1) the offender has committed a prior qualified human trafficking-related offense;

(2) the offense involved a sex trafficking victim who suffered bodily harm during the commission of the offense;

(3) the time period that a sex trafficking victim was held in debt bondage or forced labor or services exceeded 180 days; or

(4) the offense involved more than one sex trafficking victim.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to crimes committed on or after that date.

Sec. 22. Minnesota Statutes 2020, section 609.322, subdivision 1a, is amended to read:

Subd. 1a. **Solicitation, inducement, and promotion of prostitution; sex trafficking in the second degree.** Whoever, while acting other than as a prostitute or patron, intentionally does any of the following may be sentenced to imprisonment for not more than ~~15~~ 20 years or to payment of a fine of not more than $40,000, or both:

(1) solicits or induces an individual to practice prostitution;

(2) promotes the prostitution of an individual;

(3) receives profit, knowing or having reason to know that it is derived from the prostitution, or the promotion of the prostitution, of an individual; or

(4) engages in the sex trafficking of an individual.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to crimes committed on or after that date.

Sec. 23. Minnesota Statutes 2020, section 609.324, subdivision 1, is amended to read:

Subdivision 1. **Engaging in, hiring, or agreeing to hire minor to engage in prostitution; penalties.** (a) Whoever intentionally does any of the following may be sentenced to imprisonment for not more than 20 years or to payment of a fine of not more than $40,000, or both:

(1) engages in prostitution with an individual under the age of ~~13~~ 14 years;

(2) hires or offers or agrees to hire an individual under the age of ~~13~~ 14 years to engage in sexual penetration or sexual contact; or

(3) hires or offers or agrees to hire an individual who the actor reasonably believes to be under the age of ~~13~~ 14 years to engage in sexual penetration or sexual contact.

(b) Whoever intentionally does any of the following may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than $20,000, or both:

(1) engages in prostitution with an individual under the age of 16 years but at least ~~13~~ 14 years;

(2) hires or offers or agrees to hire an individual under the age of 16 years but at least ~~13~~ 14 years to engage in sexual penetration or sexual contact; or

(3) hires or offers or agrees to hire an individual who the actor reasonably believes to be under the age of 16 years but at least 13 years to engage in sexual penetration or sexual contact.

(c) Whoever intentionally does any of the following may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than $10,000, or both:

(1) engages in prostitution with an individual under the age of 18 years but at least 16 years;

(2) hires or offers or agrees to hire an individual under the age of 18 years but at least 16 years to engage in sexual penetration or sexual contact; or

(3) hires or offers or agrees to hire an individual who the actor reasonably believes to be under the age of 18 years but at least 16 years to engage in sexual penetration or sexual contact.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to crimes committed on or after that date.

Sec. 24. Minnesota Statutes 2020, section 609.324, subdivision 2, is amended to read:

Subd. 2. **Patrons of prostitution ~~in public place~~; penalty ~~for patrons~~.** (a) Whoever, while acting as a patron, intentionally does any of the following ~~while in a public place~~ is guilty of a gross misdemeanor:

(1) engages in prostitution with an individual 18 years of age or older; or

(2) hires, offers to hire, or agrees to hire an individual 18 years of age or older to engage in sexual penetration or sexual contact.

Except as otherwise provided in subdivision 4, a person who is convicted of violating this subdivision must, at a minimum, be sentenced to pay a fine of at least $1,500.

(b) Whoever violates the provisions of this subdivision within ten years of a previous conviction for violating this section or section 609.322 is guilty of a felony and may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than $10,000, or both.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to crimes committed on or after that date.

Sec. 25. Minnesota Statutes 2020, section 609.324, subdivision 4, is amended to read:

Subd. 4. **Community service in lieu of minimum fine.** The court may order a person convicted of violating subdivision 2 ~~or 3~~ to perform community work service in lieu of all or a portion of the minimum fine required under those subdivisions if the court makes specific, written findings that the convicted person is indigent or that payment of the fine would create undue hardship for the convicted person or that person's immediate family. Community work service ordered under this subdivision is in addition to any mandatory community work service ordered under subdivision 3.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to crimes committed on or after that date.

Sec. 26. Minnesota Statutes 2020, section 609.3241, is amended to read:

609.3241 PENALTY ASSESSMENT AUTHORIZED.

(a) When a court sentences an adult convicted of violating section 609.27, 609.282, 609.283, 609.322, 609.324, 609.33, 609.352, 617.246, 617.247, or 617.293, while acting other than as a prostitute, the court shall impose an assessment of not less than $500 and not more than $750 for a misdemeanor violation of section 609.27, a violation of section 609.324, subdivision 2, ~~a misdemeanor violation of section 609.324, subdivision 3,~~ a violation of section 609.33, or a violation of section 617.293; otherwise the court shall impose an assessment of not less than $750 and not more than $1,000. The assessment shall be distributed as provided in paragraph (c) and is in addition to the surcharge required by section 357.021, subdivision 6.

(b) The court may not waive payment of the minimum assessment required by this section. If the defendant qualifies for the services of a public defender or the court finds on the record that the convicted person is indigent or that immediate payment of the assessment would create undue hardship for the convicted person or that person's immediate family, the court may reduce the amount of the minimum assessment to not less than $100. The court also may authorize payment of the assessment in installments.

(c) The assessment collected under paragraph (a) must be distributed as follows:

(1) 40 percent of the assessment shall be forwarded to the political subdivision that employs the arresting officer for use in enforcement, training, and education activities related to combating sexual exploitation of youth, or if the arresting officer is an employee of the state, this portion shall be forwarded to the commissioner of public safety for those purposes identified in clause (3);

(2) 20 percent of the assessment shall be forwarded to the prosecuting agency that handled the case for use in training and education activities relating to combating sexual exploitation activities of youth; and

(3) 40 percent of the assessment must be forwarded to the commissioner of health to be deposited in the safe harbor for youth account in the special revenue fund and are appropriated to the commissioner for distribution to crime victims services organizations that provide services to sexually exploited youth, as defined in section 260C.007, subdivision 31.

(d) A safe harbor for youth account is established as a special account in the state treasury.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to crimes committed on or after that date.

Sec. 27. Minnesota Statutes 2020, section 609.3455, subdivision 2, is amended to read:

Subd. 2. **Mandatory life sentence without release; egregious first-time and repeat offenders.** (a) Except as provided in paragraph (c), notwithstanding the statutory maximum penalty otherwise applicable to the offense, the court shall sentence a person convicted under section 609.342, subdivision 1, paragraph (c), (d), (e), (f), or (h); or 609.343, subdivision 1, paragraph (c), (d), (e), (f), or (h), to life without the possibility of release if:

(1) the fact finder determines that two or more heinous elements exist; or

(2) the person has a previous sex offense conviction for a violation of section 609.342, 609.343, or 609.344, and the fact finder determines that a heinous element exists for the present offense.

(b) A fact finder may not consider a heinous element if it is an element of the underlying specified violation of section 609.342 or 609.343. In addition, when determining whether two or more heinous elements exist, the fact finder may not use the same underlying facts to support a determination that more than one element exists.

(c) The court shall sentence a person who was under 18 years of age at the time of the commission of an offense described in paragraph (a) to imprisonment for life.

Sec. 28. Minnesota Statutes 2020, section 609.3455, subdivision 5, is amended to read:

Subd. 5. **Life sentences; minimum term of imprisonment.** At the time of sentencing under subdivision 3 or 4, the court shall specify a minimum term of imprisonment, based on the sentencing guidelines or any applicable mandatory minimum sentence, that must be served before the offender may be considered for supervised release. If the offender was under 18 years of age at the time of the commission of the offense, the minimum term of imprisonment specified by the court shall not exceed 15 years.

Sec. 29. Minnesota Statutes 2020, section 609.352, subdivision 4, is amended to read:

Subd. 4. **Penalty.** A person convicted under subdivision 2 or 2a is guilty of a felony and may be sentenced to imprisonment for not more than ~~three~~ five years, or to payment of a fine of not more than ~~$5,000~~ $10,000, or both.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to crimes committed on or after that date.

Sec. 30. Minnesota Statutes 2020, section 609.527, subdivision 3, is amended to read:

Subd. 3. **Penalties.** A person who violates subdivision 2 may be sentenced as follows:

(1) if the offense involves a single direct victim and the total, combined loss to the direct victim and any indirect victims is $250 or less, the person may be sentenced as provided in section 609.52, subdivision 3, clause (5);

(2) if the offense involves a single direct victim and the total, combined loss to the direct victim and any indirect victims is more than $250 but not more than $500, the person may be sentenced as provided in section 609.52, subdivision 3, clause (4);

(3) if the offense involves two or three direct victims or the total, combined loss to the direct and indirect victims is more than $500 but not more than $2,500, the person may be sentenced as provided in section 609.52, subdivision 3, clause (3);

(4) if the offense involves more than three but not more than seven direct victims, or if the total combined loss to the direct and indirect victims is more than $2,500, the person may be sentenced as provided in section 609.52, subdivision 3, clause (2); ~~and~~

(5) if the offense involves eight or more direct victims~~;~~, or if the total, combined loss to the direct and indirect victims is more than $35,000~~; or~~, the person may be sentenced as provided in section 609.52, subdivision 3, clause (1); and

(6) if the offense is related to possession or distribution of pornographic work in violation of section 617.246 or 617.247~~;~~, the person may be sentenced as provided in section 609.52, subdivision 3, clause (1).

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to crimes committed on or after that date.

Sec. 31. Minnesota Statutes 2020, section 609.595, subdivision 1a, is amended to read:

Subd. 1a. **Criminal damage to property in the second degree.** (a) Whoever intentionally causes damage described in subdivision 2, paragraph (a), ~~because of the property owner's or another's actual or perceived race, color, religion, sex, sexual orientation, disability as defined in section 363A.03, age, or national origin~~ is guilty of a felony and may be sentenced to imprisonment for not more than one year and a day or to payment of a fine of not more than $3,000, or both~~.~~, if the damage:

(1) was committed in whole or in part because of the property owner's or another's actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03;

(2) was committed in whole or in part because of the victim's actual or perceived association with another person or group of a certain actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03;

(3) was motivated in whole or in part by an intent to intimidate or harm an individual or group of individuals because of actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03; or

(4) was motivated in whole or in part by an intent to intimidate or harm an individual or group of individuals because of the victim's actual or perceived association with another person or group of a certain actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03.

(b) In any prosecution under paragraph (a), the value of property damaged by the defendant in violation of that paragraph within any six-month period may be aggregated and the defendant charged accordingly in applying this section. When two or more offenses are committed by the same person in two or more counties, the accused may be prosecuted in any county in which one of the offenses was committed for all of the offenses aggregated under this paragraph.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to crimes committed on or after that date.

Sec. 32. Minnesota Statutes 2020, section 609.595, subdivision 2, is amended to read:

Subd. 2. **Criminal damage to property in the third degree.** (a) Except as otherwise provided in subdivision 1a, whoever intentionally causes damage to another person's physical property without the other person's consent may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than $3,000, or both, if: (1) the damage reduces the value of the property by more than $500 but not more than $1,000 as measured by the cost of repair and replacement; or (2) the damage was to a public safety motor vehicle and the defendant knew the vehicle was a public safety motor vehicle.

(b) Whoever intentionally causes damage to another person's physical property without the other person's consent ~~because of the property owner's or another's actual or perceived race, color, religion, sex, sexual orientation, disability as defined in section 363A.03, age, or national origin~~ may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than $3,000, or both, if the damage reduces the value of the property by not more than $500~~.~~ and:

(1) was committed in whole or in part because of the property owner's or another's actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03;

(2) was committed in whole or in part because of the victim's actual or perceived association with another person or group of a certain actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03;

(3) was motivated in whole or in part by an intent to intimidate or harm an individual or group of individuals because of actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03; or

(4) was motivated in whole or in part by an intent to intimidate or harm an individual or group of individuals because of the victim's actual or perceived association with another person or group of a certain actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03.

(c) In any prosecution under paragraph (a), clause (1), the value of property damaged by the defendant in violation of that paragraph within any six-month period may be aggregated and the defendant charged accordingly in applying this section. When two or more offenses are committed by the same person in two or more counties, the accused may be prosecuted in any county in which one of the offenses was committed for all of the offenses aggregated under this paragraph.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to crimes committed on or after that date.

Sec. 33. Minnesota Statutes 2020, section 609.605, subdivision 2, is amended to read:

Subd. 2. **Gross misdemeanor.** Whoever trespasses upon the grounds of a facility providing emergency shelter services for battered women, as defined under section 611A.31, subdivision 3, or providing comparable services for sex trafficking victims, as defined under section 609.321, subdivision 7b, or of a facility providing transitional housing for battered women and their children or sex trafficking victims and their children, without claim of right or consent of one who has right to give consent, and refuses to depart from the grounds of the facility on demand of one who has right to give consent, is guilty of a gross misdemeanor.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to crimes committed on or after that date.

Sec. 34. Minnesota Statutes 2020, section 609.66, subdivision 1e, is amended to read:

Subd. 1e. **Felony; drive-by shooting.** (a) ~~Whoever,~~ A person is guilty of a felony who, while in or having just exited from a motor vehicle, recklessly discharges a firearm at or toward ~~another~~:

(1) an unoccupied motor vehicle or ~~a~~ building ~~is guilty of a felony and may be sentenced to imprisonment for not more than three years or to payment of a fine of not more than $6,000, or both.~~;

(2) an occupied motor vehicle or building; or

(3) a person.

(b) ~~Any person who violates this subdivision by firing at or toward a person, or an occupied building or motor vehicle, may be sentenced~~ A person convicted under paragraph (a), clause (1), may be sentenced to imprisonment for not more than three years or to payment of a fine of not more than $6,000, or both. A person convicted under paragraph (a), clause (2) or (3), may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than $20,000, or both.

(c) For purposes of this subdivision, "motor vehicle" has the meaning given in section 609.52, subdivision 1, and "building" has the meaning given in section 609.581, subdivision 2.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to crimes committed on or after that date.

Sec. 35. Minnesota Statutes 2020, section 609.749, subdivision 3, is amended to read:

Subd. 3. **Aggravated violations.** (a) A person who commits any of the following acts is guilty of a felony and may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than $10,000, or both:

(1) commits any offense described in subdivision 2 because of the victim's or another's actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03, ~~age, or national origin~~ or because of the victim's actual or perceived association with another person or group of a certain actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03;

(2) commits any offense described in subdivision 2 by falsely impersonating another;

(3) commits any offense described in subdivision 2 and a dangerous weapon was used in any way in the commission of the offense;

(4) commits any offense described in subdivision 2 with intent to influence or otherwise tamper with a juror or a judicial proceeding or with intent to retaliate against a judicial officer, as defined in section 609.415, or a prosecutor, defense attorney, or officer of the court, because of that person's performance of official duties in connection with a judicial proceeding; or

(5) commits any offense described in subdivision 2 against a victim under the age of 18, if the actor is more than 36 months older than the victim.

(b) A person who commits any offense described in subdivision 2 against a victim under the age of 18, if the actor is more than 36 months older than the victim, and the act is committed with sexual or aggressive intent, is guilty of a felony and may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than $20,000, or both.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to crimes committed on or after that date.

Sec. 36. Minnesota Statutes 2020, section 609A.01, is amended to read:

609A.01 EXPUNGEMENT OF CRIMINAL RECORDS.

This chapter provides the grounds and procedures for expungement of criminal records under section 13.82; 152.18, subdivision 1; 299C.11, where expungement is automatic under section 609A.015, or a petition is authorized under section 609A.02, subdivision 3; or other applicable law. The remedy available is limited to a court order sealing the records and prohibiting the disclosure of their existence or their opening except under court order or statutory authority. Nothing in this chapter authorizes the destruction of records or their return to the subject of the records.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 37. **[609A.015] AUTOMATIC EXPUNGEMENT OF RECORDS.**

Subdivision 1. **Eligibility; dismissal; exoneration.** A person who is the subject of a criminal record or delinquency record is eligible for a grant of expungement relief without the filing of a petition:

(1) upon the dismissal and discharge of proceedings against a person under section 152.18, subdivision 1, for violation of section 152.024, 152.025, or 152.027 for possession of a controlled substance;

(2) if the person was arrested and all charges were dismissed prior to a determination of probable cause; or

(3) if all pending actions or proceedings were resolved in favor of the person. For purposes of this chapter, a verdict of not guilty by reason of mental illness is not a resolution in favor of the person. For purposes of this chapter, an action or proceeding is resolved in favor of the person if the petitioner received an order under section 590.11 determining that the person is eligible for compensation based on exoneration.

Subd. 2. **Eligibility; diversion and stay of adjudication.** A person is eligible for a grant of expungement relief if the person has successfully completed the terms of a diversion program or stay of adjudication and has not been petitioned or charged with a new crime for one year immediately following completion of the diversion program or stay of adjudication.

Subd. 3. **Eligibility; certain criminal and delinquency proceedings.** (a) A person is eligible for a grant of expungement relief if the person:

(1) was adjudicated delinquent for, convicted of, or received a stayed sentence for a qualifying offense;

(2) has not been convicted of a new crime in Minnesota during the applicable waiting period immediately following discharge of the disposition or sentence for the crime;

(3) is not incarcerated or charged with an offense in Minnesota at the time the person reaches the end of the applicable waiting period; and

(4) has not been convicted of a new crime in any other jurisdiction during the applicable waiting period immediately following discharge of the disposition or sentence for the crime, if the qualifying offense was a felony.

(b) As used in this subdivision, "qualifying offense" means an adjudication, conviction, or stayed sentence for:

(1) any petty misdemeanor offense other than a violation of a traffic regulation relating to the operation or parking of motor vehicles;

(2) any misdemeanor offense other than:

(i) section 169A.27 (fourth-degree driving while impaired);

(ii) section 518B.01, subdivision 14 (violation of an order for protection);

(iii) section 609.224 (assault in the fifth degree);

(iv) section 609.2242 (domestic assault);

(v) section 609.748 (violation of a harassment restraining order);

(vi) section 609.78 (interference with emergency call);

(vii) section 609.79 (obscene or harassing phone calls);

(viii) section 617.23 (indecent exposure); or

(ix) section 629.75 (violation of domestic abuse no contact order);

(3) any gross misdemeanor offense other than:

(i) section 169A.25 (second-degree driving while impaired);

(ii) section 169A.26 (third-degree driving while impaired);

(iii) section 518B.01, subdivision 14 (violation of an order for protection);

(iv) section 609.2231 (assault in the fourth degree);

(v) section 609.224 (assault in the fifth degree);

(vi) section 609.2242 (domestic assault);

(vii) section 609.233 (criminal neglect);

(viii) section 609.3451 (criminal sexual conduct in the fifth degree);

(ix) section 609.377 (malicious punishment of child);

(x) section 609.485 (escape from custody);

(xi) section 609.498 (tampering with witness);

(xii) section 609.582, subdivision 4 (burglary in the fourth degree);

(xiii) section 609.746 (interference with privacy);

(xiv) section 609.748 (violation of a harassment restraining order);

(xv) section 609.749 (harassment; stalking);

(xvi) section 609.78 (interference with emergency call);

(xvii) section 617.23 (indecent exposure);

(xviii) section 617.261 (nonconsensual dissemination of private sexual images); or

(xix) section 629.75 (violation of domestic abuse no contact order); and

(4) any of the following felony offenses:

(i) section 152.025 (controlled substance crime in the fifth degree);

(ii) section 152.097 (simulated controlled substances);

(iii) section 256.98 (wrongfully obtaining assistance; theft);

(iv) section 256.984 (false declaration in assistance application);

(v) any offense sentenced under section 609.52, subdivision 3, clause (3)(a) (theft of $5,000 or less);

(vi) any offense sentenced under section 609.528, subdivision 3, clause (3) (possession or sale of stolen or counterfeit check);

(vii) section 609.529 (mail theft);

(viii) section 609.53 (receiving stolen property);

(ix) any offense sentenced under section 609.535, subdivision 2a, paragraph (a), clause (1) (dishonored check over $500);

(x) section 609.59 (possession of burglary tools);

(xi) section 609.595, subdivision 1, clauses (3) to (5) (criminal damage to property);

(xii) section 609.63 (forgery);

(xiii) any offense sentenced under section 609.631, subdivision 4, clause (3)(a) (check forgery $2,500 or less); and

(xiv) any offense sentenced under section 609.821, subdivision 3, paragraph (a), clause (1), item (iii) (financial transaction card fraud).

(c) As used in this subdivision, "applicable waiting period" means:

(1) if the offense was a petty misdemeanor or a misdemeanor, two years;

(2) if the offense was a gross misdemeanor, four years; and

(3) if the offense was a felony, five years.

(d) Offenses ineligible for a grant of expungement under this section remain ineligible if deemed to be for a misdemeanor pursuant to section 609.13, subdivision 1, clause (2) or subdivision 2, clause (2).

Subd. 4. **Notice.** (a) The court shall notify a person who may become eligible for an automatic expungement under this section of that eligibility at any hearing where the court dismisses and discharges proceedings against a person under section 152.18, subdivision 1, for violation of section 152.024, 152.025, or 152.027 for possession of a controlled substance; concludes that all pending actions or proceedings were resolved in favor of the person; grants a person's placement into a diversion program; or sentences a person or otherwise imposes a consequence for a qualifying offense.

(b) To the extent possible, prosecutors, defense counsel, supervising agents, and coordinators or supervisors of a diversion program shall notify a person who may become eligible for an automatic expungement under this section of that eligibility.

(c) If any party gives notification under this subdivision, the notification shall inform the person that:

(1) an expunged record of a conviction may be opened for purposes of a background study by the Department of Human Services under section 245C.08 and for purposes of a background check by the Professional Educator Licensing and Standards Board as required under section 122A.18, subdivision 8; and

(2) the person can file a petition to expunge the record and request that it be directed to the commissioner of human services and the Professional Educator Licensing and Standards Board.

Subd. 5. **Bureau of Criminal Apprehension to identify eligible persons and grant expungement relief.** (a) The Bureau of Criminal Apprehension shall identify adjudications and convictions that qualify for a grant of expungement relief pursuant to this subdivision or subdivision 1, 2, or 3.

(b) The Bureau of Criminal Apprehension shall grant expungement relief to qualifying persons and seal its own records without requiring an application, petition, or motion.

(c) Nonpublic criminal records maintained by the Bureau of Criminal Apprehension and subject to a grant of expungement relief shall display a notation stating "expungement relief granted pursuant to section 609A.015."

(d) The Bureau of Criminal Apprehension shall inform the judicial branch of all cases for which expungement relief was granted pursuant to this section. Notification may be through electronic means and may be made in real time or in the form of a monthly report. Upon receipt of notice, the judicial branch shall seal all records relating to an arrest, indictment or information, trial, verdict, or dismissal and discharge for any case in which expungement relief was granted.

(e) The Bureau of Criminal Apprehension shall inform each agency, other than the Department of Human Services and Department of Health, and jurisdiction whose records are affected by the grant of expungement relief. Notification may be through electronic means and may be made in real time or in the form of a monthly report. Each notified agency shall seal all records relating to an arrest, indictment or information, trial, verdict, or dismissal and discharge for any case in which expungement relief was granted.

(f) Data on the person whose offense has been expunged under this subdivision are private data on individuals as defined in section 13.02.

(g) The prosecuting attorney shall notify the victim that an offense qualifies for automatic expungement under this section in the manner provided in section 611A.03, subdivisions 1 and 2.

(h) In any subsequent prosecution of a person granted expungement relief, the expunged criminal record may be pleaded and has the same effect as if the relief had not been granted.

(i) The Bureau of Criminal Apprehension is directed to develop a system to provide criminal justice agencies with uniform statewide access to criminal records sealed by expungement.

(j) At sentencing, the prosecuting agency with jurisdiction over the criminal record may ask the court to prohibit the Bureau of Criminal Apprehension from granting expungement relief under this section. The court shall grant the request upon a showing of clear and convincing evidence that the interests of the public and public safety outweigh the disadvantages to the defendant of not sealing the record.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to individuals with dismissals, discharges, or resolutions described in subdivision 1; who successfully complete diversion as described in subdivision 2; or who are adjudicated delinquent for, convicted of, or receive a stayed sentence for a qualifying offense as described in subdivision 3 on or after that date and retroactively to individuals:

(1) with dismissals, discharges, or resolutions described in subdivision 1 that take place on or after August 1, 2021;

(2) who successfully complete diversion as described in subdivision 2 on or after August 1, 2021; or

(3) adjudicated delinquent for, convicted of, or who received a stayed sentence for a qualifying offense described in paragraph (b), clause (1), (2), or (3) on or after August 1, 2021.

Sec. 38. Minnesota Statutes 2020, section 609A.02, is amended by adding a subdivision to read:

Subd. 2a. **Expungement of arrest.** A petition may be filed under section 609A.03 to seal all records relating to an arrest if:

(1) the prosecuting authority declined to file any charges and a grand jury did not return an indictment; and

(2) the applicable limitations period under section 628.26 has expired, and no indictment or complaint was found or made and filed against the person.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to individuals arrested on or after that date.

Sec. 39. Minnesota Statutes 2020, section 609A.02, subdivision 3, is amended to read:

Subd. 3. **Certain criminal proceedings.** (a) A petition may be filed under section 609A.03 to seal all records relating to an arrest, indictment or information, trial, or verdict if the records are not subject to section 299C.11, subdivision 1, paragraph (b), and if:

(1) all pending actions or proceedings were resolved in favor of the petitioner. For purposes of this chapter, a verdict of not guilty by reason of mental illness is not a resolution in favor of the petitioner. For the purposes of this chapter, an action or proceeding is resolved in favor of the petitioner, if the petitioner received an order under section 590.11 determining that the petitioner is eligible for compensation based on exoneration;

(2) the petitioner has successfully completed the terms of a diversion program or stay of adjudication and has not been charged with a new crime for at least one year since completion of the diversion program or stay of adjudication;

(3) the petitioner was convicted of or received a stayed sentence for a petty misdemeanor or misdemeanor and has not been convicted of a new crime for at least two years since discharge of the sentence for the crime;

(4) the petitioner was convicted of or received a stayed sentence for a gross misdemeanor and has not been convicted of a new crime for at least four years since discharge of the sentence for the crime; or

(5) the petitioner was convicted of or received a stayed sentence for a felony violation of an offense listed in paragraph (b), and has not been convicted of a new crime for at least five years since discharge of the sentence for the crime.

(b) Paragraph (a), clause (5), applies to the following offenses:

(1) section 35.824 (altering livestock certificate);

(2) section 62A.41 (insurance regulations);

(3) section 86B.865, subdivision 1 (certification for title on watercraft);

(4) section 152.025 (controlled substance in the fifth degree); or 152.097 (sale of simulated controlled substance);

(5) section 168A.30, subdivision 1 (certificate of title false information); or 169.09, subdivision 14, paragraph (a), clause (2) (accident resulting in great bodily harm);

(6) chapter 201; 203B; or 204C (voting violations);

(7) section 228.45; 228.47; 228.49; 228.50; or 228.51 (false bill of lading);

(8) section 256.98 (wrongfully obtaining assistance);

(9) section 256.984 (false declaration in assistance application);

~~(9)~~ (10) section 296A.23, subdivision 2 (willful evasion of fuel tax);

~~(10)~~ (11) section 297D.09, subdivision 1 (failure to affix stamp on scheduled substances);

~~(11)~~ (12) section 297G.19 (liquor taxation); or 340A.701 (unlawful acts involving liquor);

~~(12)~~ (13) section 325F.743 (precious metal dealers); or 325F.755, subdivision 7 (prize notices and solicitations);

~~(13)~~ (14) section 346.155, subdivision 10 (failure to control regulated animal);

~~(14)~~ (15) section 349.2127; or 349.22 (gambling regulations);

~~(15)~~ (16) section 588.20 (contempt);

~~(16)~~ (17) section 609.27, subdivision 1, clauses (2) to (5) (coercion);

~~(17)~~ (18) section 609.31 (leaving state to evade establishment of paternity);

~~(18)~~ (19) section 609.485, subdivision 4, paragraph (a), clause (2) or (4) (escape from civil commitment for mental illness);

~~(19)~~ (20) section 609.49 (failure to appear in court);

~~(20)~~ (21) section 609.52, subdivision 3, clause (3)(a) (theft of $5,000 or less), or other theft offense that is sentenced under this provision; 609.52, subdivision 3, clause (2) (theft of $5,000 to $35,000); or 609.52, subdivision 3a, clause (1) (theft of $1,000 or less with risk of bodily harm);

~~(21)~~ (22) section 609.525 (bringing stolen goods into state);

~~(22)~~ (23) section 609.526, subdivision 2, clause (2) (metal dealer receiving stolen goods);

~~(23)~~ (24) section 609.527, subdivision 5b (possession or use of scanning device or reencoder); 609.528, subdivision 3, clause (3) (possession or sale of stolen or counterfeit check); or 609.529 (mail theft);

~~(24)~~ (25) section 609.53 (receiving stolen goods);

~~(25)~~ (26) section 609.535, subdivision 2a, paragraph (a), clause (1) (dishonored check over $500);

~~(26)~~ (27) section 609.54, clause (1) (embezzlement of public funds $2,500 or less);

~~(27)~~ (28) section 609.551 (rustling and livestock theft);

~~(28)~~ (29) section 609.5641, subdivision 1a, paragraph (a) (wildfire arson);

~~(29)~~ (30) section 609.576, subdivision 1, clause (3), item (iii) (negligent fires);

(31) section 609.59 (possession of burglary or theft tools);

~~(30)~~ (32) section 609.595, subdivision 1, clauses (3) to (5)~~, and subdivision 1a, paragraph (a) (criminal damage to property)~~;

~~(31)~~ (33) section 609.597, subdivision 3, clause (3) (assaulting or harming police horse);

~~(32)~~ (34) section 609.625 (aggravated forgery); 609.63 (forgery); 609.631, subdivision 4, clause (3)(a) (check forgery $2,500 or less); 609.635 (obtaining signature by false pretense); 609.64 (recording, filing forged instrument); or 609.645 (fraudulent statements);

~~(33)~~ (35) section 609.65, clause (1) (false certification by notary); or 609.651, subdivision 4, paragraph (a) (lottery fraud);

~~(34)~~ (36) section 609.652 (fraudulent driver's license and identification card);

~~(35)~~ (37) section 609.66, subdivision 1a, paragraph (a) (discharge of firearm; silencer); or 609.66, subdivision 1b (furnishing firearm to minor);

~~(36)~~ (38) section 609.662, subdivision 2, paragraph (b) (duty to render aid);

~~(37)~~ (39) section 609.686, subdivision 2 (tampering with fire alarm);

~~(38)~~ (40) section 609.746, subdivision 1, paragraph (e) (interference with privacy; subsequent violation or minor victim);

~~(39)~~ (41) section 609.80, subdivision 2 (interference with cable communications system);

~~(40)~~ (42) section 609.821, subdivision 2 (financial transaction card fraud);

~~(41)~~ (43) section 609.822 (residential mortgage fraud);

~~(42)~~ (44) section 609.825, subdivision 2 (bribery of participant or official in contest);

~~(43)~~ (45) section 609.855, subdivision 2, paragraph (c), clause (1) (interference with transit operator);

~~(44)~~ (46) section 609.88 (computer damage); or 609.89 (computer theft);

~~(45)~~ (47) section 609.893, subdivision 2 (telecommunications and information services fraud);

~~(46)~~ (48) section 609.894, subdivision 3 or 4 (cellular counterfeiting);

~~(47)~~ (49) section 609.895, subdivision 3, paragraph (a) or (b) (counterfeited intellectual property);

~~(48)~~ (50) section 609.896 (movie pirating);

~~(49)~~ (51) section 624.7132, subdivision 15, paragraph (b) (transfer pistol to minor); 624.714, subdivision 1a (pistol without permit; subsequent violation); or 624.7141, subdivision 2 (transfer of pistol to ineligible person); or

~~(50)~~ (52) section 624.7181 (rifle or shotgun in public by minor).

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 40. Minnesota Statutes 2020, section 609A.025, is amended to read:

609A.025 NO PETITION REQUIRED IN CERTAIN CASES WITH PROSECUTOR AGREEMENT AND NOTIFICATION.

(a) If the prosecutor agrees to the sealing of a criminal record, the court shall seal the criminal record for a person described in section 609A.02, subdivision 3, without the filing of a petition unless it determines that the interests of the public and public safety in keeping the record public outweigh the disadvantages to the subject of the record in not sealing it. The prosecutor shall inform the court whether the context and circumstances of the underlying crime indicate a nexus between the criminal record to be expunged and the person's status as a crime victim and, if so, request that the court make the appropriate findings to support the relief described in section 609A.03, subdivision 6a.

(b) At least 90 days before agreeing to the sealing of a record under this section, the prosecutor shall make a good faith effort to notify any identifiable victims of the offense of the intended agreement and the opportunity to object to the agreement.

(c) Subject to paragraph (b), the agreement of the prosecutor to the sealing of records for a person described in section 609A.02, subdivision 3, paragraph (a), clause (2), may occur before or after the criminal charges are dismissed.

(d) A prosecutor shall agree to the sealing of a criminal record for a person described in section 609A.02, subdivision 2a, unless substantial and compelling reasons exist to object to the sealing.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to agreements to the sealing of a criminal record entered into by a prosecutor on or after that date.

Sec. 41. Minnesota Statutes 2020, section 609A.03, subdivision 5, is amended to read:

Subd. 5. **Nature of remedy; standard.** (a) Except as otherwise provided by paragraph (b), expungement of a criminal record under this section is an extraordinary remedy to be granted only upon clear and convincing evidence that it would yield a benefit to the petitioner commensurate with the disadvantages to the public and public safety of:

(1) sealing the record; and

(2) burdening the court and public authorities to issue, enforce, and monitor an expungement order.

(b) Except as otherwise provided by this paragraph, if the petitioner is petitioning for the sealing of a criminal record under section 609A.02, subdivision 3, paragraph (a), clause (1) or (2), the court shall grant the petition to seal the record unless the agency or jurisdiction whose records would be affected establishes by clear and convincing evidence that the interests of the public and public safety outweigh the disadvantages to the petitioner of not sealing the record.

(c) In making a determination under this subdivision, the court shall consider:

(1) the nature and severity of the underlying crime, the record of which would be sealed;

(2) the risk, if any, the petitioner poses to individuals or society;

(3) the length of time since the crime occurred;

(4) the steps taken by the petitioner toward rehabilitation following the crime;

(5) aggravating or mitigating factors relating to the underlying crime, including the petitioner's level of participation and context and circumstances of the underlying crime;

(6) the reasons for the expungement, including the petitioner's attempts to obtain employment, housing, or other necessities;

(7) the petitioner's criminal record;

(8) the petitioner's record of employment and community involvement;

(9) the recommendations of interested law enforcement, prosecutorial, and corrections officials;

(10) the recommendations of victims or whether victims of the underlying crime were minors;

(11) the amount, if any, of restitution outstanding, past efforts made by the petitioner toward payment, and the measures in place to help ensure completion of restitution payment after expungement of the record if granted; and

(12) other factors deemed relevant by the court.

(d) Notwithstanding section 13.82, 13.87, or any other law to the contrary, if the court issues an expungement order it may require that the criminal record be sealed, the existence of the record not be revealed, and the record not be opened except as required under subdivision 7. Records must not be destroyed or returned to the subject of the record.

(e) Information relating to a criminal history record of an employee, former employee, or tenant that has been expunged before the occurrence of the act giving rise to the civil action may not be introduced as evidence in a civil action against a private employer or landlord or its employees or agents that is based on the conduct of the employee, former employee, or tenant.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 42. Minnesota Statutes 2020, section 609A.03, subdivision 7, is amended to read:

Subd. 7. **Limitations of order effective before January 1, 2015.** (a) Upon issuance of an expungement order related to a charge supported by probable cause, the DNA samples and DNA records held by the Bureau of Criminal Apprehension and collected under authority other than section 299C.105, shall not be sealed, returned to the subject of the record, or destroyed.

(b) Notwithstanding the issuance of an expungement order:

(1) an expunged record may be opened for purposes of a criminal investigation, prosecution, or sentencing, upon an ex parte court order;

(2) an expunged record of a conviction may be opened for purposes of evaluating a prospective employee in a criminal justice agency without a court order; ~~and~~

(3) an expunged record of a conviction may be opened for purposes of a background study under section 245C.08 unless the court order for expungement is directed specifically to the commissioner of human services; and

(4) the Bureau of Criminal Apprehension shall include summary entries of expunged records in all nonpublic criminal histories it generates for use by criminal justice agencies.

Upon request by law enforcement, prosecution, or corrections authorities, an agency or jurisdiction subject to an expungement order shall inform the requester of the existence of a sealed record and of the right to obtain access to it as provided by this paragraph. For purposes of this section, a "criminal justice agency" means courts or a government agency that performs the administration of criminal justice under statutory authority.

(c) This subdivision applies to expungement orders subject to its limitations and effective before January 1, 2015.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 43. Minnesota Statutes 2020, section 609A.03, subdivision 7a, is amended to read:

Subd. 7a. **Limitations of order effective January 1, 2015, and later.** (a) Upon issuance of an expungement order related to a charge supported by probable cause, the DNA samples and DNA records held by the Bureau of Criminal Apprehension and collected under authority other than section 299C.105 shall not be sealed, returned to the subject of the record, or destroyed.

(b) Notwithstanding the issuance of an expungement order:

(1) except as provided in clause (2), an expunged record may be opened, used, or exchanged between criminal justice agencies without a court order for the purposes of initiating, furthering, or completing a criminal investigation or prosecution or for sentencing purposes or providing probation or other correctional services;

(2) when a criminal justice agency seeks access to a record that was sealed under section 609A.02, subdivision 3, paragraph (a), clause (1), or 609A.015, subdivision 1, clause (3), after an acquittal or a court order dismissing for lack of probable cause, for purposes of a criminal investigation, prosecution, or sentencing, the requesting agency must obtain an ex parte court order after stating a good-faith basis to believe that opening the record may lead to relevant information;

(3) an expunged record of a conviction may be opened for purposes of evaluating a prospective employee in a criminal justice agency without a court order;

(4) an expunged record of a conviction may be opened for purposes of a background study under section 245C.08 unless the commissioner had been properly served with notice of the petition for expungement and the court order for expungement is directed specifically to the commissioner of human services;

(5) an expunged record of a conviction may be opened for purposes of a background check required under section 122A.18, subdivision 8, unless the court order for expungement is directed specifically to the Professional Educator Licensing and Standards Board or the licensing division of the Department of Education; ~~and~~

(6) the court may order an expunged record opened upon request by the victim of the underlying offense if the court determines that the record is substantially related to a matter for which the victim is before the court;

(7) a prosecutor may request, and the district court shall provide, certified records of conviction for a record expunged pursuant to sections 609A.015, 609A.02, and 609A.025, and the certified records of conviction may be disclosed and introduced in criminal court proceedings as provided by the rules of court and applicable law;

(8) the Bureau of Criminal Apprehension shall include summary entries of expunged records in all nonpublic criminal histories it generates for use by criminal justice agencies; and

(9) the subject of an expunged record may request, and the court shall provide, certified or uncertified records of conviction for a record expunged pursuant to sections 609A.015, 609A.02, and 609A.025.

(c) An agency or jurisdiction subject to an expungement order shall maintain the record in a manner that provides access to the record by a criminal justice agency under paragraph (b), clause (1) or (2), but notifies the recipient that the record has been sealed. The Bureau of Criminal Apprehension shall notify the commissioner of human services, the Professional Educator Licensing and Standards Board, or the licensing division of the Department of Education of the existence of a sealed record and of the right to obtain access under paragraph (b), clause (4) or (5). Upon request, the agency or jurisdiction subject to the expungement order shall provide access to the record to the commissioner of human services, the Professional Educator Licensing and Standards Board, or the licensing division of the Department of Education under paragraph (b), clause (4) or (5).

(d) An expunged record that is opened or exchanged under this subdivision remains subject to the expungement order in the hands of the person receiving the record.

(e) A criminal justice agency that receives an expunged record under paragraph (b), clause (1) or (2), must maintain and store the record in a manner that restricts the use of the record to the investigation, prosecution, or sentencing for which it was obtained.

(f) For purposes of this section, a "criminal justice agency" means a court or government agency that performs the administration of criminal justice under statutory authority.

(g) This subdivision applies to expungement orders subject to its limitations and effective on or after January 1, 2015.

EFFECTIVE DATE. This section is effective August 1, 2021, except that paragraph (b), clause (8) is effective August 1, 2023.

Sec. 44. Minnesota Statutes 2020, section 609A.03, subdivision 9, is amended to read:

Subd. 9. **Stay of order; appeal.** An expungement order issued under this section shall be stayed automatically for 60 days after the order is filed and, if the order is appealed, during the appeal period. A person or an agency or jurisdiction whose records would be affected by the order may appeal the order within 60 days of service of notice of filing of the order. An agency or jurisdiction or its officials or employees need not file a cost bond or supersedeas bond in order to further stay the proceedings or file an appeal.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 45. Minnesota Statutes 2020, section 611A.03, subdivision 1, is amended to read:

Subdivision 1. **Plea agreements; notification of victim.** Prior to the entry of the factual basis for a plea pursuant to a plea agreement recommendation, a prosecuting attorney shall make a reasonable and good faith effort to inform the victim of:

(1) the contents of the plea agreement recommendation, including the amount of time recommended for the defendant to serve in jail or prison if the court accepts the agreement; ~~and~~

(2) the right to be present at the sentencing hearing and at the hearing during which the plea is presented to the court and to express orally or in writing, at the victim's option, any objection to the agreement or to the proposed disposition. If the victim is not present when the court considers the recommendation, but has communicated objections to the prosecuting attorney, the prosecuting attorney shall make these objections known to the court; and

(3) the eligibility of the offense for automatic expungement pursuant to section 609A.015, and the victim's right to express to the court orally or in writing, at the victim's option, any objection to a grant of expungement relief. If the victim is not present, but has communicated objections to the prosecuting attorney, the prosecuting attorney shall make these objections known to the court.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to plea agreements entered into on or after that date.

Sec. 46. **TASK FORCE ON THE CONTENTS AND USE OF PRESENTENCE INVESTIGATION REPORTS AND IMPOSITION OF CONDITIONS OF PROBATION.**

Subdivision 1. **Establishment.** The task force on the contents and use of presentence investigation reports and imposition of conditions of probation is established to review the statutory requirements in Minnesota Statutes, section 609.115, for the content of presentence investigation reports and determine whether that level of information is useful and necessary in all cases; determine whether presentence investigation reports should be required in all cases or only a subset of cases; collect and analyze data on the conditions of probation ordered by courts; assess whether current practices promote public safety and equity in sentencing; and make recommendations to the legislature.

Subd. 2. **Membership.** (a) The task force consists of the following members:

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

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

(3) the commissioner of corrections or a designee;

(4) two district court judges of which one shall be a judge in a metropolitan county and one shall be a judge in a county other than a metropolitan county, appointed by the chief justice of the supreme court;

(5) the chair of the Minnesota Sentencing Guidelines Commission or a designee;

(6) the state public defender or a designee;

(7) one county attorney, appointed by the Minnesota County Attorneys Association; and

(8) three probation officers including one employee of the Department of Corrections, one employee of a county that takes part in the Community Corrections Act, and one employee of a county that does not take part in the Community Corrections Act, appointed by the commissioner of corrections.

(b) As used in this section, "metropolitan county" has the meaning given in Minnesota Statutes, section 473.121, subdivision 4.

(c) Appointments must be made no later than July 30, 2021.

(d) Members shall serve without compensation.

(e) Members of the task force serve at the pleasure of the appointing authority or until the task force expires. Vacancies shall be filled by the appointing authority consistent with the qualifications of the vacating member required by this subdivision.

Subd. 3. **Officers; meetings.** (a) The task force shall elect a chair and vice-chair and may elect other officers as necessary.

(b) The commissioner of corrections shall convene the first meeting of the task force no later than August 1, 2021, and shall provide meeting space and administrative assistance as necessary for the task force to conduct its work.

(c) The task force shall meet at least monthly or upon the call of its chair. The task force shall meet sufficiently enough to accomplish the tasks identified in this section. Meetings of the task force are subject to Minnesota Statutes, chapter 13D.

(d) To compile and analyze data, the task force may request the cooperation and assistance of local law enforcement agencies, the Minnesota Sentencing Guidelines Commission, the judicial branch, the Bureau of Criminal Apprehension, county attorneys, and Tribal governments, academics, and others with experience and expertise in researching probation and criminal sentences.

Subd. 4. **Duties.** (a) The task force shall, at a minimum:

(1) collect and analyze available data on how often presentence investigation reports are filed with the court, and in which types of cases;

(2) review and discuss whether presentence investigation reports should be required in all felony cases, and make recommendations to the legislature;

(3) review and discuss the required content of presentence investigation reports, determine whether that level of detail is needed in every case, and consider recommendations for changing the required content;

(4) collect and analyze available data on conditions of probation imposed by courts;

(5) assess what factors courts consider when imposing conditions of probation;

(6) determine what data is available to show whether particular conditions of probation are effective in promoting public safety and rehabilitation of an offender;

(7) determine whether conditions of probation are consistent across geographic and demographic groups and, if not, how they differ;

(8) determine the most effective methods to provide a court with relevant information to establish appropriate conditions of probation;

(9) review relevant state statutes and state and federal court decisions; and

(10) make recommendations for legislative action, if any, on laws affecting presentence investigation reports and appropriate conditions of probation.

(b) At its discretion, the task force may examine, as necessary, other related issues consistent with this section.

Subd. 5. **Report.** On or before January 15, 2023, the task force shall submit a report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over criminal sentencing on the findings and recommendations of the task force.

Subd. 6. **Expiration.** The task force expires the day after submitting its report under subdivision 5.

Sec. 47. **TITLE.**

Sections 36 to 45 may be referred to as the "Clean Slate Act."

Sec. 48. **SENTENCING GUIDELINES MODIFICATION.**

The Sentencing Guidelines Commission shall comprehensively review and consider modifying how the Sentencing Guidelines and the sex offender grid address the crimes described in Minnesota Statutes, section 609.322.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 49. **REVISOR INSTRUCTION.**

In Minnesota Statutes, the revisor of statutes shall substitute "364 days" for "one year" consistent with the change in section 10. The revisor shall also make other technical changes resulting from the change of term to the statutory language if necessary to preserve the meaning of the text.

Sec. 50. **REPEALER.**

Minnesota Statutes 2020, section 609.324, subdivision 3, is repealed.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to crimes committed on or after that date.

Sec. 51. **EFFECTIVE DATE.**

Sections 6, 9, 10, 15, and 17 to 20 are effective the day following final enactment and apply to offenders sentenced on or after that date, and retroactively to offenders:

(1) sentenced to life imprisonment without possibility of release following a conviction under Minnesota Statutes, section 609.185, paragraph (a), for an offense committed when the offender was under 18 years of age and when a sentence was imposed pursuant to Minnesota Statutes, section 609.106, subdivision 2;

(2) sentenced to life imprisonment without possibility of release following a conviction under Minnesota Statutes, section 609.3455, subdivision 2, for an offense committed when the offender was under 18 years of age;

(3) sentenced to life imprisonment under Minnesota Statutes, section 609.185, paragraph (a), clause (3), (5), or (6); or Minnesota Statutes 2004, section 609.109, subdivision 3, for an offense committed when the offender was under 18 years of age;

(4) sentenced to life imprisonment under Minnesota Statutes, section 609.385, for an offense committed when the offender was under 18 years of age;

(5) sentenced to life imprisonment under Minnesota Statutes, section 609.3455, subdivision 3 or 4, if the minimum term of imprisonment specified by the court in its sentence exceeds 15 years for an offense committed when the offender was under 18 years of age; or

(6) sentenced to an executed sentence that includes a term of imprisonment of more than 15 years or separate, consecutive executed sentences for two or more crimes that include combined terms of imprisonment that total more than 15 years for an offense committed when the offender was under 18 years of age.

ARTICLE 7
PUBLIC SAFETY

Section 1. Minnesota Statutes 2020, section 169A.55, subdivision 2, is amended to read:

Subd. 2. **Reinstatement of driving privileges; notice.** Upon expiration of a period of revocation under section 169A.52 (license revocation for test failure or refusal), 169A.54 (impaired driving convictions and adjudications; administrative penalties), or 171.177 (revocation; search warrant), the commissioner shall notify the person of the terms upon which driving privileges can be reinstated, and new registration plates issued, which terms are: (1) ~~successful completion of an examination and~~ proof of compliance with any terms of alcohol treatment or counseling previously prescribed, if any; and (2) any other requirements imposed by the commissioner and applicable to that particular case. The commissioner shall notify the owner of a motor vehicle subject to an impoundment order under section 169A.60 (administrative impoundment of plates) as a result of the violation of the procedures for obtaining new registration plates, if the owner is not the violator. The commissioner shall also notify the person that if driving is resumed without reinstatement of driving privileges or without valid registration plates and registration certificate, the person will be subject to criminal penalties.

Sec. 2. Minnesota Statutes 2020, 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 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.

~~(a)~~ (b) A person whose driver's license has been canceled or denied as a result of three or more qualified impaired driving incidents 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.

~~(b)~~ (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.

~~(c) The commissioner shall establish performance standards and a process for certifying chemical monitoring devices. The standards and procedures are not rules and are exempt from chapter 14, including section 14.386.~~

Sec. 3. Minnesota Statutes 2020, section 169A.60, subdivision 13, is amended to read:

Subd. 13. **Special registration plates.** (a) At any time during the effective period of an impoundment order, a violator or registered owner may apply to the commissioner for new registration plates, which must bear a special series of numbers or letters so as to be readily identified by traffic law enforcement officers. The commissioner may authorize the issuance of special plates if:

(1) the violator has a qualified licensed driver whom the violator must identify;

(2) the violator or registered owner has a limited license issued under section 171.30;

(3) the registered owner is not the violator and the registered owner has a valid or limited driver's license;

(4) a member of the registered owner's household has a valid driver's license; or

(5) the violator has been reissued a valid driver's license.

(b) The commissioner may not issue new registration plates for that vehicle subject to plate impoundment for a period of at least one year from the date of the impoundment order. In addition, if the owner is the violator, new registration plates may not be issued for the vehicle unless the person has been reissued a valid driver's license in accordance with chapter 171.

(c) A violator may not apply for new registration plates for a vehicle at any time before the person's driver's license is reinstated.

(d) The commissioner may issue the special plates on payment of a $50 fee for each vehicle for which special plates are requested.

(e) Paragraphs (a) to (d) notwithstanding, the commissioner must issue upon request new registration plates for ~~a~~ any vehicle owned by a violator or registered owner for which the registration plates have been impounded if:

(1) the impoundment order is rescinded;

(2) the vehicle is transferred in compliance with subdivision 14; or

(3) the vehicle is transferred to a Minnesota automobile dealer licensed under section 168.27, a financial institution that has submitted a repossession affidavit, or a government agency.

(f) Notwithstanding paragraphs (a) to (d), the commissioner, upon request and payment of a $100 fee for each vehicle for which special plates are requested, must issue new registration plates for any vehicle owned by a violator or registered owner for which the registration plates have been impounded if the violator becomes a program participant in the ignition interlock program under section 171.306.

Sec. 4. Minnesota Statutes 2020, section 171.29, subdivision 1, is amended to read:

Subdivision 1. **Examination required.** (a) No person whose driver's license has been revoked by reason of conviction, plea of guilty, or forfeiture of bail not vacated, under section 169.791, 169.797, 171.17, or 171.172, or revoked under section 169.792~~, 169A.52, or 171.177~~ shall be issued another license unless and until that person shall have successfully passed an examination as required by the commissioner of public safety. This subdivision does not apply to an applicant for early reinstatement under section 169.792, subdivision 7a.

(b) The requirement to successfully pass the examination described in paragraph (a) does not apply to a person whose driver's license has been revoked because of an impaired driving offense.

Sec. 5. Minnesota Statutes 2020, section 171.30, subdivision 1, is amended to read:

Subdivision 1. **Conditions of issuance.** (a) The commissioner may issue a limited license to the driver under the conditions in paragraph (b) in any case where a person's license has been:

(1) suspended under section 171.18, 171.173, 171.186, or 171.187;

(2) revoked, canceled, or denied under section:

(i) 169.792;

(ii) 169.797;

(iii) 169A.52:

(A) subdivision 3, paragraph (a), clause (1) or (2); or

~~(B) subdivision 3, paragraph (a), clause (4), (5), or (6), if in compliance with section 171.306;~~

~~(C)~~ (B) subdivision 4, paragraph (a), clause (1) or (2), if the test results indicate an alcohol concentration of less than twice the legal limit;

~~(D) subdivision 4, paragraph (a), clause (4), (5), or (6), if in compliance with section 171.306;~~

(iv) 171.17; or

(v) 171.172;

(3) revoked, canceled, or denied under section 169A.54:

(i) subdivision 1, clause (1), if the test results indicate an alcohol concentration of less than twice the legal limit;

(ii) subdivision 1, clause (2); or

~~(iii) subdivision 1, clause (5), (6), or (7), if in compliance with section 171.306; or~~

~~(iv)~~ (iii) subdivision 2, if the person does not have a qualified prior impaired driving incident as defined in section 169A.03, subdivision 22, on the person's record, and the test results indicate an alcohol concentration of less than twice the legal limit; or

(4) revoked, canceled, or denied under section 171.177:

(i) subdivision 4, paragraph (a), clause (1) or (2); or

~~(ii) subdivision 4, paragraph (a), clause (4), (5), or (6), if in compliance with section 171.306;~~

~~(iii)~~ (ii) subdivision 5, paragraph (a), clause (1) or (2), if the test results indicate an alcohol concentration of less than twice the legal limit~~; or~~.

~~(iv) subdivision 5, paragraph (a), clause (4), (5), or (6), if in compliance with section 171.306.~~

(b) The following conditions for a limited license under paragraph (a) include:

(1) if the driver's livelihood or attendance at a chemical dependency treatment or counseling program depends upon the use of the driver's license;

(2) if the use of a driver's license by a homemaker is necessary to prevent the substantial disruption of the education, medical, or nutritional needs of the family of the homemaker; or

(3) if attendance at a postsecondary institution of education by an enrolled student of that institution depends upon the use of the driver's license.

(c) The commissioner in issuing a limited license may impose such conditions and limitations as in the commissioner's judgment are necessary to the interests of the public safety and welfare including reexamination as to the driver's qualifications. The license may be limited to the operation of particular vehicles, to particular classes and times of operation, and to particular conditions of traffic. The commissioner may require that an applicant for a limited license affirmatively demonstrate that use of public transportation or carpooling as an alternative to a limited license would be a significant hardship.

(d) For purposes of this subdivision:

(1) "homemaker" refers to the person primarily performing the domestic tasks in a household of residents consisting of at least the person and the person's dependent child or other dependents; and

(2) "twice the legal limit" means an alcohol concentration of two times the limit specified in section 169A.20, subdivision 1, clause (5).

(e) The limited license issued by the commissioner shall clearly indicate the limitations imposed and the driver operating under the limited license shall have the license in possession at all times when operating as a driver.

(f) In determining whether to issue a limited license, the commissioner shall consider the number and the seriousness of prior convictions and the entire driving record of the driver and shall consider the number of miles driven by the driver annually.

(g) If the person's driver's license or permit to drive has been revoked under section 169.792 or 169.797, the commissioner may only issue a limited license to the person after the person has presented an insurance identification card, policy, or written statement indicating that the driver or owner has insurance coverage satisfactory to the commissioner of public safety. The commissioner of public safety may require the insurance identification card provided to satisfy this subdivision be certified by the insurance company to be noncancelable for a period not to exceed 12 months.

(h) The limited license issued by the commissioner to a person under section 171.186, subdivision 4, must expire 90 days after the date it is issued. The commissioner must not issue a limited license to a person who previously has been issued a limited license under section 171.186, subdivision 4.

(i) The commissioner shall not issue a limited driver's license to any person described in section 171.04, subdivision 1, clause (6), (7), (8), (11), or (14).

(j) The commissioner shall not issue a class A, class B, or class C limited license.

Sec. 6. Minnesota Statutes 2020, section 171.306, subdivision 2, is amended to read:

Subd. 2. **Performance standards; certification; manufacturer and provider requirements.** (a) The commissioner shall establish performance standards and a process for certifying devices used in the ignition interlock program, except that the commissioner may not establish standards that, directly or indirectly, require devices to use or enable location tracking capabilities without a court order.

(b) The manufacturer of a device must apply annually for certification of the device by submitting the form prescribed by the commissioner. The commissioner shall require manufacturers of certified devices to:

(1) provide device installation, servicing, and monitoring to indigent program participants at a discounted rate, according to the standards established by the commissioner; ~~and~~

(2) include in an ignition interlock device contract a provision that a program participant who voluntarily terminates participation in the program is only liable for servicing and monitoring costs incurred during the time the device is installed on the motor vehicle, regardless of whether the term of the contract has expired; and

(3) include in an ignition interlock device contract a provision that requires manufacturers of certified devices to pay any towing or repair costs caused by device failure or malfunction, or by damage caused during device installation, servicing, or monitoring.

(c) The manufacturer of a certified device must include with an ignition interlock device contract a separate notice to the program participant regarding any location tracking capabilities of the device.

Sec. 7. Minnesota Statutes 2020, section 171.306, subdivision 4, is amended to read:

Subd. 4. **Issuance of restricted license.** (a) The commissioner shall 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 shall not issue a license unless the program participant has provided satisfactory proof that:

(1) a certified ignition interlock device has been installed on the participant's motor vehicle at an installation service center designated by the device's manufacturer; and

(2) the participant has insurance coverage on the vehicle equipped with the ignition interlock device. 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 shall require the participant to present an insurance identification card~~, policy, or written statement as proof of insurance coverage, and may require the insurance identification card provided be~~ that is certified by the insurance company to be noncancelable for a period not to exceed 12 months.

(b) A license issued under authority of this section must contain a restriction prohibiting the program participant from driving, operating, or being in physical control of any motor vehicle not equipped with a functioning ignition interlock device certified by the commissioner. A participant may drive an employer-owned vehicle not equipped with an interlock device while in the normal course and scope of employment duties pursuant to the program guidelines established by the commissioner and with the employer's written consent.

(c) 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 (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, 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 ignition interlock restriction.

(d) 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 (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, 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 ~~a limited~~ conditional reinstatement of the driver's license, subject to the ignition interlock restriction, if the program participant is enrolled in a licensed chemical dependency treatment or rehabilitation program as recommended in a chemical use assessment~~, and if the participant meets the other applicable requirements of section 171.30. After completing~~. As a prerequisite to eligibility for eventual reinstatement of full driving privileges, a participant whose chemical use assessment recommended treatment or rehabilitation shall complete a licensed chemical dependency treatment or rehabilitation program ~~and one year of limited license use without violating the ignition interlock restriction, the conditions of limited license use, or program guidelines, the participant may apply for conditional reinstatement of the driver's license, subject to the ignition interlock restriction~~. If the program participant's ignition

interlock device subsequently registers a positive breath alcohol concentration of 0.02 or higher, the commissioner shall ~~cancel the driver's license, and the program participant may apply for another limited license according to this paragraph.~~ 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.

(e) 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 shall 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's device has registered no positive breath alcohol concentrations of 0.02 or higher during the preceding 90 days.

Sec. 8. Minnesota Statutes 2020, section 241.01, subdivision 3a, is amended to read:

Subd. 3a. **Commissioner, powers and duties.** The commissioner of corrections has the following powers and duties:

(a) To accept persons committed to the commissioner by the courts of this state for care, custody, and rehabilitation.

(b) To determine the place of confinement of committed persons in a correctional facility or other facility of the Department of Corrections and to prescribe reasonable conditions and rules for their employment, conduct, instruction, and discipline within or outside the facility. Inmates shall not exercise custodial functions or have authority over other inmates.

(c) To administer the money and property of the department.

(d) To administer, maintain, and inspect all state correctional facilities.

(e) To transfer authorized positions and personnel between state correctional facilities as necessary to properly staff facilities and programs.

(f) To utilize state correctional facilities in the manner deemed to be most efficient and beneficial to accomplish the purposes of this section, but not to close the Minnesota Correctional Facility-Stillwater or the Minnesota Correctional Facility-St. Cloud without legislative approval. The commissioner may place juveniles and adults at the same state minimum security correctional facilities, if there is total separation of and no regular contact between juveniles and adults, except contact incidental to admission, classification, and mental and physical health care.

(g) To organize the department and employ personnel the commissioner deems necessary to discharge the functions of the department, including a chief executive officer for each facility under the commissioner's control who shall serve in the unclassified civil service and may, under the provisions of section 43A.33, be removed only for cause.

(h) To define the duties of these employees and to delegate to them any of the commissioner's powers, duties and responsibilities, subject to the commissioner's control and the conditions the commissioner prescribes.

(i) To annually develop a comprehensive set of goals and objectives designed to clearly establish the priorities of the Department of Corrections. This report shall be submitted to the governor commencing January 1, 1976. The commissioner may establish ad hoc advisory committees.

(j) To perform these duties with the goal of promoting public safety. Promoting public safety includes the promotion of human rights. "Public safety" means reducing or preventing crime while maintaining the basic rights, freedoms, and privileges that belong to every person including the right to dignity, fairness, equality, respect, and

freedom from discrimination, and is achieved by preferring the use of community services to imprisonment or other confinement unless confinement is necessary to protect the public, promoting the rehabilitation of those convicted through the provision of evidence-based programming and services, and imposing sanctions that are the least restrictive necessary to achieve accountability, address the harm for the offense, and ensure victim safety.

Sec. 9. Minnesota Statutes 2020, section 243.166, subdivision 1b, is amended to read:

Subd. 1b. **Registration required.** (a) A person shall register under this section if:

(1) the person was charged with or petitioned for a felony violation of or attempt to violate, or aiding, abetting, or conspiracy to commit, any of the following, and convicted of or adjudicated delinquent for that offense or another offense arising out of the same set of circumstances:

(i) murder under section 609.185, paragraph (a), clause (2);

(ii) kidnapping under section 609.25;

(iii) criminal sexual conduct under section 609.342; 609.343; 609.344; 609.345; 609.3451, subdivision 3; or 609.3453;

(iv) indecent exposure under section 617.23, subdivision 3; or

(v) surreptitious intrusion under the circumstances described in section 609.746, subdivision 1, paragraph (f);

(2) the person was charged with or petitioned for a violation of, or attempt to violate, or aiding, abetting, or conspiring to commit any of the following and convicted of or adjudicated delinquent for that offense or another offense arising out of the same set of circumstances:

(i) criminal abuse in violation of section 609.2325, subdivision 1, paragraph (b);

(ii) false imprisonment in violation of section 609.255, subdivision 2;

(iii) solicitation, inducement, or promotion of the prostitution of a minor or engaging in the sex trafficking of a minor in violation of section 609.322;

(iv) a prostitution offense in violation of section 609.324, subdivision 1, paragraph (a);

(v) soliciting a minor to engage in sexual conduct in violation of section 609.352, subdivision 2 or 2a, clause (1);

(vi) using a minor in a sexual performance in violation of section 617.246; or

(vii) possessing pornographic work involving a minor in violation of section 617.247;

(3) the person was sentenced as a patterned sex offender under section 609.3455, subdivision 3a; or

(4) the person was charged with or petitioned for, including pursuant to a court martial, violating a law of the United States, including the Uniform Code of Military Justice, similar to ~~the offenses~~ an offense or involving similar circumstances to an offense described in clause (1), (2), or (3), and convicted of or adjudicated delinquent for that offense or another offense arising out of the same set of circumstances.

(b) A person also shall register under this section if:

(1) the person was charged with or petitioned for an offense in another state ~~that would be a violation of a law~~ similar to an offense or involving similar circumstances to an offense described in paragraph (a) ~~if committed in this state~~, clause (1), (2), or (3), and convicted of or adjudicated delinquent for that offense or another offense arising out of the same set of circumstances;

(2) the person enters this state to reside, work, or attend school, or enters this state and remains for 14 days or longer or for an aggregate period of time exceeding 30 days during any calendar year; and

(3) ten years have not elapsed since the person was released from confinement or, if the person was not confined, since the person was convicted of or adjudicated delinquent for the offense that triggers registration, unless the person is subject to a longer registration period under the laws of another state in which the person has been convicted or adjudicated, or is subject to lifetime registration.

If a person described in this paragraph is subject to a longer registration period in another state or is subject to lifetime registration, the person shall register for that time period regardless of when the person was released from confinement, convicted, or adjudicated delinquent.

(c) A person also shall register under this section if the person was committed pursuant to a court commitment order under Minnesota Statutes 2012, section 253B.185, chapter 253D, Minnesota Statutes 1992, section 526.10, or a similar law of another state or the United States, regardless of whether the person was convicted of any offense.

(d) A person also shall register under this section if:

(1) the person was charged with or petitioned for a felony violation or attempt to violate any of the offenses listed in paragraph (a), clause (1), or a similar law of another state or the United States, or the person was charged with or petitioned for a violation of any of the offenses listed in paragraph (a), clause (2), or a similar law of another state or the United States;

(2) the person was found not guilty by reason of mental illness or mental deficiency after a trial for that offense, or found guilty but mentally ill after a trial for that offense, in states with a guilty but mentally ill verdict; and

(3) the person was committed pursuant to a court commitment order under section 253B.18 or a similar law of another state or the United States.

EFFECTIVE DATE. This section is effective July 1, 2021, and applies to offenders who live in the state or who enter the state on or after that date.

Sec. 10. Minnesota Statutes 2020, section 243.166, subdivision 4b, is amended to read:

Subd. 4b. **Health care facility; notice of status.** (a) For the purposes of this subdivision:

(1) "health care facility" means a facility:

(i) licensed by the commissioner of health as a hospital, boarding care home or supervised living facility under sections 144.50 to 144.58, or a nursing home under chapter 144A;

(ii) registered by the commissioner of health as a housing with services establishment as defined in section 144D.01; or

(iii) licensed by the commissioner of human services as a residential facility under chapter 245A to provide adult foster care, adult mental health treatment, chemical dependency treatment to adults, or residential services to persons with disabilities; ~~and~~

(2) "home care provider" has the meaning given in section 144A.43~~.~~; and

(3) "hospice provider" has the meaning given in section 144A.75.

(b) Prior to admission to a health care facility or home care services from a home care provider or hospice services from a hospice provider, a person required to register under this section shall disclose to:

(1) the health care facility employee or the home care provider or hospice provider processing the admission the person's status as a registered predatory offender under this section; and

(2) the person's corrections agent, or if the person does not have an assigned corrections agent, the law enforcement authority with whom the person is currently required to register, that admission will occur.

(c) A law enforcement authority or corrections agent who receives notice under paragraph (b) or who knows that a person required to register under this section is planning to be admitted and receive, or has been admitted and is receiving health care at a health care facility or home care services from a home care provider or hospice services from a hospice provider, shall notify the administrator of the facility or the home care provider or the hospice provider and deliver a fact sheet to the administrator or provider containing the following information: (1) name and physical description of the offender; (2) the offender's conviction history, including the dates of conviction; (3) the risk level classification assigned to the offender under section 244.052, if any; and (4) the profile of likely victims.

(d) Except for a hospital licensed under sections 144.50 to 144.58, if a health care facility receives a fact sheet under paragraph (c) that includes a risk level classification for the offender, and if the facility admits the offender, the facility shall distribute the fact sheet to all residents at the facility. If the facility determines that distribution to a resident is not appropriate given the resident's medical, emotional, or mental status, the facility shall distribute the fact sheet to the patient's next of kin or emergency contact.

(e) If a home care provider or hospice provider receives a fact sheet under paragraph (c) that includes a risk level classification for the offender, the provider shall distribute the fact sheet to any individual who will provide direct services to the offender before the individual begins to provide the service.

Sec. 11. Minnesota Statutes 2020, section 244.09, subdivision 5, is amended to read:

Subd. 5. **Promulgation of Sentencing Guidelines.** The commission shall promulgate Sentencing Guidelines for the district court. The guidelines shall be based on reasonable offense and offender characteristics. The guidelines promulgated by the commission shall be advisory to the district court and shall establish:

(1) the circumstances under which imprisonment of an offender is proper; and

(2) a presumptive, fixed sentence for offenders for whom imprisonment is proper, based on each appropriate combination of reasonable offense and offender characteristics. The guidelines shall provide for an increase of 20 percent and a decrease of 15 percent in the presumptive, fixed sentence.

The Sentencing Guidelines promulgated by the commission may also establish appropriate sanctions for offenders for whom imprisonment is not proper. Any guidelines promulgated by the commission establishing sanctions for offenders for whom imprisonment is not proper shall make specific reference to noninstitutional sanctions, including but not limited to the following: payment of fines, day fines, restitution, community work orders, work release programs in local facilities, community based residential and nonresidential programs, incarceration in a local correctional facility, and probation and the conditions thereof.

Although the Sentencing Guidelines are advisory to the district court, the court shall follow the procedures of the guidelines when it pronounces sentence in a proceeding to which the guidelines apply by operation of statute. Sentencing pursuant to the Sentencing Guidelines is not a right that accrues to a person convicted of a felony; it is a procedure based on state public policy to maintain uniformity, proportionality, rationality, and predictability in sentencing.

In establishing and modifying the Sentencing Guidelines, the primary consideration of the commission shall be public safety. Promoting public safety includes the promotion of human rights. "Public safety" means reducing or preventing crime while maintaining the basic rights, freedoms, and privileges that belong to every person including the right to dignity, fairness, equality, respect, and freedom from discrimination, and is achieved by preferring the use of community services to imprisonment or other confinement unless confinement is necessary to protect the public, promoting the rehabilitation of those convicted through the provision of evidence-based programming and services, and imposing sanctions that are the least restrictive necessary to achieve accountability, address the harm for the offense, and ensure victim safety. The commission shall also consider current sentencing and release practices; correctional resources, including but not limited to the capacities of local and state correctional facilities; and the long-term negative impact of the crime on the community.

The provisions of sections 14.001 to 14.69 do not apply to the promulgation of the Sentencing Guidelines, and the Sentencing Guidelines, including severity levels and criminal history scores, are not subject to review by the legislative commission to review administrative rules. However, the commission shall adopt rules pursuant to sections 14.001 to 14.69 which establish procedures for the promulgation of the Sentencing Guidelines, including procedures for the promulgation of severity levels and criminal history scores, and these rules shall be subject to review by the Legislative Coordinating Commission.

Sec. 12. Minnesota Statutes 2020, section 299A.01, subdivision 2, is amended to read:

Subd. 2. **Duties of commissioner.** (a) The duties of the commissioner shall include the following:

(1) the coordination, development and maintenance of services contracts with existing state departments and agencies assuring the efficient and economic use of advanced business machinery including computers;

(2) the execution of contracts and agreements with existing state departments for the maintenance and servicing of vehicles and communications equipment, and the use of related buildings and grounds;

(3) the development of integrated fiscal services for all divisions, and the preparation of an integrated budget for the department;

(4) the publication and award of grant contracts with state agencies, local units of government, and other entities for programs that will benefit the safety of the public; and

(5) the establishment of a planning bureau within the department.

(b) The commissioner shall exercise these duties with the goal of promoting public safety. Promoting public safety includes the promotion of human rights. "Public safety" means reducing or preventing crime while maintaining the basic rights, freedoms, and privileges that belong to every person including the right to dignity, fairness, equality, respect, and freedom from discrimination, and is achieved by engaging in practices that include promoting community cohesion, employing meaningful problem-solving strategies, and utilizing the least restrictive sanctions or interventions necessary to reduce or repair harm, ensure victim safety, and ensure accountability for offending.

Sec. 13. **[299A.011] ACCEPTANCE OF PRIVATE FUNDS; APPROPRIATION.**

The commissioner may accept donations, grants, bequests, and other gifts of money to carry out the purposes of this chapter. Donations, nonfederal grants, bequests, or other gifts of money accepted by the commissioner must be deposited in an account in the special revenue fund and are appropriated to the commissioner for the purpose for which it was given.

Sec. 14. Minnesota Statutes 2020, section 299A.52, subdivision 2, is amended to read:

Subd. 2. **Expense recovery.** The commissioner shall assess the responsible person for the regional hazardous materials response team costs of response. The commissioner may bring an action for recovery of unpaid costs, reasonable attorney fees, and any additional court costs. Any funds received by the commissioner under this subdivision are appropriated to the commissioner to pay for costs for which the funds were received. Any remaining funds at the end of the biennium shall be transferred to the Fire Safety Account.

Sec. 15. Minnesota Statutes 2020, section 299A.55, is amended to read:

299A.55 RAILROAD AND PIPELINE SAFETY; OIL AND OTHER HAZARDOUS MATERIALS.

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

(b) "Applicable rail carrier" means a railroad company that is subject to an assessment under section 219.015, subdivision 2.

(c) "Hazardous substance" has the meaning given in section 115B.02, subdivision 8.

(d) "Oil" has the meaning given in section 115E.01, subdivision 8.

(e) "Pipeline company" means any individual, partnership, association, or public or private corporation who owns and operates pipeline facilities and is required to show specific preparedness under section 115E.03, subdivision 2.

Subd. 2. **Railroad and pipeline safety account.** (a) A railroad and pipeline safety account is created in the special revenue fund. The account consists of funds collected under subdivision 4 and funds donated, allotted, transferred, or otherwise provided to the account.

~~(b) $104,000 is annually appropriated from the railroad and pipeline safety account to the commissioner of the Pollution Control Agency for environmental protection activities related to railroad discharge preparedness under chapter 115E.~~

~~(c) $600,000 in fiscal year 2018 and $600,000 in fiscal year 2019 are appropriated from the railroad and pipeline safety account to the commissioner of transportation for improving safety at railroad grade crossings.~~

~~(d) Following the appropriation in paragraphs (b) and (c), the remaining money in the account is~~ (b) Funds are annually appropriated to the commissioner of public safety for the purposes specified in subdivision 3.

Subd. 3. **Allocation of funds.** (a) Subject to funding appropriated for this subdivision, the commissioner shall provide funds for training and response preparedness related to (1) derailments, discharge incidents, or spills involving trains carrying oil or other hazardous substances, and (2) pipeline discharge incidents or spills involving oil or other hazardous substances.

(b) The commissioner shall allocate available funds as follows:

~~(1) $100,000 annually for emergency response teams; and~~

~~(2) the remaining amount to the Board of Firefighter Training and Education under section 299N.02 and the Division of Homeland Security and Emergency Management.~~

(1) $225,000 for existing full-time equivalent and on-call funding at the Department of Public Safety, State Fire Marshal Division;

(2) $122,000 for program operating expenses;

(3) $128,000 transferred to the Minnesota Pollution Control Agency for program operating expenses;

(4) $125,000 for Minnesota Board of Firefighter Training and Education training programs for fire departments;

(5) $200,000 to facilitate and support trainings and exercises for State Emergency Response Teams;

(6) $200,000 to support local planning;

(7) $200,000 to replace state hazmat response team equipment;

(8) $700,000 for capital equipment and vehicle replacement; and

(9) $600,000 transferred to the Department of Transportation for statewide rail crossing improvements.

(c) Prior to making allocations under paragraph (b), the commissioner shall consult with the Fire Service Advisory Committee under section 299F.012, subdivision 2.

(d) The commissioner and the entities identified in paragraph (b), clause (2), shall prioritize uses of funds based on:

(1) firefighter training needs;

(2) community risk from discharge incidents or spills;

(3) geographic balance; and

(4) recommendations of the Fire Service Advisory Committee.

(e) The following are permissible uses of funds provided under this subdivision:

(1) training costs, which may include, but are not limited to, training curriculum, trainers, trainee overtime salary, other personnel overtime salary, and tuition;

(2) costs of gear and equipment related to hazardous materials readiness, response, and management, which may include, but are not limited to, original purchase, maintenance, and replacement;

(3) supplies related to the uses under clauses (1) and (2); and

(4) emergency preparedness planning and coordination.

(f) Notwithstanding paragraph (b), clause (2), from funds in the railroad and pipeline safety account provided for the purposes under this subdivision, the commissioner may retain a balance in the account for budgeting in subsequent fiscal years.

Subd. 4. **Assessments.** (a) The commissioner of public safety shall annually assess $2,500,000 to railroad and pipeline companies based on the formula specified in paragraph (b). The commissioner shall deposit funds collected under this subdivision in the railroad and pipeline safety account under subdivision 2.

(b) The assessment for each railroad is 50 percent of the total annual assessment amount, divided in equal proportion between applicable rail carriers based on route miles operated in Minnesota. The assessment for each pipeline company is 50 percent of the total annual assessment amount, divided in equal proportion between companies based on the yearly aggregate gallons of oil and hazardous substance transported by pipeline in Minnesota.

~~(c) The assessments under this subdivision expire July 1, 2017.~~

Sec. 16. **[299A.625] INNOVATION IN COMMUNITY SAFETY.**

Subdivision 1. **Definitions.** (a) As used in this section, the following terms have the meanings given them.

(b) "Civilian review board" means a board, commission, or other oversight body created to provide civilian oversight of the conduct of peace officers and law enforcement agencies.

(c) "Local commission" has the meaning given in section 363A.03, subdivision 23.

(d) "Metropolitan area" has the meaning given in section 473.121, subdivision 2.

(e) "Targeted area" means one or more contiguous census tracts as reported in the most recently completed decennial census published by the United States Bureau of the Census that has a poverty rate of at least 20 percent and which experiences a disproportionately high rate of violent crime.

Subd. 2. **Innovation in community safety; coordinator; qualifications.** (a) The commissioner shall appoint a coordinator to work in the Office of Justice Programs in the Department of Public Safety to direct a targeted, community-centered response to violence. The coordinator shall serve in the unclassified service.

(b) The coordinator shall have experience:

(1) living in a targeted area;

(2) providing direct services to victims or others in communities impacted by violence;

(3) writing or reviewing grant applications;

(4) building coalitions within the African American community and other communities that have experienced systemic discrimination; and

(5) leading a nonprofit organization.

Subd. 3. **Coordinator; duties.** The coordinator shall work with community members to develop a strategy to address violence within targeted areas and promote community healing and recovery. Additionally, the coordinator shall:

(1) serve as a liaison between the office and the councils created in sections 3.922 and 15.0145;

(2) provide technical assistance or navigation services to individuals seeking to apply for grants issued by the office;

(3) identify targeted areas;

(4) organize and provide technical assistance to local grant advisory boards;

(5) assist local grant advisory boards in soliciting applications for grants;

(6) develop simplified grant application materials;

(7) identify effective forms of community-led intervention to promote public safety;

(8) encourage the use of restorative justice programs including but not limited to sentencing circles; and

(9) administer grants.

Subd. 4. **Innovation in community safety grants.** (a) Pursuant to the decisions of community grant advisory boards, the coordinator shall issue grants to organizations in targeted areas for the purposes identified in this subdivision. The coordinator may prioritize targeted areas, determine which targeted areas are eligible for grants, and establish the total amount of money available for grants in each targeted area provided that an eligible targeted area must receive at least $1,000,000 for grants. In prioritizing targeted areas, the coordinator shall prioritize areas that have the highest rates of violent crime.

(b) Recipients of youth, young adult, and family antiviolence outreach program grants may work with other organizations including but not limited to law enforcement, state and local public agencies, interfaith organizations, nonprofit organizations, and African immigrant and African American community organizations and stakeholders; may focus on African immigrant and African American youth and young adults; and must:

(1) identify behaviors indicating that an individual is vulnerable to committing or being the victim of bullying or interfamily, community, or domestic abuse;

(2) identify and assess factors and influences, including but not limited to family dysfunction and cultural disengagement that make youth and young adults vulnerable to recruitment by violent organizations;

(3) develop strategies to reduce and eliminate abusive and bullying behaviors among youth and adults;

(4) develop and implement strategies to reduce and eliminate the factors and influences that make youth and young adults vulnerable to recruitment by violent organizations;

(5) develop strategies, programs, and services to educate parents and other family members to recognize and address behaviors indicating that youth are being recruited by violent organizations; and

(6) in collaboration with public entities and other community and private organizations that provide services to at-risk youth and families, develop strategies, programs, and services to reduce and eliminate bullying, abusive behavior, and the vulnerability of youth to recruitment by violent organizations, including but not limited to:

(i) expressive and receptive communications programs including music, art, theater, dance, and play designed to teach and develop appropriate skills for interfaith family communication;

(ii) development of protective skills and positive coping skills to deal with bullying, domestic abuse and interfaith family violence, and violent confrontations in the community;

(iii) culturally appropriate individual and family counseling focusing on communication and interpersonal relations with the family and, when appropriate, the African immigrant and African American community;

(iv) after-school and summer programs for youth and young adults that are structured and include components offering physical recreation, sports, mentorship, education enrichment, art, music, and social activities that are culturally appropriate;

(v) individual and family-oriented financial planning and management skill building;

(vi) culturally appropriate individual and family counseling focusing on education and employment counseling; and

(vii) information regarding, and direct links to, entities that provide employment skills training, job search and placement, and employment support activities and services.

(c) Recipients of grants to implement the Minnesota SafeStreets program must work with other organizations and persons in the community to develop community-based responses to violence that:

(1) use and adapt critical incident response methods which have been identified as best practices in the field including violence prevention, situational de-escalation, mitigation of trauma, and restorative justice;

(2) provide targeted interventions to prevent the escalation of violence after the occurrence of serious incidents, such as a shooting, murder, or other violent crime;

(3) de-escalate violence with the use of community-based interventions designed to prevent conflict from becoming violent;

(4) provide an alternative to adjudication through a restorative justice model for persons who commit lower level offenses;

(5) develop working relationships with community providers to enable young people to care for themselves and their families in healthy and empowered ways; and

(6) culminate in a collective action plan which, at a minimum, includes the following:

(i) increased educational opportunities;

(ii) meaningful workforce opportunities;

(iii) leadership-based entrepreneurial and social enterprise opportunities;

(iv) expanded mental health and chemical health services; and

(v) access to critically needed human and social services.

(d) Recipients of grants to promote community healing must provide programs and direct intervention to promote wellness and healing justice and may use funds for:

(1) programmatic and community care support for wellness and healing justice practitioners;

(2) the establishment and expansion of community organizations that provide wellness and healing justice services;

(3) placing wellness and healing justice practitioners in organizations that provide direct service to Black, Indigenous, and people of color communities in Minnesota;

(4) providing healing circles;

(5) establishing and expanding Community Coach Certification programs to train community healers and establish a long-term strategy to build the infrastructure for community healers to be available during times of tragedy; or

(6) restorative justice programs including but not limited to sentencing circles.

(e) Recipients of grants to establish or maintain co-responder teams must partner with local units of government or Tribal governments to build on existing mobile mental health crisis teams and identify gaps in order to do any of the following:

(1) develop and establish independent crisis-response teams to de-escalate volatile situations;

(2) respond to situations involving a mental health crisis;

(3) promote community-based efforts designed to enhance community safety and wellness; or

(4) support community-based strategies to interrupt, intervene in, or respond to violence.

(f) Recipients of grants to establish or maintain community-based mental health and social service centers must provide direct services to community members in targeted areas.

Subd. 5. **Appropriation; distribution.** (a) Of the amount appropriated for grants issued pursuant to subdivision 4, two-thirds shall be distributed in the metropolitan area and one-third shall be distributed outside the metropolitan area.

(b) No grant recipient shall receive more than $1,000,000 each year.

Subd. 6. **Community grant advisory boards; members.** (a) The coordinator shall work with the chair or director of a local commission, civilian review board, or similar organization to establish a community grant advisory board within a targeted area.

(b) Community grant advisory boards shall review grant applications and direct the coordinator to award grants to approved applicants.

(c) The chair or director of a local commission, civilian review board, or similar organization shall serve as the chair of a community grant advisory board.

(d) A community grant advisory board shall include the chair and at least four but not more than six other members.

(e) The membership of community grant advisory boards shall reflect the demographic makeup of the targeted area and the members, other than the chair, must reside in the targeted area over which a board has jurisdiction. A majority of the members of a board must provide direct services to victims or others in the targeted area as a part of the person's employment or regular volunteer work.

(f) Community grant advisory board members may not accept gifts, donations, or any other thing of value from applicants.

Subd. 7. **Community grant advisory board; procedure.** (a) Community grant advisory boards shall provide notice of available grants and application materials for organizations or individuals to apply for grants.

(b) Community grant advisory boards shall establish reasonable application deadlines and review grant applications. Boards may interview applicants and invite presentations.

(c) Community grant advisory boards shall determine which applicants will receive funds and the amount of those funds, and shall inform the coordinator of their decisions.

Sec. 17. **[299A.783] STATEWIDE ANTITRAFFICKING INVESTIGATION COORDINATION.**

Subdivision 1. **Antitrafficking investigation coordinator.** The commissioner of public safety must appoint a statewide antitrafficking investigation coordinator who shall work in the Office of Justice Programs. The coordinator must be a current or former law enforcement officer or prosecutor with experience investigating or prosecuting trafficking-related offenses. The coordinator must also have knowledge of services available to and Safe Harbor response for victims of sex trafficking and sexual exploitation and Minnesota's child welfare system response. The coordinator serves at the pleasure of the commissioner in the unclassified service.

Subd. 2. **Coordinator's responsibilities.** The coordinator shall have the following duties:

(1) develop, coordinate, and facilitate training for law enforcement officers, prosecutors, courts, child welfare workers, social service providers, medical providers, and other community members;

(2) establish standards for approved training and review compliance with those standards;

(3) coordinate and monitor multijurisdictional sex trafficking task forces;

(4) review, develop, promote, and monitor compliance with investigative protocols to ensure that law enforcement officers and prosecutors engage in best practices;

(5) provide technical assistance and advice related to the investigation and prosecution of trafficking offenses and the treatment of victims;

(6) promote the efficient use of resources by addressing issues of deconfliction, providing advice regarding questions of jurisdiction, and promoting the sharing of data between entities investigating and prosecuting trafficking offenses;

(7) assist in the appropriate distribution of grants;

(8) perform other duties necessary to ensure effective and efficient investigation and prosecution of trafficking-related offenses; and

(9) coordinate with other federal, state, and local agencies to ensure multidisciplinary responses to trafficking and exploitation of youth in Minnesota.

Sec. 18. **[299A.85] OFFICE FOR MISSING AND MURDERED INDIGENOUS RELATIVES.**

Subdivision 1. **Definitions.** As used in this section, the following terms have the meanings given.

(a) "Indigenous" means descended from people who were living in North America at the time people from Europe began settling in North America.

(b) "Missing and murdered Indigenous relatives" means missing and murdered Indigenous people.

(c) "Missing and Murdered Indigenous Women Task Force report" means the report titled "Missing and Murdered Indigenous Women Task Force: a Report to the Minnesota Legislature," published by the Wilder Research organization in December 2020.

Subd. 2. **Establishment.** The commissioner shall establish and maintain an office dedicated to preventing and ending the targeting of Indigenous women, children, and two-spirited people with the Minnesota Office of Justice Programs.

Subd. 3. **Executive director; staff.** (a) The commissioner must appoint an executive director who is a person closely connected to a Tribe or Indigenous community and who is highly knowledgeable about criminal investigations. The commissioner is encouraged to consider candidates for appointment who are recommended by Tribes and Indigenous communities. The executive director serves in the unclassified service.

(b) The executive director may select, appoint, and compensate out of available funds assistants and employees as necessary to discharge the office's responsibilities. The executive director may appoint an assistant executive director in the unclassified service.

(c) The executive director and full-time staff shall be members of the Minnesota State Retirement Association.

Subd. 4. **Duties.** The office has the following duties:

(1) advocate in the legislature for legislation that will facilitate the accomplishment of the mandates identified in the Missing and Murdered Indigenous Women Task Force report;

(2) advocate for state agencies to take actions to facilitate the accomplishment of the mandates identified in the Missing and Murdered Indigenous Women Task Force report;

(3) develop recommendations for legislative and agency actions to address injustice in the criminal justice system's response to the cases of missing and murdered Indigenous relatives;

(4) facilitate research to refine the mandates in the Missing and Murdered Indigenous Women Task Force report and to assess the potential efficacy, feasibility, and impact of the recommendations;

(5) develop tools and processes to evaluate the implementation and impact of the efforts of the office;

(6) facilitate technical assistance for local and Tribal law enforcement agencies during active missing and murdered Indigenous relatives cases;

(7) conduct case reviews and report on the results of case reviews for the following types of missing and murdered Indigenous relatives cases: cold cases for missing Indigenous people and death investigation review for cases of Indigenous people ruled as suicide or overdose under suspicious circumstances;

(8) conduct case reviews of the prosecution and sentencing for cases where a perpetrator committed a violent or exploitative crime against an Indigenous person. These case reviews should identify those cases where the perpetrator is a repeat offender;

(9) prepare draft legislation as necessary to allow the office access to the data required for the office to conduct the reviews required in this section and advocate for passage of that legislation;

(10) review sentencing guidelines for missing and murdered Indigenous women-related crimes, recommend changes if needed, and advocate for consistent implementation of the guidelines across Minnesota courts;

(11) develop and maintain communication with relevant divisions in the Department of Public Safety regarding any cases involving missing and murdered Indigenous relatives and on procedures for investigating cases involving missing and murdered Indigenous relatives; and

(12) coordinate, as relevant, with the Bureau of Indian Affairs' Cold Case Office through Operation Lady Justice and other federal efforts, as well as efforts in neighboring states and Canada. This recommendation pertains to state efforts. Tribes are sovereign nations that have the right to determine if and how they will coordinate with these other efforts.

Subd. 5. **Coordination with other organizations.** In fulfilling its duties the office may coordinate, as useful, with stakeholder groups that were represented on the Missing and Murdered Indigenous Women Task Force and state agencies that are responsible for the systems that play a role in investigating, prosecuting, and adjudicating cases involving violence committed against Indigenous women, those who have a role in supporting or advocating for missing or murdered Indigenous women and the people who seek justice for them, and those who represent the interests of Indigenous people. This includes the following entities: Minnesota Chiefs of Police Association; Minnesota Sheriffs' Association; Bureau of Criminal Apprehension; Minnesota Police and Peace Officers Association; Tribal law enforcement; Minnesota County Attorneys Association; United States Attorney's Office; juvenile courts; Minnesota Coroners' and Medical Examiners' Association; United States Coast Guard; state agencies, including the Departments of Health, Human Services, Education, Corrections, and Public Safety; the Minnesota Indian Affairs Council; service providers who offer legal services, advocacy, and other services to Indigenous women and girls; the Minnesota Indian Women's Sexual Assault Coalition; Mending the Sacred Hoop; Indian health organizations; Indigenous women and girls who are survivors; the 11 Tribal nations that share geography with Minnesota; and organizations and leadership from urban and statewide American Indian communities.

Subd. 6. **Reports.** The office must report on measurable outcomes achieved to meet its statutory duties, along with specific objectives and outcome measures proposed for the following year. The office must submit the report by January 15 each year to the chairs and ranking minority members of the legislative committees with primary jurisdiction over public safety.

Subd. 7. **Grants.** The office may apply for and receive grants from public and private entities for purposes of carrying out the office's duties under this section.

Subd. 8. **Access to data.** Notwithstanding section 13.384 or 13.85, the executive director has access to corrections and detention data and medical data maintained by an agency and classified as private data on individuals or confidential data on individuals when access to the data is necessary for the office to perform its duties under this section.

Sec. 19. **[299A.86] MINNESOTA HEALS.**

(a) The Minnesota Heals Initiative is established in the Department of Public Safety to provide:

(1) grants to community healing networks;

(2) resources for families after an officer-involved death; and

(3) a statewide critical incident stress management service.

(b) The commissioner of public safety shall establish and maintain a Statewide Critical Incident Stress Management Service Office for first responders. The office shall manage a mental health and wellness program for first responders including but not limited to regular trainings and education videos, self-assessment tools, and professional guidance and coaching. The office shall establish response teams across the state; provide support and technical assistance in establishing mutual aid requests; and develop and implement new trainings, services, online resources, and meetings. The office shall also maintain a referral program.

(c) The Office of Justice Programs shall administer a grant program to fund community healing networks to sustain trauma-informed responses to promote healing after critical events and natural disasters. Grants are for culturally, trauma-informed training and for coordinating a statewide response network of trainers and responders in collaboration with local or Tribal governments, or both governments in impacted areas.

(d) The Office of Justice Programs shall establish and maintain a fund to reimburse costs related to funeral and burial expenses, cultural healing ceremonies, and mental health and trauma healing services for family members impacted by officer-involved deaths.

Sec. 20. Minnesota Statutes 2020, section 299C.80, subdivision 3, is amended to read:

Subd. 3. **Additional duty.** (a) The unit shall investigate all criminal sexual conduct cases:

(1) involving peace officers, including criminal sexual conduct cases involving chief law enforcement officers; and

(2) where a member of the Minnesota National Guard is the victim, the accused is a member of the Minnesota National Guard, and the incident occurred in Minnesota.

(b) The unit shall assist the agency investigating an alleged sexual assault of a member of the Minnesota National Guard by another member of the Minnesota National Guard that occurred in a jurisdiction outside of the state, if the investigating agency requests assistance from the unit.

(c) The unit may also investigate conflict of interest cases involving peace officers.

Sec. 21. Minnesota Statutes 2020, section 340A.504, subdivision 7, is amended to read:

Subd. 7. **Sales after 1:00 a.m.; permit fee.** (a) No licensee may sell intoxicating liquor or 3.2 percent malt liquor on-sale between the hours of 1:00 a.m. and 2:00 a.m. unless the licensee has obtained a permit from the commissioner. Application for the permit must be on a form the commissioner prescribes. Permits are effective for one year from date of issuance. For retailers of intoxicating liquor, the fee for the permit is based on the licensee's gross receipts from on-sales of alcoholic beverages in the 12 months prior to the month in which the permit is issued, and is at the following rates:

(1) up to $100,000 in gross receipts, $300;

(2) over $100,000 but not over $500,000 in gross receipts, $750; and

(3) over $500,000 in gross receipts, $1,000.

For a licensed retailer of intoxicating liquor who did not sell intoxicating liquor at on-sale for a full 12 months prior to the month in which the permit is issued, the fee is $200. For a retailer of 3.2 percent malt liquor, the fee is $200.

(b) The commissioner shall deposit all permit fees received under this subdivision in the alcohol enforcement account in the ~~special revenue~~ general fund.

(c) Notwithstanding any law to the contrary, the commissioner of revenue may furnish to the commissioner the information necessary to administer and enforce this subdivision.

Sec. 22. Minnesota Statutes 2020, section 403.11, subdivision 1, is amended to read:

Subdivision 1. **Emergency telecommunications service fee; account.** (a) Each customer of a wireless or wire-line switched or packet-based telecommunications service provider connected to the public switched telephone network that furnishes service capable of originating a 911 emergency telephone call is assessed a fee based upon the number of wired or wireless telephone lines, or their equivalent, to cover the costs of ongoing maintenance and related improvements for trunking and central office switching equipment for 911 emergency telecommunications service, to offset administrative and staffing costs of the commissioner related to managing the 911 emergency telecommunications service program, to make distributions provided for in section 403.113, and to offset the costs, including administrative and staffing costs, incurred by the State Patrol Division of the Department of Public Safety in handling 911 emergency calls made from wireless phones.

(b) Money remaining in the 911 emergency telecommunications service account after all other obligations are paid must not cancel and is carried forward to subsequent years and may be appropriated from time to time to the commissioner to provide financial assistance to counties for the improvement of local emergency telecommunications services.

(c) The fee may not be ~~less than eight cents nor more than 65 cents a month until June 30, 2008, not less than eight cents nor more than 75 cents a month until June 30, 2009, not less than eight cents nor more than 85 cents a month until June 30, 2010, and not less than eight cents nor~~ more than 95 cents a month on or after July 1, 2010, for each customer access line or other basic access service, including trunk equivalents as designated by the Public Utilities Commission for access charge purposes and including wireless telecommunications services. With the approval of the commissioner of management and budget, the commissioner of public safety shall establish the amount of the fee within the limits specified and inform the companies and carriers of the amount to be collected. When the revenue bonds authorized under section 403.27, subdivision 1, have been fully paid or defeased, the commissioner shall reduce the fee to reflect that debt service on the bonds is no longer needed. The commissioner shall provide companies and carriers a minimum of 45 days' notice of each fee change. The fee must be the same for all customers, except that the fee imposed under this subdivision does not apply to prepaid wireless telecommunications service, which is instead subject to the fee imposed under section 403.161, subdivision 1, paragraph (a).

(d) The fee must be collected by each wireless or wire-line telecommunications service provider subject to the fee. Fees are payable to and must be submitted to the commissioner monthly before the 25th of each month following the month of collection, except that fees may be submitted quarterly if less than $250 a month is due, or annually if less than $25 a month is due. Receipts must be deposited in the state treasury and credited to a 911 emergency telecommunications service account in the special revenue fund. The money in the account may only be used for 911 telecommunications services.

(e) Competitive local exchanges carriers holding certificates of authority from the Public Utilities Commission are eligible to receive payment for recurring 911 services.

Sec. 23. **[604A.06] AID TO SEXUAL ASSAULT VICTIMS.**

Subdivision 1. **Person seeking assistance; immunity from prosecution.** (a) A person acting in good faith who contacts a 911 operator or first responder to report that a sexual assault victim is in need of assistance may not be charged or prosecuted for:

(1) the possession, sharing, or use of a controlled substance under section 152.025, or possession of drug paraphernalia; and

(2) if the person is under the age of 21 years, the possession, purchase, or consumption of alcoholic beverages under section 340A.503.

(b) A person qualifies for the immunities provided in this subdivision only if:

(1) the evidence for the charge or prosecution was obtained as a result of the person's seeking assistance for a sexual assault victim; and

(2) the person seeks assistance for a sexual assault victim who is in need of assistance for an immediate health or safety concern, provided that the person who seeks the assistance is the first person to seek the assistance, provides a name and contact information, and remains on the scene until assistance arrives or is provided.

(c) This subdivision applies to one or two persons acting in concert with the person initiating contact provided all the requirements of paragraphs (a) and (b) are met.

Subd. 2. **Person experiencing sexual assault; immunity from prosecution.** (a) A sexual assault victim who is in need of assistance may not be charged or prosecuted for:

(1) the possession, sharing, or use of a controlled substance under section 152.025, or possession of drug paraphernalia; and

(2) if the victim is under the age of 21 years, the possession, purchase, or consumption of alcoholic beverages under section 340A.503.

(b) A victim qualifies for the immunities provided in this subdivision only if the evidence for the charge or prosecution was obtained as a result of the request for assistance related to the sexual assault.

Subd. 3. **Persons on probation or release.** A person's pretrial release, probation, furlough, supervised release, or parole shall not be revoked based on an incident for which the person would be immune from prosecution under subdivision 1 or 2.

Subd. 4. **Effect on other criminal prosecutions.** (a) The act of providing assistance to a sexual assault victim may be used as a mitigating factor in a criminal prosecution for which immunity is not provided.

(b) Nothing in this section shall:

(1) be construed to bar the admissibility of any evidence obtained in connection with the investigation and prosecution of other crimes or violations committed by a person who otherwise qualifies for limited immunity under this section;

(2) preclude prosecution of a person on the basis of evidence obtained from an independent source;

(3) be construed to limit, modify, or remove any immunity from liability currently available to public entities, public employees by law, or prosecutors; or

(4) prevent probation officers from conducting drug or alcohol testing of persons on pretrial release, probation, furlough, supervised release, or parole.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to actions arising from incidents occurring on or after that date.

Sec. 24. Minnesota Statutes 2020, section 609.3459, is amended to read:

609.3459 LAW ENFORCEMENT; REPORTS OF SEXUAL ASSAULTS.

(a) A victim of any violation of sections 609.342 to 609.3453 may initiate a law enforcement investigation by contacting any law enforcement agency, regardless of where the crime may have occurred. The agency must prepare a summary of the allegation and provide the person with a copy of it. The agency must begin an investigation of the facts, or, if the suspected crime was committed in a different jurisdiction, refer the matter along with the summary to the law enforcement agency where the suspected crime was committed for an investigation of the facts. If the agency learns that both the victim and the accused are members of the Minnesota National Guard, the agency receiving the report must refer the matter along with the summary to the Bureau of Criminal Apprehension for investigation pursuant to section 299C.80.

(b) If a law enforcement agency refers the matter to the law enforcement agency where the crime was committed, it need not include the allegation as a crime committed in its jurisdiction for purposes of information that the agency is required to provide to the commissioner of public safety pursuant to section 299C.06, but must confirm that the other law enforcement agency has received the referral.

Sec. 25. Minnesota Statutes 2020, section 626.843, subdivision 1, is amended to read:

Subdivision 1. **Rules required.** (a) The board shall adopt rules with respect to:

(1) the certification of postsecondary schools to provide programs of professional peace officer education;

(2) minimum courses of study and equipment and facilities to be required at each certified school within the state;

(3) minimum qualifications for coordinators and instructors at certified schools offering a program of professional peace officer education located within this state;

(4) minimum standards of physical, mental, and educational fitness which shall govern the admission to professional peace officer education programs and the licensing of peace officers within the state, by any state, county, municipality, or joint or contractual combination thereof, including members of the Minnesota State Patrol;

(5) board-approved continuing education courses that ensure professional competence of peace officers and part-time peace officers;

(6) minimum standards of conduct which would affect the individual's performance of duties as a peace officer. These standards shall be established and published. The board shall review the minimum standards of conduct described in this clause for possible modification in 1998 and every three years after that time;

(7) a set of educational learning objectives that must be met within a certified school's professional peace officer education program. These learning objectives must concentrate on the knowledge, skills, and abilities deemed essential for a peace officer. Education in these learning objectives shall be deemed satisfactory for the completion of the minimum basic training requirement;

(8) the establishment and use by any political subdivision or state law enforcement agency that employs persons licensed by the board of procedures for investigation and resolution of allegations of misconduct by persons licensed by the board. The procedures shall be in writing and shall be established on or before October 1, 1984;

(9) the issues that must be considered by each political subdivision and state law enforcement agency that employs persons licensed by the board in establishing procedures under section 626.5532 to govern the conduct of peace officers who are in pursuit of a vehicle being operated in violation of section 609.487, and requirements for the training of peace officers in conducting pursuits. The adoption of specific procedures and requirements is within the authority of the political subdivision or agency;

(10) supervision of part-time peace officers and requirements for documentation of hours worked by a part-time peace officer who is on active duty. These rules shall be adopted by December 31, 1993;

(11) citizenship requirements for peace officers and part-time peace officers;

(12) driver's license requirements for peace officers and part-time peace officers; and

(13) such other matters as may be necessary consistent with sections 626.84 to 626.863. Rules promulgated by the attorney general with respect to these matters may be continued in force by resolution of the board if the board finds the rules to be consistent with sections 626.84 to 626.863.

(b) In adopting and enforcing the rules described under paragraph (a), the board shall prioritize the goal of promoting public safety. Promoting public safety includes the promotion of human rights. "Public safety" means reducing or preventing crime while maintaining the basic rights, freedoms, and privileges that belong to every person including the right to dignity, fairness, equality, respect, and freedom from discrimination, and is achieved by engaging in practices that include promoting community cohesion, employing meaningful problem-solving strategies, and utilizing the least restrictive sanctions or interventions necessary to reduce or repair harm, ensure victim safety, and ensure accountability for offending.

Sec. 26. Minnesota Statutes 2020, section 628.26, is amended to read:

628.26 LIMITATIONS.

(a) Indictments or complaints for any crime resulting in the death of the victim may be found or made at any time after the death of the person killed.

(b) Indictments or complaints for a violation of section 609.25 may be found or made at any time after the commission of the offense.

(c) Indictments or complaints for violation of section 609.282 may be found or made at any time after the commission of the offense if the victim was under the age of 18 at the time of the offense.

(d) Indictments or complaints for violation of section 609.282 where the victim was 18 years of age or older at the time of the offense, or 609.42, subdivision 1, clause (1) or (2), shall be found or made and filed in the proper court within six years after the commission of the offense.

(e) Indictments or complaints for violation of sections 609.322 and 609.342 to 609.345~~, if the victim was under the age of 18 years at the time the offense was committed, shall~~ may be found or made ~~and filed in the proper court within the later of nine years after the commission of the offense or three years after the offense was reported to law enforcement authorities~~ at any time after the commission of the offense.

~~(f) Notwithstanding the limitations in paragraph (e), indictments or complaints for violation of sections 609.322 and 609.342 to 609.344 may be found or made and filed in the proper court at any time after commission of the offense, if physical evidence is collected and preserved that is capable of being tested for its DNA characteristics. If this evidence is not collected and preserved and the victim was 18 years old or older at the time of the offense, the prosecution must be commenced within nine years after the commission of the offense.~~

~~(g)~~ (f) Indictments or complaints for violation of sections 609.466 and 609.52, subdivision 2, paragraph (a), clause (3), item (iii), shall be found or made and filed in the proper court within six years after the commission of the offense.

~~(h)~~ (g) Indictments or complaints for violation of section 609.2335, 609.52, subdivision 2, paragraph (a), clause (3), items (i) and (ii), (4), (15), or (16), 609.631, or 609.821, where the value of the property or services stolen is more than $35,000, or for violation of section 609.527 where the offense involves eight or more direct victims or the total combined loss to the direct and indirect victims is more than $35,000, shall be found or made and filed in the proper court within five years after the commission of the offense.

~~(i)~~ (h) Except for violations relating to false material statements, representations or omissions, indictments or complaints for violations of section 609.671 shall be found or made and filed in the proper court within five years after the commission of the offense.

~~(j)~~ (i) Indictments or complaints for violation of sections 609.561 to 609.563, shall be found or made and filed in the proper court within five years after the commission of the offense.

~~(k)~~ (j) In all other cases, indictments or complaints shall be found or made and filed in the proper court within three years after the commission of the offense.

~~(l)~~ (k) The limitations periods contained in this section shall exclude any period of time during which the defendant was not an inhabitant of or usually resident within this state.

~~(m)~~ (l) The limitations periods contained in this section for an offense shall not include any period during which the alleged offender participated under a written agreement in a pretrial diversion program relating to that offense.

~~(n)~~ (m) The limitations periods contained in this section shall not include any period of time during which physical evidence relating to the offense was undergoing DNA analysis, as defined in section 299C.155, unless the defendant demonstrates that the prosecuting or law enforcement agency purposefully delayed the DNA analysis process in order to gain an unfair advantage.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to violations committed on or after that date and to crimes committed before that date if the limitations period for the crime did not expire before August 1, 2021.

Sec. 27. Laws 2016, chapter 189, article 4, section 7, is amended to read:

Sec. 7. **PUBLIC SAFETY** **$-0-** **$6,100,000**

Appropriations by Fund

General	-0-	1,600,000
Trunk Highway	-0-	4,500,000

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

(a) **DNA Laboratory**

$630,000 is for the Bureau of Criminal Apprehension DNA laboratory, including the addition of six forensic scientists. The base for this activity is $1,000,000 in each of the fiscal years 2018 and 2019 for eight forensic scientists.

(b) **Children In Need of Services or in Out-Of-Home Placement**

$150,000 is for a grant to an organization that provides legal representation to children in need of protection or services and children in out-of-home placement. The grant is contingent upon a match in an equal amount from nonstate funds. The match may be in kind, including the value of volunteer attorney time, or in cash, or in a combination of the two.

(c) **Sex Trafficking**

$820,000 is for grants to state and local units of government for the following purposes:

(1) to support new or existing multijurisdictional entities to investigate sex trafficking crimes; and

(2) to provide technical assistance for sex trafficking crimes, including ~~training and~~ case consultation, to law enforcement agencies statewide.

(d) **State Patrol**

$4,500,000 is from the trunk highway fund to recruit, hire, train, and equip a State Patrol Academy. This amount is added to the appropriation in Laws 2015, chapter 75, article 1, section 5, subdivision 3. The base appropriation from the trunk highway fund for patrolling highways in each of fiscal years 2018 and 2019 is $87,492,000, which includes $4,500,000 each year for a State Patrol Academy.

Sec. 28. Laws 2017, chapter 95, article 1, section 11, subdivision 7, is amended to read:

Subd. 7. **Office of Justice Programs**	39,580,000	40,036,000
Appropriations by Fund		
General	39,484,000	39,940,000
State Government Special Revenue	96,000	96,000

(a) **OJP Administration Costs**

Up to 2.5 percent of the grant funds appropriated in this subdivision may be used by the commissioner to administer the grant program.

(b) **Combating Terrorism Recruitment**

$250,000 each year is for grants to local law enforcement agencies to develop strategies and make efforts to combat the recruitment of Minnesota residents by terrorist organizations such as ISIS and al-Shabaab. This is a onetime appropriation.

(c) **Sex Trafficking Prevention Grants**

$180,000 each year is for grants to state and local units of government for the following purposes:

(1) to support new or existing multijurisdictional entities to investigate sex trafficking crimes; and

(2) to provide technical assistance, including ~~training and~~ case consultation, to law enforcement agencies statewide.

(d) **Pathway to Policing Reimbursement Grants**

$400,000 the second year is for reimbursement grants to local units of government that operate pathway to policing programs intended to bring persons with nontraditional backgrounds into law enforcement. Applicants for reimbursement grants may receive up to 50 percent of the cost of compensating and training pathway to policing participants. Reimbursement grants shall be proportionally allocated based on the number of grant applications approved by the commissioner.

Sec. 29. Laws 2020, Second Special Session chapter 1, section 9, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~March 1~~ May 8, 2021.

EFFECTIVE DATE. This section is effective the day following final enactment and applies retroactively from March 1, 2021.

Sec. 30. Laws 2020, Second Special Session chapter 1, section 10, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~March 1~~ May 8, 2021.

EFFECTIVE DATE. This section is effective the day following final enactment and applies retroactively from March 1, 2021.

Sec. 31. Laws 2020, Seventh Special Session chapter 2, article 2, section 4, is amended to read:

Sec. 4. **TRANSFER; ALCOHOL ENFORCEMENT ACCOUNT.**

~~(a)~~ By July 15, 2021, the commissioner of public safety must certify to the commissioner of management and budget the amount of permit fees waived under section 3, clause (2), during the period from January 1, 2021, to June 30, 2021, and the commissioner of management and budget must transfer the certified amount from the general fund to the alcohol enforcement account in the special revenue fund established under Minnesota Statutes, section 299A.706.

~~(b) By January 15, 2022, the commissioner of public safety must certify to the commissioner of management and budget the amount of permit fees waived under section 3, clause (2), during the period from July 1, 2021, to December 31, 2021, and the commissioner of management and budget must transfer the certified amount from the general fund to the alcohol enforcement account in the special revenue fund established under Minnesota Statutes, section 299A.706.~~

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

Sec. 32. **SURVIVOR SUPPORT AND PREVENTION GRANTS.**

Subdivision 1. **Meeting victim needs; grants.** The Office of Justice Programs shall award grants directly to victim survivors of crime to support their needs and mitigate the impacts of crime on those individuals, and shall award grants to meet emerging or unmet needs impacting victims of crime.

Subd. 2. **Eligibility and awards.** (a) For grants awarded directly to victim survivors, the director shall establish the eligibility requirements and mechanisms for distribution of funds in consultation with Violence Free Minnesota, the Minnesota Coalition Against Sexual Assault, Minnesota Alliance on Crime, the Minnesota Indian Women Sexual Assault Coalition, and Sacred Hoop Coalition. Eligibility requirements shall prioritize victim survivors based on economic need; whether the victim survivor is a member of an underserved population; whether the person was a victim of sexual assault, domestic violence, child abuse, or other violent crime; and whether the victim was a juvenile.

(b) For grants to meet emerging or unmet needs impacting victims of crime, the director shall award grants to individuals or organizations who provide direct support to victims including, but not limited to, providing support for immediate and emerging needs for victims of crime or for domestic abuse transformative justice programs. The director shall prioritize applicants seeking to establish, maintain, or expand services to underserved populations.

(c) Of the amount appropriated for survivor support and prevention grants, at least 30 percent must be provided directly to victim survivors pursuant to paragraph (a) and at least 30 percent must be awarded to individuals or organizations providing support to victims pursuant to paragraph (b).

Subd. 3. **Report.** (a) By January 15 of each odd-numbered year the director shall submit a report to the legislative committees with jurisdiction over public safety on the survivor support and prevention grants. At a minimum, the report shall include the following:

(1) the total number of grants issued directly to victim survivors;

(2) the average amount of money provided directly to victim survivors;

(3) summary demographic information of recipients of direct financial assistance, including the age, sex, and race of the recipients;

(4) summary information identifying the crimes committed against the recipients of direct assistance;

(5) summary information identifying the counties in which recipients of direct assistance resided at the time they received a grant;

(6) the total number of grants issued to individuals or organizations providing support for crime victims;

(7) the amount of grants issued to individuals or organizations providing support for crime victims; and

(8) the services provided by the grant recipients that provided support for crime victims.

(b) If the director enters into an agreement with any other organization for the distribution of funds, the director shall require that organization to provide the information identified in paragraph (a).

Sec. 33. **TASK FORCE ON MISSING AND MURDERED AFRICAN AMERICAN WOMEN.**

Subdivision 1. **Creation and duties.** (a) The Task Force on Missing and Murdered African American Women is established to advise the commissioner of public safety and report to the legislature on recommendations to reduce and end violence against African American women and girls in Minnesota. The task force may also serve as a liaison between the commissioner and agencies and nonprofit, nongovernmental organizations that provide legal, social, or other community services to victims, victims' families, and victims' communities.

(b) The Task Force on Missing and Murdered African American Women must examine and report on the following:

(1) the systemic causes behind violence that African American women and girls experience, including patterns and underlying factors that explain why disproportionately high levels of violence occur against African American women and girls, including underlying historical, social, economic, institutional, and cultural factors which may contribute to the violence;

(2) appropriate methods for tracking and collecting data on violence against African American women and girls, including data on missing and murdered African American women and girls;

(3) policies and institutions such as policing, child welfare, coroner practices, and other governmental practices that impact violence against African American women and girls and the investigation and prosecution of crimes of gender violence against African American people;

(4) measures necessary to address and reduce violence against African American women and girls; and

(5) measures to help victims, victims' families, and victims' communities prevent and heal from violence that occurs against African American women and girls.

(c) At its discretion, the task force may examine other related issues consistent with this section as necessary.

Subd. 2. **Membership.** (a) To the extent practicable, the Task Force on Missing and Murdered African American Women shall consist of the following individuals, or their designees, who are knowledgeable in crime victims' rights or violence protection and, unless otherwise specified, members shall be appointed by the commissioner of public safety:

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

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

(3) two representatives from among the following:

(i) the Minnesota Chiefs of Police Association;

(ii) the Minnesota Sheriffs' Association;

(iii) the Bureau of Criminal Apprehension; or

(iv) the Minnesota Police and Peace Officers Association;

(4) one or more representatives from among the following:

(i) the Minnesota County Attorneys Association;

(ii) the United States Attorney's Office; or

(iii) a judge or attorney working in juvenile court;

(5) a county coroner or a representative from a statewide coroner's association or a representative of the Department of Health; and

(6) three or more representatives from among the following:

(i) a statewide or local organization that provides legal services to African American women and girls;

(ii) a statewide or local organization that provides advocacy or counseling for African American women and girls who have been victims of violence;

(iii) a statewide or local organization that provides services to African American women and girls; or

(iv) an African American woman who is a survivor of gender violence.

(b) In making appointments under paragraph (a), the commissioner of public safety shall consult with the Council for Minnesotans of African Heritage.

(c) Appointments to the task force must be made by September 1, 2021.

(d) Members are eligible for compensation and expense reimbursement consistent with Minnesota Statutes, section 15.059, subdivision 3.

(e) Members of the task force serve at the pleasure of the appointing authority or until the task force expires. Vacancies in commissioner-appointed positions shall be filled by the commissioner consistent with the qualifications of the vacating member required by this subdivision.

Subd. 3. **Officers; meetings.** (a) The task force shall elect a chair and vice-chair and may elect other officers as necessary.

(b) The commissioner of public safety shall convene the first meeting of the task force no later than October 1, 2021, and shall provide meeting space and administrative assistance as necessary for the task force to conduct its work.

(c) The task force shall meet at least quarterly, or upon the call of its chair, and may hold meetings throughout the state. The task force shall meet sufficiently enough to accomplish the tasks identified in this section. Meetings of the task force are subject to Minnesota Statutes, chapter 13D.

(d) To accomplish its duties, the task force shall seek out and enlist the cooperation and assistance of nonprofit, nongovernmental organizations that provide legal, social, or other community services to victims, victims' families, and victims' communities; community and advocacy organizations working with the African American community; and academic researchers and experts, specifically those specializing in violence against African American women and girls, those representing diverse communities disproportionately affected by violence against women and girls, or those focusing on issues related to gender violence and violence against African American women and girls. Meetings of the task force may include reports from, or information provided by, those individuals or groups.

Subd. 4. **Report.** On or before December 15, 2022, the task force shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over public safety, human services, and state government on the work of the task force. The report must contain the task force's findings and recommendations and shall include institutional policies and practices, or proposed institutional policies and practices, that are effective in reducing gender violence and increasing the safety of African American women and girls; recommendations for appropriate tracking and collecting of data on violence against African American women and girls; and recommendations for legislative action to reduce and end violence against African American women and girls and help victims and communities heal from gender violence and violence against African American women and girls.

Subd. 5. **Expiration.** The task force expires upon submission of the report required under subdivision 4.

Sec. 34. **STUDY ON LIABILITY INSURANCE FOR PEACE OFFICERS.**

(a) The commissioner of public safety shall issue a grant to an organization with experience in studying issues related to community safety and criminal justice for a study on the effects of requiring peace officers to carry liability insurance to pay for any valid claim based upon an act or omission of a licensed peace officer during paid on-duty time or paid off-duty work approved by the employing agency.

(b) At a minimum, the study shall analyze:

(1) the availability of liability insurance for peace officers;

(2) the cost of premiums for liability insurance to cover individual peace officers;

(3) the terms of relevant policies of liability insurance, including the amount of any deductible and applicable exclusions;

(4) what activities, if any, should be covered by liability insurance, including whether the negligent operation of a motor vehicle should be subject to a liability insurance requirement;

(5) whether the employer of the peace officer, the insurance company, or both would have a duty to defend the officer;

(6) whether limits should be placed on the subrogation rights of an employer, insurer, or both;

(7) whether limits should be placed on the subrogation rights of an insurer for claims involving joint and several liability with a peace officer insured by a separate insurer;

(8) whether statutory direction is necessary to establish priorities of coverage if multiple policies apply;

(9) what impact, if any, the existence of a requirement that peace officers carry liability insurance would be expected to have on claims against peace officers;

(10) the cost to employers, if any, if there was a requirement that peace officers carry liability insurance; and

(11) the expected impact on public safety, if any, if there was a requirement that peace officers carry liability insurance.

(c) By January 15, 2023, the grant recipient shall provide a report to the commissioner of public safety. By February 1, 2023, the commissioner shall forward the report to the chairs and ranking members of the legislative committees with primary jurisdiction over public safety.

(d) As used in this section, "peace officer" has the meaning given in Minnesota Statutes, section 626.84, subdivision 1, paragraph (c).

ARTICLE 8
CHILD PROTECTION BACKGROUND CHECKS

Section 1. Minnesota Statutes 2020, section 299C.60, is amended to read:

299C.60 CITATION.

Sections 299C.60 to 299C.64 may be cited as the "Minnesota Child, Elder, and Individuals with Disabilities Protection Background Check Act."

Sec. 2. Minnesota Statutes 2020, section 299C.61, is amended by adding a subdivision to read:

Subd. 1a. **Authorized agency.** "Authorized agency" means the licensing agency or, if one does not exist, the Bureau of Criminal Apprehension. Licensing agencies include but are not limited to the:

(1) Department of Human Services;

(2) Department of Health; and

(3) Professional Educator Licensing and Standards Board.

Sec. 3. Minnesota Statutes 2020, section 299C.61, subdivision 2, is amended to read:

Subd. 2. **Background check crime.** "Background check crime" includes child abuse crimes, murder, manslaughter, felony level assault or any assault crime committed against a minor or vulnerable adult, kidnapping, arson, criminal sexual conduct, and prostitution-related crimes.

Sec. 4. Minnesota Statutes 2020, section 299C.61, is amended by adding a subdivision to read:

Subd. 2a. **Care.** "Care" means the provision of care, treatment, education, training, instruction, supervision, or recreation to children, the elderly, or individuals with disabilities.

Sec. 5. Minnesota Statutes 2020, section 299C.61, subdivision 4, is amended to read:

Subd. 4. **Child abuse crime.** "Child abuse crime" means:

(1) an act committed against a minor victim that constitutes a violation of section 609.185, paragraph (a), clause (5); 609.221; 609.222; 609.223; 609.224; 609.2242; 609.322; 609.324; 609.342; 609.343; 609.344; 609.345; 609.352; 609.377; ~~or~~ 609.378; or 617.247; or

(2) a violation of section 152.021, subdivision 1, clause (4); 152.022, subdivision 1, clause (5) or (6); 152.023, subdivision 1, clause (3) or (4); 152.023, subdivision 2, clause (4) or (6); or 152.024, subdivision 1, clause (2), (3), or (4).

Sec. 6. Minnesota Statutes 2020, section 299C.61, is amended by adding a subdivision to read:

Subd. 8b. **Covered individual.** "Covered individual" means an individual:

(1) who has, seeks to have, or may have access to children, the elderly, or individuals with disabilities, served by a qualified entity; and

(2) who:

(i) is employed by or volunteers with, or seeks to be employed by or volunteer with, a qualified entity; or

(ii) owns or operates, or seeks to own or operate, a qualified entity.

Sec. 7. Minnesota Statutes 2020, section 299C.61, is amended by adding a subdivision to read:

Subd. 8c. **Individuals with disabilities.** "Individuals with disabilities" means persons with a mental or physical impairment who require assistance to perform one or more daily living tasks.

Sec. 8. Minnesota Statutes 2020, section 299C.61, is amended by adding a subdivision to read:

Subd. 8d. **National criminal history background check system.** "National criminal history background check system" means the criminal history record system maintained by the Federal Bureau of Investigation based on fingerprint identification or any other method of positive identification.

Sec. 9. Minnesota Statutes 2020, section 299C.61, is amended by adding a subdivision to read:

Subd. 8e. **Qualified entity.** "Qualified entity" means a business or organization, whether public, private, for-profit, not-for-profit, or voluntary, that provides care or care placement services, including a business or organization that licenses or certifies others to provide care or care placement services.

Sec. 10. Minnesota Statutes 2020, section 299C.62, subdivision 1, is amended to read:

Subdivision 1. **Generally.** The superintendent shall develop procedures in accordance with United States Code, title 34, section 40102, to enable a ~~children's service provider~~ qualified entity to request a background check to determine whether a ~~children's service worker~~ covered worker is the subject of any reported conviction for a background check crime. ~~The superintendent shall perform the background check by retrieving and reviewing data on background check crimes.~~ The superintendent is authorized to exchange fingerprints with the Federal Bureau of Investigation for purposes of ~~a criminal history~~ the background check. The superintendent shall recover the cost of a background check through a fee charged ~~the children's service provider~~ to the qualified entity and make reasonable efforts to respond to the inquiry within 15 business days.

Sec. 11. Minnesota Statutes 2020, section 299C.62, subdivision 2, is amended to read:

Subd. 2. **Background check; requirements.** ~~(a) The superintendent may not perform a background check under this section unless the children's service provider submits a written document, signed by the children's service worker on whom the background check is to be performed, containing the following:~~

~~(1) a question asking whether the children's service worker has ever been convicted of a background check crime and if so, requiring a description of the crime and the particulars of the conviction;~~

~~(2) a notification to the children's service worker that the children's service provider will request the superintendent to perform a background check under this section; and~~

~~(3) a notification to the children's service worker of the children's service worker's rights under subdivision 3.~~

~~(b) Background checks performed under this section may only be requested by and provided to authorized representatives of a children's service provider who have a need to know the information and may be used only for the purposes of sections 299C.60 to 299C.64. Background checks may be performed pursuant to this section not later than one year after the document is submitted under this section.~~

The superintendent may not perform a background check of a covered individual under this section unless the covered individual:

(1) completes and signs a statement that:

(i) contains the name, address, and date of birth appearing on a valid identification document, as defined in United States Code, title 18, section 1028, of the covered individual;

(ii) the covered individual has not been convicted of a crime and, if the covered individual has been convicted of a crime, contains a description of the crime and the particulars of the conviction;

(iii) notifies the covered individual that the entity may request a background check under subdivision 1;

(iv) notifies the covered individual of the covered individual's rights under subdivision 3; and

(v) notifies the covered individual that prior to the completion of the background check the qualified entity may choose to deny the covered individual access to a person to whom the qualified entity provides care; and

(2) if requesting a national criminal history background check, provides a set of fingerprints.

Sec. 12. Minnesota Statutes 2020, section 299C.62, subdivision 3, is amended to read:

Subd. 3. **~~Children's service worker~~ Covered individuals rights.** ~~(a) The children's service provider shall notify the children's service worker of the children's service worker's rights under paragraph (b).~~

~~(b) A children's service worker who is the subject of a background check request has the following rights:~~

~~(1) the right to be informed that a children's service provider will request a background check on the children's service worker:~~

~~(i) for purposes of the children's service worker's application to be employed by, volunteer with, be an independent contractor for, or be an owner of a children's service provider or for purposes of continuing as an employee, volunteer, independent contractor, or owner; and~~

~~(ii) to determine whether the children's service worker has been convicted of any crime specified in section 299C.61, subdivision 2 or 4;~~

~~(2) the right to be informed by the children's service provider of the superintendent's response to the background check and to obtain from the children's service provider a copy of the background check report;~~

~~(3) the right to obtain from the superintendent any record that forms the basis for the report;~~

~~(4) the right to challenge the accuracy and completeness of any information contained in the report or record pursuant to section 13.04, subdivision 4;~~

~~(5) the right to be informed by the children's service provider if the children's service worker's application to be employed with, volunteer with, be an independent contractor for, or be an owner of a children's service provider, or to continue as an employee, volunteer, independent contractor, or owner, has been denied because of the superintendent's response; and~~

~~(6) the right not to be required directly or indirectly to pay the cost of the background check.~~

The qualified entity shall notify the covered individual who is subjected to a background check under subdivision 1 that the individual has the right to:

(1) obtain a copy of any background check report;

(2) challenge the accuracy or completeness of the information contained in the background report or record pursuant to section 13.04, subdivision 4, or applicable federal authority; and

(3) be given notice of the opportunity to appeal and instructions on how to complete the appeals process.

Sec. 13. Minnesota Statutes 2020, section 299C.62, subdivision 4, is amended to read:

Subd. 4. **Response of bureau.** The superintendent shall respond to a background check request within a reasonable time after receiving a request from a qualified entity or the signed, written document described in subdivision 2. The superintendent shall provide the ~~children's service provider~~ qualified entity with a copy of the ~~applicant's~~ covered individual's criminal record or a statement that the ~~applicant~~ covered individual is not the subject of a criminal history record at the bureau. It is the responsibility of the ~~service provider~~ qualified entity to determine if the ~~applicant~~ covered individual qualifies as an employee, volunteer, or independent contractor under this section.

Sec. 14. Minnesota Statutes 2020, section 299C.62, subdivision 6, is amended to read:

Subd. 6. **Admissibility of evidence.** Evidence or proof that a background check of a volunteer was not requested under sections 299C.60 to 299C.64 by a ~~children's service provider~~ qualified entity is not admissible in evidence in any litigation against a nonprofit or charitable organization.

Sec. 15. Minnesota Statutes 2020, section 299C.63, is amended to read:

299C.63 EXCEPTION; OTHER LAWS.

The superintendent is not required to respond to a background check request concerning a ~~children's service worker~~ covered individual who, as a condition of occupational licensure or employment, is subject to the background study requirements imposed by any statute or rule other than sections 299C.60 to 299C.64. ~~A background check performed on a licensee, license applicant, or employment applicant under this section does not satisfy the requirements of any statute or rule other than sections 299C.60 to 299C.64, that provides for background study of members of an individual's particular occupation.~~

Sec. 16. Minnesota Statutes 2020, section 299C.72, is amended to read:

299C.72 MINNESOTA CRIMINAL HISTORY CHECKS.

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

(a) "Applicant for employment" means an individual who seeks either county or city employment or has applied to serve as a volunteer in the county or city.

(b) "Applicant for licensure" means the individual seeks a license issued by the county or city which is not subject to a federal- or state-mandated background check.

(c) "Authorized law enforcement agency" means the county sheriff for checks conducted for county purposes, the police department for checks conducted for city purposes, or the county sheriff for checks conducted for city purposes where there is no police department.

(d) "Criminal history check" means retrieval of criminal history data via the secure network described in section 299C.46.

(e) "Criminal history data" means adult convictions and adult open arrests less than one year old found in the Minnesota computerized criminal history repository.

(f) "Current employee" means an individual presently employed by either a county or city or who presently serves as a volunteer in the county or city.

(g) "Current licensee" means an individual who has previously sought and received a license, which is still presently valid, issued by a county or city.

~~(f)~~ (h) "Informed consent" has the meaning given in section 13.05, subdivision 4, paragraph (d).

Subd. 2. **Criminal history check authorized.** (a) The criminal history check authorized by this section shall not be used in place of a statutorily mandated or authorized background check.

(b) An authorized law enforcement agency may conduct a criminal history check of an individual who is an applicant for employment ~~or~~, current employee, applicant for licensure, or current licensee. Prior to conducting the criminal history check, the authorized law enforcement agency must receive the informed consent of the individual.

(c) The authorized law enforcement agency shall not disseminate criminal history data and must maintain it securely with the agency's office. The authorized law enforcement agency can indicate whether the applicant for employment or applicant for licensure has a criminal history that would prevent hire, acceptance as a volunteer to a hiring authority, or would prevent the issuance of a license to the department that issues the license.

ARTICLE 9
CRIME VICTIM REIMBURSEMENTS

Section 1. Minnesota Statutes 2020, section 611A.51, is amended to read:

611A.51 TITLE.

Sections 611A.51 to 611A.68 shall be known as the "Minnesota Crime Victims ~~Reparations~~ Reimbursement Act."

Sec. 2. Minnesota Statutes 2020, section 611A.52, subdivision 3, is amended to read:

Subd. 3. **Board.** "Board" means the Crime Victims ~~reparations~~ Reimbursement Board established by section 611A.55.

Sec. 3. Minnesota Statutes 2020, section 611A.52, subdivision 4, is amended to read:

Subd. 4. **Claimant.** "Claimant" means a person entitled to apply for ~~reparations~~ reimbursement pursuant to sections 611A.51 to 611A.68.

Sec. 4. Minnesota Statutes 2020, section 611A.52, subdivision 5, is amended to read:

Subd. 5. **Collateral source.** "Collateral source" means a source of benefits or advantages for economic loss otherwise ~~reparable~~ reimbursable under sections 611A.51 to 611A.68 which the victim or claimant has received, or which is readily available to the victim, from:

(1) the offender;

(2) the government of the United States or any agency thereof, a state or any of its political subdivisions, or an instrumentality of two or more states, unless the law providing for the benefits or advantages makes them excess or secondary to benefits under sections 611A.51 to 611A.68;

(3) Social Security, Medicare, and Medicaid;

(4) state required temporary nonoccupational disability insurance;

(5) workers' compensation;

(6) wage continuation programs of any employer;

(7) proceeds of a contract of insurance payable to the victim for economic loss sustained because of the crime;

(8) a contract providing prepaid hospital and other health care services, or benefits for disability;

(9) any private source as a voluntary donation or gift; or

(10) proceeds of a lawsuit brought as a result of the crime.

The term does not include a life insurance contract.

Sec. 5. Minnesota Statutes 2020, section 611A.53, is amended to read:

611A.53 ~~REPARATIONS~~ REIMBURSEMENT AWARDS PROHIBITED.

Subdivision 1. **Generally.** Except as provided in subdivisions 1a and 2, the following persons shall be entitled to ~~reparations~~ reimbursement upon a showing by a preponderance of the evidence that the requirements for ~~reparations~~ reimbursement have been met:

(1) a victim who has incurred economic loss;

(2) a dependent who has incurred economic loss;

(3) the estate of a deceased victim if the estate has incurred economic loss;

(4) any other person who has incurred economic loss by purchasing any of the products, services, and accommodations described in section 611A.52, subdivision 8, for a victim;

(5) the guardian, guardian ad litem, conservator or authorized agent of any of these persons.

Subd. 1a. **Providers; limitations.** No hospital, medical organization, health care provider, or other entity that is not an individual may qualify for reparations under subdivision 1, clause (4). If a hospital, medical organization, health care provider, or other entity that is not an individual qualifies for ~~reparations~~ reimbursement under subdivision 1, clause (5), because it is a guardian, guardian ad litem, conservator, or authorized agent, any ~~reparations~~ reimbursement to which it is entitled must be made payable solely or jointly to the victim, if alive, or to the victim's estate or successors, if the victim is deceased.

Subd. 1b. **Minnesota residents injured elsewhere.** (a) A Minnesota resident who is the victim of a crime committed outside the geographical boundaries of this state but who otherwise meets the requirements of this section shall have the same rights under this chapter as if the crime had occurred within this state upon a showing that the state, territory, United States possession, country, or political subdivision of a country in which the crime occurred does not have a crime victim ~~reparations~~ reimbursement law covering the resident's injury or death.

(b) Notwithstanding paragraph (a), a Minnesota resident who is the victim of a crime involving international terrorism who otherwise meets the requirements of this section has the same rights under this chapter as if the crime had occurred within this state regardless of where the crime occurred or whether the jurisdiction has a crime victims ~~reparations~~ reimbursement law.

Subd. 2. **Limitations on awards.** No ~~reparations~~ reimbursement shall be awarded to a claimant otherwise eligible if:

(1) the crime was not reported to the police within 30 days of its occurrence or, if it could not reasonably have been reported within that period, within 30 days of the time when a report could reasonably have been made. A victim of criminal sexual conduct in the first, second, third, or fourth degree who does not report the crime within 30 days of its occurrence is deemed to have been unable to have reported it within that period;

(2) the victim or claimant failed or refused to cooperate fully with the police and other law enforcement officials, based on a review of information available from law enforcement, prosecutors, and other professionals familiar with the case;

(3) the victim or claimant was the offender or an accomplice of the offender or an award to the claimant would unjustly benefit the offender or an accomplice;

(4) the victim or claimant was in the act of committing a crime at the time the injury occurred;

(5) no claim was filed with the board within three years of victim's injury or death; except that (i) if the claimant was unable to file a claim within that period, then the claim can be made within three years of the time when a claim could have been filed; and (ii) if the victim's injury or death was not reasonably discoverable within three years of the injury or death, then the claim can be made within three years of the time when the injury or death is reasonably discoverable. The following circumstances do not render a claimant unable to file a claim for the purposes of this clause: (A) lack of knowledge of the existence of the Minnesota Crime Victims ~~Reparations~~ Reimbursement Act, (B) the failure of a law enforcement agency to provide information or assistance to a potential claimant under section 611A.66, (C) the incompetency of the claimant if the claimant's affairs were being managed during that period by a guardian, guardian ad litem, conservator, authorized agent, or parent, or (D) the fact that the claimant is not of the age of majority; or

(6) the claim is less than $50.

The limitations contained in clauses (1) and (6) do not apply to victims of child abuse. In those cases the three-year limitation period commences running with the report of the crime to the police.

Sec. 6. Minnesota Statutes 2020, section 611A.54, is amended to read:

611A.54 AMOUNT OF ~~REPARATIONS~~ REIMBURSEMENT.

~~Reparations~~ Reimbursement shall equal economic loss except that:

(1) ~~reparations~~ reimbursement shall be reduced to the extent that economic loss is recouped from a collateral source or collateral sources. Where compensation is readily available to a claimant from a collateral source, the claimant must take reasonable steps to recoup from the collateral source before claiming ~~reparations~~ reimbursement;

(2) ~~reparations~~ reimbursement shall be denied or reduced to the extent, if any, that the board deems reasonable because of the contributory misconduct of the claimant or of a victim through whom the claimant claims. Contributory misconduct may not be based on current or past affiliation with any particular group; and

(3) ~~reparations~~ reimbursement paid to all claimants suffering economic loss as the result of the injury or death of any one victim shall not exceed $50,000.

No employer may deny an employee an award of benefits based on the employee's eligibility or potential eligibility for ~~reparations~~ reimbursement.

Sec. 7. Minnesota Statutes 2020, section 611A.55, is amended to read:

611A.55 CRIME VICTIMS ~~REPARATIONS~~ REIMBURSEMENT BOARD.

Subdivision 1. **Creation of board.** There is created in the Department of Public Safety, for budgetary and administrative purposes, the Crime Victims ~~Reparations~~ Reimbursement Board, which shall consist of five members appointed by the commissioner of public safety. One of the members shall be designated as chair by the commissioner of public safety and serve as such at the commissioner's pleasure. At least one member shall be a medical or osteopathic physician licensed to practice in this state, and at least one member shall be a victim, as defined in section 611A.01.

Subd. 2. **Membership, terms and compensation.** The membership terms, compensation, removal of members, and filling of vacancies on the board shall be as provided in section 15.0575.

Subd. 3. **Part-time service.** Members of the board shall serve part time.

Sec. 8. Minnesota Statutes 2020, section 611A.56, is amended to read:

611A.56 POWERS AND DUTIES OF BOARD.

Subdivision 1. **Duties.** In addition to carrying out any duties specified elsewhere in sections 611A.51 to 611A.68 or in other law, the board shall:

(1) provide all claimants with an opportunity for hearing pursuant to chapter 14;

(2) adopt rules to implement and administer sections 611A.51 to 611A.68, including rules governing the method of practice and procedure before the board, prescribing the manner in which applications for ~~reparations~~ reimbursement shall be made, and providing for discovery proceedings;

(3) publicize widely the availability of ~~reparations~~ reimbursement and the method of making claims; and

(4) prepare and transmit annually to the governor and the commissioner of public safety a report of its activities including the number of claims awarded, a brief description of the facts in each case, the amount of ~~reparation~~ reimbursement awarded, and a statistical summary of claims and awards made and denied.

Subd. 2. **Powers.** In addition to exercising any powers specified elsewhere in sections 611A.51 to 611A.68 or other law, the board upon its own motion or the motion of a claimant or the attorney general may:

(1) issue subpoenas for the appearance of witnesses and the production of books, records, and other documents;

(2) administer oaths and affirmations and cause to be taken affidavits and depositions within and without this state;

(3) take notice of judicially cognizable facts and general, technical, and scientific facts within their specialized knowledge;

(4) order a mental or physical examination of a victim or an autopsy of a deceased victim provided that notice is given to the person to be examined and that the claimant and the attorney general receive copies of any resulting report;

(5) suspend or postpone the proceedings on a claim if a criminal prosecution arising out of the incident which is the basis of the claim has been commenced or is imminent;

(6) request from prosecuting attorneys and law enforcement officers investigations and data to enable the board to perform its duties under sections 611A.51 to 611A.68;

(7) grant emergency ~~reparations~~ reimbursement pending the final determination of a claim if it is one with respect to which an award will probably be made and undue hardship will result to the claimant if immediate payment is not made; and

(8) reconsider any decision granting or denying ~~reparations~~ reimbursement or determining their amount.

Sec. 9. Minnesota Statutes 2020, section 611A.57, subdivision 5, is amended to read:

Subd. 5. **Reconsideration.** The claimant may, within 30 days after receiving the decision of the board, apply for reconsideration before the entire board. Upon request for reconsideration, the board shall reexamine all information filed by the claimant, including any new information the claimant provides, and all information obtained by investigation. The board may also conduct additional examination into the validity of the claim. Upon reconsideration, the board may affirm, modify, or reverse the prior ruling. A claimant denied ~~reparations~~ reimbursement upon reconsideration is entitled to a contested case hearing within the meaning of chapter 14.

Sec. 10. Minnesota Statutes 2020, section 611A.57, subdivision 6, is amended to read:

Subd. 6. **Data.** Claims for ~~reparations~~ reimbursement and supporting documents and reports are investigative data and subject to the provisions of section 13.39 until the claim is paid, denied, withdrawn, or abandoned. Following the payment, denial, withdrawal, or abandonment of a claim, the claim and supporting documents and reports are private data on individuals as defined in section 13.02, subdivision 12; provided that the board may forward any ~~reparations~~ reimbursement claim forms, supporting documents, and reports to local law enforcement authorities for purposes of implementing section 611A.67.

Sec. 11. Minnesota Statutes 2020, section 611A.60, is amended to read:

611A.60 ~~REPARATIONS~~ REIMBURSEMENT; HOW PAID.

~~Reparations~~ Reimbursement may be awarded in a lump sum or in installments in the discretion of the board. The amount of any emergency award shall be deducted from the final award, if a lump sum, or prorated over a period of time if the final award is made in installments. ~~Reparations are~~ Reimbursement is exempt from execution or attachment except by persons who have supplied services, products or accommodations to the victim as a result of the injury or death which is the basis of the claim. The board, in its discretion may order that all or part of the ~~reparations~~ reimbursement awarded be paid directly to these suppliers.

Sec. 12. Minnesota Statutes 2020, section 611A.61, is amended to read:

611A.61 SUBROGATION.

Subdivision 1. **Subrogation rights of state.** The state shall be subrogated, to the extent of ~~reparations~~ reimbursement awarded, to all the claimant's rights to recover benefits or advantages for economic loss from a source which is or, if readily available to the victim or claimant would be, a collateral source. Nothing in this section shall limit the claimant's right to bring a cause of action to recover for other damages.

Subd. 2. **Duty of claimant to assist.** A claimant who receives ~~reparations~~ reimbursement must agree to assist the state in pursuing any subrogation rights arising out of the claim. The board may require a claimant to agree to represent the state's subrogation interests if the claimant brings a cause of action for damages arising out of the crime or occurrence for which the board has awarded ~~reparations~~ reimbursement. An attorney who represents the state's subrogation interests pursuant to the client's agreement with the board is entitled to reasonable attorney's fees not to exceed one-third of the amount recovered on behalf of the state.

Sec. 13. Minnesota Statutes 2020, section 611A.612, is amended to read:

611A.612 CRIME VICTIMS ACCOUNT.

A crime victim account is established as a special account in the state treasury. Amounts collected by the state under section 611A.61, paid to the Crime Victims ~~Reparations~~ Reimbursement Board under section 611A.04, subdivision 1a, or amounts deposited by the court under section 611A.04, subdivision 5, shall be credited to this account. Money credited to this account is annually appropriated to the Department of Public Safety for use for crime victim ~~reparations~~ reimbursement under sections 611A.51 to 611A.67.

Sec. 14. Minnesota Statutes 2020, section 611A.66, is amended to read:

611A.66 LAW ENFORCEMENT AGENCIES; DUTY TO INFORM VICTIMS OF RIGHT TO FILE CLAIM.

All law enforcement agencies investigating crimes shall provide victims with notice of their right to apply for ~~reparations~~ reimbursement with the telephone number ~~to call to request~~ and website information to obtain an application form.

Law enforcement agencies shall assist the board in performing its duties under sections 611A.51 to 611A.68. Law enforcement agencies within ten days after receiving a request from the board shall supply the board with requested reports, notwithstanding any provisions to the contrary in chapter 13, and including reports otherwise maintained as confidential or not open to inspection under section 260B.171 or 260C.171. All data released to the board retains the data classification that it had in the possession of the law enforcement agency.

Sec. 15. Minnesota Statutes 2020, section 611A.68, subdivision 2a, is amended to read:

Subd. 2a. **Notice and payment of proceeds to board required.** A person that enters into a contract with an offender convicted in this state, and a person that enters into a contract in this state with an offender convicted in this state or elsewhere within the United States, must comply with this section if the person enters into the contract during the ten years after the offender is convicted of a crime or found not guilty by reason of insanity. If an offender is imprisoned or committed to an institution following the conviction or finding of not guilty by reason of insanity, the ten-year period begins on the date of the offender's release. A person subject to this section must notify the Crime Victims ~~Reparations~~ Reimbursement Board of the existence of the contract immediately upon its formation, and pay over to the board money owed to the offender or the offender's representatives by virtue of the contract according to the following proportions:

(1) if the crime occurred in this state, the person shall pay to the board 100 percent of the money owed under the contract;

(2) if the crime occurred in another jurisdiction having a law applicable to the contract which is substantially similar to this section, this section does not apply, and the person must not pay to the board any of the money owed under the contract; and

(3) in all other cases, the person shall pay to the board that percentage of money owed under the contract which can fairly be attributed to commerce in this state with respect to the subject matter of the contract.

Sec. 16. Minnesota Statutes 2020, section 611A.68, subdivision 4, is amended to read:

Subd. 4. **Deductions.** When the board has made ~~reparations~~ reimbursement payments to or on behalf of a victim of the offender's crime pursuant to sections 611A.51 to 611A.68, it shall deduct the amount of the ~~reparations~~ reimbursement award from any payment received under this section by virtue of the offender's contract unless the board has already been reimbursed for the ~~reparations~~ award from another collateral source.

Sec. 17. Minnesota Statutes 2020, section 611A.68, subdivision 4b, is amended to read:

Subd. 4b. **Claims by victims of offender's crime.** A victim of a crime committed by the offender and the estate of a deceased victim of a crime committed by the offender may submit the following claims for ~~reparations~~ reimbursement and damages to the board to be paid from money received by virtue of the offender's contract:

(1) claims for ~~reparations~~ reimbursement to which the victim is entitled under sections 611A.51 to 611A.68 and for which the victim has not yet received an award from the board;

(2) claims for ~~reparations~~ reimbursement to which the victim would have been entitled under sections 611A.51 to 611A.68, but for the $50,000 maximum limit contained in section 611A.54, clause (3); and

(3) claims for other uncompensated damages suffered by the victim as a result of the offender's crime including, but not limited to, damages for pain and suffering.

The victim must file the claim within five years of the date on which the board received payment under this section. The board shall determine the victim's claim in accordance with the procedures contained in sections 611A.57 to 611A.63. An award made by the board under this subdivision must be paid from the money received by virtue of the offender's contract that remains after a deduction or allocation, if any, has been made under subdivision 4 or 4a.

Sec. 18. Minnesota Statutes 2020, section 611A.68, subdivision 4c, is amended to read:

Subd. 4c. **Claims by other crime victims.** The board may use money received by virtue of an offender's contract for the purpose of paying ~~reparations~~ reimbursement awarded to victims of other crimes pursuant to sections 611A.51 to 611A.68 under the following circumstances:

(1) money remain after deductions and allocations have been made under subdivisions 4 and 4a, and claims have been paid under subdivision 4b; or

(2) no claim is filed under subdivision 4b within five years of the date on which the board received payment under this section.

None of this money may be used for purposes other than ~~the payment of reparations~~ reimbursement.

Sec. 19. **REVISOR INSTRUCTION.**

In Minnesota Statutes, the revisor of statutes shall change "reparations," "reparable," or the same or similar terms to "reimbursement," "reimbursable," or the same or similar terms consistent with this article. The revisor shall also make other technical changes resulting from the change of term to the statutory language, sentence structure, or both, if necessary to preserve the meaning of the text.

ARTICLE 10
CRIME VICTIM NOTIFICATION

Section 1. Minnesota Statutes 2020, section 253B.18, subdivision 5a, is amended to read:

Subd. 5a. **Victim notification of petition and release; right to submit statement.** (a) As used in this subdivision:

(1) "crime" has the meaning given to "violent crime" in section 609.1095, and includes criminal sexual conduct in the fifth degree and offenses within the definition of "crime against the person" in section 253B.02, subdivision 4e, and also includes offenses listed in section 253D.02, subdivision 8, paragraph (b), regardless of whether they are sexually motivated;

(2) "victim" means a person who has incurred loss or harm as a result of a crime the behavior for which forms the basis for a commitment under this section or chapter 253D; and

(3) "convicted" and "conviction" have the meanings given in section 609.02, subdivision 5, and also include juvenile court adjudications, findings under Minnesota Rules of Criminal Procedure, rule 20.02, that the elements of a crime have been proved, and findings in commitment cases under this section or chapter 253D that an act or acts constituting a crime occurred or were part of their course of harmful sexual conduct.

(b) A county attorney who files a petition to commit a person under this section or chapter 253D shall make a reasonable effort to provide prompt notice of filing the petition to any victim of a crime for which the person was convicted. In addition, the county attorney shall make a reasonable effort to promptly notify the victim of the resolution of the petition and the process for requesting notification of an individual's change in status as provided in paragraph (c).

(c) A victim may request notification of an individual's discharge or release as provided in paragraph (d) by submitting a written request for notification to the executive director of the facility in which the individual is confined. The Department of Corrections or a county attorney who receives a request for notification from a victim under this section shall promptly forward the request to the executive director of the treatment facility in which the individual is confined.

~~(c)~~ (d) Before provisionally discharging, discharging, granting pass-eligible status, approving a pass plan, or otherwise permanently or temporarily releasing a person committed under this section from a state-operated treatment program or treatment facility, the head of the state-operated treatment program or head of the treatment facility shall make a reasonable effort to notify any victim of a crime for which the person was convicted that the person may be discharged or released and that the victim has a right to submit a written statement regarding decisions of the medical director, special review board, or commissioner with respect to the person. To the extent possible, the notice must be provided at least 14 days before any special review board hearing or before a determination on a pass plan. Notwithstanding section 611A.06, subdivision 4, the commissioner shall provide the judicial appeal panel with victim information in order to comply with the provisions of this section. The judicial appeal panel shall ensure that the data on victims remains private as provided for in section 611A.06, subdivision 4. These notices shall only be provided to victims who have submitted a written request for notification as provided in paragraph (c).

~~(d) This subdivision applies only to victims who have requested notification through the Department of Corrections electronic victim notification system, or by contacting, in writing, the county attorney in the county where the conviction for the crime occurred. A request for notice under this subdivision received by the commissioner of corrections through the Department of Corrections electronic victim notification system shall be promptly forwarded to the prosecutorial authority with jurisdiction over the offense to which the notice relates or, following commitment, the head of the state-operated treatment program or head of the treatment facility. A county attorney who receives a request for notification under this paragraph following commitment shall promptly forward the request to the commissioner of human services.~~

(e) The rights under this subdivision are in addition to rights available to a victim under chapter 611A. This provision does not give a victim all the rights of a "notified person" or a person "entitled to statutory notice" under subdivision 4a, 4b, or 5 or section 253D.14.

Sec. 2. Minnesota Statutes 2020, section 253D.14, subdivision 2, is amended to read:

Subd. 2. **Notice of filing petition.** A county attorney who files a petition to commit a person under this chapter shall make a reasonable effort to provide prompt notice of filing the petition to any victim of a crime for which the person was convicted or was listed as a victim in the petition of commitment. In addition, the county attorney shall make a reasonable and good faith effort to promptly notify the victim of the resolution of the ~~petition~~ process for requesting the notification of an individual's change in status as provided in section 253D.14, subdivision 3.

Sec. 3. Minnesota Statutes 2020, section 253D.14, is amended by adding a subdivision to read:

Subd. 2a. **Requesting notification.** A victim may request notification of an individual's discharge or release as outlined in subdivision 3 by submitting a written request for notification to the executive director of the facility in which the individual is confined. The Department of Corrections or a county attorney who receives a request for notification from a victim under this section following an individual's civil commitment shall promptly forward the request to the executive director of the treatment facility in which the individual is confined.

Sec. 4. Minnesota Statutes 2020, section 253D.14, subdivision 3, is amended to read:

Subd. 3. **Notice of discharge or release.** Before provisionally discharging, discharging, granting pass-eligible status, approving a pass plan, or otherwise permanently or temporarily releasing a person committed under this chapter from a treatment facility, the executive director shall make a reasonable effort to notify any victim of a crime for which the person was convicted that the person may be discharged or released and that the victim has a right to submit a written statement regarding decisions of the executive director, or special review board, with respect to the person. To the extent possible, the notice must be provided at least 14 days before any special review board hearing or before a determination on a pass plan. Notwithstanding section 611A.06, subdivision 4, the commissioner shall provide the judicial appeal panel with victim information in order to comply with the provisions of this chapter. The judicial appeal panel shall ensure that the data on victims remains private as provided for in section 611A.06, subdivision 4. This subdivision applies only to victims who have submitted a written request for notification as provided in subdivision 2a.

Sec. 5. Minnesota Statutes 2020, section 611A.039, subdivision 1, is amended to read:

Subdivision 1. **Notice required.** (a) Except as otherwise provided in subdivision 2, within 15 working days after a conviction, acquittal, or dismissal in a criminal case in which there is an identifiable crime victim, the prosecutor shall make reasonable good faith efforts to provide to each affected crime victim oral or written notice of the final disposition of the case and of the victim rights under section 611A.06. When the court is considering modifying the sentence for a felony or a crime of violence or an attempted crime of violence, the court or its designee shall make a reasonable and good faith effort to notify the victim of the crime. If the victim is incapacitated or deceased, notice must be given to the victim's family. If the victim is a minor, notice must be given to the victim's parent or guardian. The notice must include:

(1) the date and approximate time of the review;

(2) the location where the review will occur;

(3) the name and telephone number of a person to contact for additional information; and

(4) a statement that the victim and victim's family may provide input to the court concerning the sentence modification.

(b) The Office of Justice Programs in the Department of Public Safety shall develop and update a model notice of postconviction rights under this subdivision and section 611A.06.

(c) As used in this section, "crime of violence" has the meaning given in section 624.712, subdivision 5, and also includes gross misdemeanor violations of section 609.224, and nonfelony violations of sections 518B.01, 609.2231, 609.3451, 609.748, and 609.749.

Sec. 6. Minnesota Statutes 2020, section 611A.06, subdivision 1, is amended to read:

Subdivision 1. **Notice of release required.** (a) The commissioner of corrections or other custodial authority shall make a good faith effort to notify the victim that the offender is to be released from imprisonment or incarceration, including release on extended furlough and for work release~~; released~~ and release from a juvenile correctional facility~~; released from a facility in which the offender was confined due to incompetency, mental illness, or mental deficiency, or commitment under section 253B.18 or chapter 253D;~~, or if the offender's custody status is reduced~~, if the victim has mailed to the commissioner of corrections or~~. These notices shall only be provided to victims who have submitted a written request for notification to the head of the county correctional facility in which the offender is confined ~~a written request for this notice~~, or ~~the victim has made~~ if committed to the Department of Corrections, submitted a written request for this notice to the commissioner of corrections or electronic request through the Department of Corrections electronic victim notification system. The good faith effort to notify the victim must occur prior to the offender's release or when the offender's custody status is reduced. For a victim of a felony crime against the person for which the offender was sentenced to imprisonment for more than 18 months, the good faith effort to notify the victim must occur 60 days before the offender's release.

(b) The commissioner of human services shall make a good faith effort to notify the victim in writing that the offender is to be released from confinement in a facility due to incompetency, mental illness, or mental deficiency, or commitment under section 253B.18 or chapter 253D if the victim has submitted a written request for notification to the executive director of the facility in which the individual is confined.

Sec. 7. **REPEALER.**

Minnesota Statutes 2020, sections 253D.14, subdivision 4; and 611A.0385, are repealed.

ARTICLE 11
EMERGENCY RESPONSE AND FIRE SAFETY

Section 1. **[299F.0115] EXEMPTION FOR MEMBERS OF FEDERALLY RECOGNIZED TRIBES.**

(a) The state fire marshal shall issue building-specific waivers for elements of the State Fire Code that conflict with a federally recognized Tribe's religious beliefs, traditional building practices, or established teachings. Both individual members of federally recognized Tribes, direct lineal descendents of federally recognized Tribes, and organizations of members of federally recognized Tribes may apply for these waivers.

(b) Waivers may only be granted for the following types of buildings:

(1) traditional residential buildings that will be used solely by an individual applicant's household or an organizational applicant's members;

(2) meeting houses; and

(3) one-room educational buildings.

(c) To obtain a waiver, an applicant must apply to the state fire marshal on a form established by the state fire marshal. The application must:

(1) identify the building the waiver will apply to;

(2) identify the Tribe the applicant is a member of; and

(3) declare that requirements of the State Fire Code conflict with religious beliefs, traditional building practices, or established teachings of the identified Tribe, which the applicant adheres to.

(d) Any building for which a waiver is granted may not be sold or leased until:

(1) the building is brought into compliance with the version of the State Fire Code in force at the time of the sale or lease; or

(2) the prospective buyer or lessee to which the building is being sold or leased to obtains a waiver under this section for the building.

Sec. 2. **[299F.3605] PETROLEUM REFINERIES.**

(a) As used in this section, "petroleum refinery" has the meaning given in section 115C.02, subdivision 10a.

(b) By January 1, 2022, each petroleum refinery operating in the state shall maintain or contract for a full-time paid on-site fire department regularly charged with the responsibility of providing fire protection to the refinery that is sufficiently trained, equipped, and staffed to respond to fires at the refinery and to conduct inspections and employee training to prevent fires.

Sec. 3. Minnesota Statutes 2020, section 299N.04, subdivision 1, is amended to read:

Subdivision 1. **Examination; requirements.** (a) The board must appoint an organization ~~that is accredited by the International Fire Service Accreditation Congress~~ to prepare and administer firefighter certification examinations. Firefighter certification examinations must be designed to ensure and demonstrate competency that meets ~~the~~ applicable NFPA ~~1001 standard or a national standard in areas including but not limited to:~~ standards.

~~(1) fire prevention;~~

~~(2) fire suppression; and~~

~~(3) hazardous materials operations.~~

~~(b) Certification must be obtained by the individual demonstrating competency in fire prevention and protection under the NFPA 1001 standard.~~

~~(c)~~ (b) Nothing in this section shall be construed to prohibit any requirement imposed by a local fire department for more comprehensive training.

Sec. 4. Minnesota Statutes 2020, section 299N.04, is amended by adding a subdivision to read:

Subd. 1a. **Firefighter Certification Board; appointments; duties.** (a) By July 1, 2022, the commissioner shall appoint a Firefighter Certification Board consisting of 18 members as recommended by the following organizations:

(1) one member recommended by the Minnesota State Fire Chiefs Association;

(2) one member recommended by the Minnesota State Fire Department Association;

(3) one member recommended by the Minnesota Chapter of the International Association of Arson Investigators;

(4) one member recommended by the Fire Marshals Association of Minnesota;

(5) one member recommended by the State Fire Marshal Division;

(6) one member recommended by the Minnesota State Fire Training Program Coordinator's Group;

(7) two members recommended by Minnesota Professional Fire Fighters;

(8) one member recommended by a private fire training organization;

(9) one member recommended by regional fire training academies;

(10) five members recommended by the regional director of Greater Minnesota Fire Service;

(11) one member recommended by the League of Minnesota Cities;

(12) one member recommended by the Minnesota Association of Townships; and

(13) one public member not affiliated or associated with any member or interest, appointed by the commissioner.

(b) Each member shall serve an initial term of two years. The commissioner shall appoint at least eight members from outside the metropolitan area.

(c) Appointed members serve without compensation.

(d) By January 1, 2023, the board must be accredited by the International Fire Service Accreditation Congress and begin to carry out the following duties:

(1) establish qualifications for, appoint, and train examiners to conduct both the written and skills tests required for firefighter certification;

(2) maintain a list of examiners that have met the qualifications;

(3) develop and maintain a program to determine and certify the competency of and issue certificates to individuals who pass examinations based on the NFPA fire service professional qualifications and other standards approved by the certification assembly;

(4) make recommendations to the legislature to improve the quality of firefighter training;

(5) conduct studies and surveys and make reports to the commissioner; and

(6) conduct other activities as necessary to carry out these duties.

(e) The commissioner shall provide the necessary staff and support to the board and may charge back any costs related to the board to the special account created in subdivision 4.

Sec. 5. Minnesota Statutes 2020, section 299N.04, subdivision 2, is amended to read:

Subd. 2. **Eligibility for certification examination.** Except as provided in subdivision 3, any person may take the firefighter certification examination who has successfully completed the following:

(1)(i) a firefighter course from a postsecondary educational institution, an accredited institution of higher learning, or another entity that teaches a course that has been approved by the board; or (ii) an apprenticeship or cadet program maintained by a Minnesota fire department that has been approved by the ~~board~~ Board of Firefighter Training and Education; and

(2) a skills-oriented basic training course.

Sec. 6. Minnesota Statutes 2020, section 299N.04, is amended by adding a subdivision to read:

Subd. 4. **Revenues.** (a) The board and its programs shall be funded through fees collected from individuals who apply for certification and for certification renewal.

(b) A firefighter certification account is created in the special revenue fund. The account consists of the fees collected under this section and any other money donated, allotted, transferred, or otherwise provided to the account. Money in the account is annually appropriated to the commissioner to pay costs incurred under this section.

(c) The board may accept funding from the fire safety account established in section 297I.06 for special or distinctive projects.

(d) The board shall recommend a certification fee schedule to the commissioner. The commissioner shall set the fee on an annual basis to coincide with the state's fiscal year.

Sec. 7. Minnesota Statutes 2020, section 299N.04, is amended by adding a subdivision to read:

Subd. 5. **Definitions.** (a) Unless otherwise indicated, for purposes of this section, the terms in this subdivision have the meanings given them.

(b) "Board" means the Firefighter Certification Board established under subdivision 1a.

(c) "Commissioner" means the commissioner of public safety.

Sec. 8. **[326B.125] EXEMPTION FOR MEMBERS OF FEDERALLY RECOGNIZED TRIBES.**

(a) The commissioner of labor and industry shall issue building-specific waivers for elements of the State Building Code that conflict with a federally recognized Tribe's religious beliefs, traditional building practices, or established teachings. Both individual members of federally recognized Tribes, direct lineal descendents of federally recognized Tribes, and organizations of members of federally recognized Tribes may apply for these waivers.

(b) Waivers may only be granted for the following types of buildings:

(1) traditional residential buildings that will be used solely by an individual applicant's household or an organizational applicant's members;

(2) meeting houses; and

(3) one-room educational buildings.

(c) To obtain a waiver, an applicant must apply to the commissioner on a form established by the commissioner. The application must:

(1) identify the building the waiver will apply to;

(2) identify the Tribe the applicant is a member of; and

(3) declare that requirements of the State Building Code conflict with religious beliefs, traditional building practices, or established teachings of the identified Tribe, which the applicant adheres to.

(d) Any building for which a waiver is granted may not be sold or leased until:

(1) the building is brought into compliance with the version of the State Building Code in force at the time of the sale or lease; or

(2) the prospective buyer or lessee to which the building is being sold or leased to obtains a waiver under this section for the building.

Sec. 9. Minnesota Statutes 2020, section 403.02, subdivision 16, is amended to read:

Subd. 16. **Metropolitan area.** "Metropolitan area" means the counties of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, and Washington.

Sec. 10. Minnesota Statutes 2020, section 403.03, subdivision 1, is amended to read:

Subdivision 1. **Emergency response services.** Services available through a 911 system must include police, firefighting, and emergency medical and ambulance services. Other emergency and civil defense services may be incorporated into the 911 system at the discretion of the public agency operating the public safety answering point. The 911 system ~~may~~ shall include a referral to mental health crisis teams~~, where available~~ when appropriate.

Sec. 11. Minnesota Statutes 2020, section 403.07, subdivision 2, is amended to read:

Subd. 2. **Design standards for metropolitan area.** The Metropolitan ~~911~~ Emergency Services Board shall establish and adopt design standards for the metropolitan area 911 system and transmit them to the commissioner for incorporation into the rules adopted pursuant to this section.

Sec. 12. Minnesota Statutes 2020, section 403.11, subdivision 1, is amended to read:

Subdivision 1. **Emergency telecommunications service fee; account.** (a) Each customer of a wireless or wire-line switched or packet-based telecommunications service provider connected to the public switched telephone network that furnishes service capable of originating a 911 emergency telephone call is assessed a fee based upon the number of wired or wireless telephone lines, or their equivalent, to cover the costs of ongoing maintenance and

related improvements for trunking and central office switching equipment for 911 emergency telecommunications service, to offset administrative and staffing costs of the commissioner related to managing the 911 emergency telecommunications service program, to make distributions provided for in section 403.113, ~~and~~ to offset the costs, including administrative and staffing costs, incurred by the State Patrol Division of the Department of Public Safety in handling 911 emergency calls made from wireless phones~~.~~, and to offset costs to state and local governments for ongoing increases in expenditures related to the updating and maintenance of systems to comply with Next-Generation-IP-based 911 telecommunications systems.

(b) Money remaining in the 911 emergency telecommunications service account after all other obligations are paid and defined reserves met must not cancel and is carried forward to subsequent years and ~~may~~ shall be appropriated ~~from time to time~~ to the commissioner to provide financial assistance to counties for the improvement of local emergency telecommunications services in compliance with the uses designated in section 403.113, subdivision 3.

(c) The fee may not be less than eight cents nor more than 65 cents a month until June 30, 2008, not less than eight cents nor more than 75 cents a month until June 30, 2009, not less than eight cents nor more than 85 cents a month until June 30, 2010, and not less than eight cents nor more than 95 cents a month on or after July 1, 2010, for each customer access line or other basic access service, including trunk equivalents as designated by the Public Utilities Commission for access charge purposes and including wireless telecommunications services. With the approval of the commissioner of management and budget, the commissioner of public safety shall establish the amount of the fee within the limits specified and inform the companies and carriers of the amount to be collected. ~~When the revenue bonds authorized under section 403.27, subdivision 1, have been fully paid or defeased, the commissioner shall reduce the fee to reflect that debt service on the bonds is no longer needed.~~ The commissioner shall provide companies and carriers a minimum of 45 days' notice of each fee change. The fee must be the same for all customers, except that the fee imposed under this subdivision does not apply to prepaid wireless telecommunications service, which is instead subject to the fee imposed under section 403.161, subdivision 1, paragraph (a).

(d) The fee must be collected by each wireless or wire-line telecommunications service provider subject to the fee. Fees are payable to and must be submitted to the commissioner monthly before the 25th of each month following the month of collection, except that fees may be submitted quarterly if less than $250 a month is due, or annually if less than $25 a month is due. Receipts must be deposited in the state treasury and credited to a 911 emergency telecommunications service account in the special revenue fund. The money in the account may only be used for 911 telecommunications services.

(e) Competitive local exchanges carriers holding certificates of authority from the Public Utilities Commission are eligible to receive payment for recurring 911 services.

Sec. 13. Minnesota Statutes 2020, section 403.21, subdivision 3, is amended to read:

Subd. 3. **First phase.** "First phase" or "first phase of the regionwide public safety radio communication system" means the initial backbone which serves the following ~~nine-county~~ ten-county metropolitan area: Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, and Washington Counties.

Sec. 14. Minnesota Statutes 2020, section 403.21, subdivision 12, is amended to read:

Subd. 12. **Greater Minnesota.** "Greater Minnesota" means the area of the state outside the ~~nine-county~~ ten-county metropolitan area served by the first phase.

Sec. 15. Minnesota Statutes 2020, section 403.36, subdivision 1, is amended to read:

Subdivision 1. **Membership.** (a) The commissioner of public safety shall convene and chair the Statewide Radio Board to develop a project plan for a statewide, shared, trunked public safety radio communication system. The system may be referred to as "Allied Radio Matrix for Emergency Response," or "ARMER."

(b) The board consists of the following members or their designees:

(1) the commissioner of public safety;

(2) the commissioner of transportation;

(3) the state chief information officer;

(4) the commissioner of natural resources;

(5) the chief of the Minnesota State Patrol;

(6) the chair of the Metropolitan Council;

(7) two elected city officials, one from the ~~nine-county~~ ten-county metropolitan area and one from Greater Minnesota, appointed by the governing body of the League of Minnesota Cities;

(8) two elected county officials, one from the ~~nine-county~~ ten-county metropolitan area and one from Greater Minnesota, appointed by the governing body of the Association of Minnesota Counties;

(9) two sheriffs, one from the ~~nine-county~~ ten-county metropolitan area and one from Greater Minnesota, appointed by the governing body of the Minnesota Sheriffs' Association;

(10) two chiefs of police, one from the ~~nine-county~~ ten-county metropolitan area and one from Greater Minnesota, appointed by the governor after considering recommendations made by the Minnesota Chiefs' of Police Association;

(11) two fire chiefs, one from the ~~nine-county~~ ten-county metropolitan area and one from Greater Minnesota, appointed by the governor after considering recommendations made by the Minnesota Fire Chiefs' Association;

(12) two representatives of emergency medical service providers, one from the ~~nine-county~~ ten-county metropolitan area and one from Greater Minnesota, appointed by the governor after considering recommendations made by the Minnesota Ambulance Association;

(13) the chair of the ~~regional radio board for the metropolitan area~~ Metropolitan Emergency Services Board; and

(14) a representative of Greater Minnesota elected by those units of government in phase three and any subsequent phase of development as defined in the statewide, shared radio and communication plan, who have submitted a plan to the Statewide Radio Board and where development has been initiated.

(c) The Statewide Radio Board shall coordinate the appointment of board members representing Greater Minnesota with the appointing authorities and may designate the geographic region or regions from which an appointed board member is selected where necessary to provide representation from throughout the state.

Sec. 16. **911 TELECOMMUNICATOR WORKING GROUP.**

Subdivision 1. **Membership.** (a) The commissioner of public safety shall convene a 911 telecommunicator working group that consists of the commissioner, or a designee, and one representative of each of the following organizations:

(1) the Minnesota Chiefs of Police Association;

(2) the Minnesota Sheriffs' Association;

(3) the Minnesota Police and Peace Officers Association;

(4) the Emergency Communications Network;

(5) the Minnesota State Fire Chiefs Association;

(6) the Association of Minnesota Counties;

(7) the League of Minnesota Cities;

(8) Tribal dispatchers;

(9) the Metropolitan Emergency Services Board;

(10) the Emergency Medical Services Regulatory Board;

(11) the Statewide Emergency Communications Board;

(12) each of the Statewide Emergency Communications Board's seven regional boards;

(13) mental health crisis team providers;

(14) the Minnesota Association of Public Safety Communications Officials (MN APCO) and the National Emergency Number Association of Minnesota (NENA of MN); and

(15) the Minnesota Ambulance Association.

(b) The working group must also include a nonsupervisory telecommunicator working in a regional center outside of the seven-county metropolitan area, a nonsupervisory telecommunicator working in rural Minnesota, and a nonsupervisory telecommunicator working in the seven-county metropolitan area.

(c) The organizations specified in paragraph (a) shall provide the commissioner with a designated member to serve on the working group by June 15, 2021. The commissioner shall appoint these members to the working group. Appointments to the working group must be made by July 1, 2021.

Subd. 2. **Duties; report.** The working group must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over public safety policy and finance by January 15, 2022. The report must:

(1) recommend a statutory definition of 911 telecommunicators;

(2) recommend minimum training and continuing education standards for certification of 911 telecommunicators;

(3) recommend standards for certification of 911 telecommunicators;

(4) recommend funding options for mandated 911 telecommunicators training;

(5) recommend best practices in incident response command structure for the state's first responders to implement that do not violate either the United States or Minnesota Constitutions, after reviewing the various incident response command structures used in the field across the nation and world; and

(6) provide other recommendations the working group deems appropriate.

Subd. 3. **First meeting; chair.** The commissioner of public safety must convene the first meeting of the working group by August 1, 2021. At the first meeting, the members must elect a chair. The working group may conduct meetings remotely. The chair shall be responsible for document management of materials for the working group.

Subd. 4. **Compensation; reimbursement.** Members serve without compensation.

Subd. 5. **Administrative support.** The commissioner of public safety must provide administrative support to the working group.

Subd. 6. **Expiration.** The working group expires January 15, 2022.

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

Sec. 17. **TITLE.**

Section 10 shall be known as "Travis's Law.""

Delete the title and insert:

"A bill for an act relating to public safety; modifying certain provisions of law related to public safety; law enforcement; adult and juvenile corrections; community supervision; rehabilitation; criminal sexual conduct; crime; sentencing; community safety; crime victims; child protection background checks; emergency response; fire safety; providing for task forces and working groups; providing for rulemaking; requiring reports; providing for criminal penalties; appropriating money for public safety, sentencing guidelines, corrections, Peace Officer Standards and Training (POST) Board, Private Detective Board, Ombudsperson for Corrections, supreme court, and public defense; amending Minnesota Statutes 2020, sections 13.41, subdivision 3; 13.411, by adding a subdivision; 152.32, by adding a subdivision; 169A.55, subdivisions 2, 4; 169A.60, subdivision 13; 171.06, subdivision 3; 171.29, subdivision 1; 171.30, subdivision 1; 171.306, subdivisions 2, 4; 214.10, subdivision 11; 241.01, subdivision 3a; 241.016; 241.021, subdivisions 1, 2a, 2b, by adding subdivisions; 241.025, subdivisions 1, 2, 3; 243.166, subdivisions 1b, 4b; 243.48, subdivision 1; 243.52; 244.03; 244.05, subdivisions 1b, 4, 5, by adding a subdivision; 244.065; 244.09, subdivisions 5, 6, by adding a subdivision; 244.101, subdivision 1; 244.19, subdivision 3; 244.195, subdivision 2; 253B.18, subdivision 5a; 253D.14, subdivisions 2, 3, by adding a subdivision; 260B.163, subdivision 1; 260B.176, subdivision 2, by adding a subdivision; 260C.007, subdivision 6; 299A.01, subdivision 2; 299A.52, subdivision 2; 299A.55; 299C.60; 299C.61, subdivisions 2, 4, by adding subdivisions; 299C.62, subdivisions 1, 2, 3, 4, 6; 299C.63; 299C.72; 299C.80, subdivision 3; 299N.04, subdivisions 1, 2, by adding subdivisions; 340A.504, subdivision 7; 401.025, subdivision 1; 401.06; 403.02, subdivision 16; 403.03, subdivision 1; 403.07, subdivision 2; 403.11, subdivision 1; 403.21, subdivisions 3, 12; 403.36, subdivision 1; 480A.06, subdivision 4; 609.03; 609.106, subdivision 2, by adding a subdivision; 609.1095, subdivision 1; 609.115, by adding subdivisions; 609.131, subdivision 2; 609.14, subdivision 1, by adding a subdivision; 609.2231, subdivision 4; 609.2233; 609.2325; 609.322, subdivisions 1, 1a; 609.324, subdivisions 1, 2, 4; 609.3241; 609.341, subdivisions 3, 7, 11, 12, 14, 15, by adding subdivisions; 609.342; 609.343; 609.344; 609.345; 609.3451; 609.3455; 609.3459; 609.352, subdivision 4; 609.527, subdivision 3; 609.595, subdivisions 1a, 2; 609.605, subdivision 2; 609.66, subdivision 1e; 609.749, subdivision 3; 609A.01; 609A.02, subdivision 3, by adding a subdivision; 609A.025; 609A.03, subdivisions 5, 7, 7a, 9; 611A.03, subdivision 1; 611A.039, subdivision 1; 611A.06, subdivision 1; 611A.51; 611A.52, subdivisions 3, 4, 5; 611A.53; 611A.54; 611A.55; 611A.56; 611A.57, subdivisions 5, 6; 611A.60; 611A.61; 611A.612; 611A.66; 611A.68, subdivisions 2a, 4, 4b, 4c; 624.712, subdivision 5; 626.14; 626.5531, subdivision 1; 626.842, subdivision 2; 626.843, subdivision 1; 626.8435; 626.845, subdivision 3; 626.8451, subdivision 1; 626.8457, subdivision 3; 626.8459; 626.8469, subdivision 1, by adding a subdivision; 626.8473, subdivision 3; 626.8475; 626.89, subdivisions 2, 17; 626.93, by adding a subdivision; 628.26; Laws 2016, chapter 189, article 4, section 7; Laws 2017, chapter 95, article 1, section 11, subdivision 7; article 3, section 30; Laws 2020, Second Special Session chapter 1, sections 9; 10; Laws 2020, Fifth Special Session chapter 3, article 9, section 6; Laws 2020, Seventh Special Session chapter 2, article 2, section 4; proposing coding for new law in Minnesota Statutes, chapters 241; 243; 244; 260B; 299A; 299F; 326B; 604A; 609; 609A; 626; 641; repealing Minnesota Statutes 2020, sections 253D.14, subdivision 4; 609.293, subdivisions 1, 5; 609.324, subdivision 3; 609.34; 609.36; 611A.0385."

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

The report was adopted.

Marquart from the Committee on Taxes to which was referred:

H. F. No. 1312, A bill for an act relating to education finance; clarifying general education aid; amending Minnesota Statutes 2020, section 126C.21.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Ways and Means.

The report was adopted.

Marquart from the Committee on Taxes to which was referred:

H. F. No. 1313, A bill for an act relating to education finance; clarifying local optional revenue; removing obsolete language; amending Minnesota Statutes 2020, section 126C.10, subdivision 2e.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Ways and Means.

The report was adopted.

Noor from the Committee on Workforce and Business Development Finance and Policy to which was referred:

H. F. No. 1342, A bill for an act relating to state government; establishing the governor's budget for jobs and economic development; appropriating money for the Departments of Employment and Economic Development and Labor and Industry, Bureau of Mediation Services, and Workers' Compensation Court of Appeals; making policy changes; authorizing rulemaking; modifying fees; requiring reports; amending Minnesota Statutes 2020, sections 13.719, by adding a subdivision; 116J.035, subdivision 6; 116L.02; 116L.03, subdivisions 1, 2, 3; 116L.05, subdivision 5; 116L.17, subdivisions 1, 4; 116L.20, subdivision 2; 116L.40, subdivisions 5, 6, 9, 10, by adding a subdivision; 116L.41, subdivisions 1, 2, by adding subdivisions; 116L.42, subdivisions 1, 2; 116L.98, subdivisions 1, 2, 3; 177.27, subdivision 4; 181.032; 181.939; 181.940, subdivisions 2, 3; 181.9414, by adding a subdivision; 182.666, subdivisions 1, 2, 3, 4, 5, by adding a subdivision; 256J.561, by adding a subdivision; 256J.95, subdivisions 3, 11; 256P.01, subdivision 3; 268.035, subdivision 21c; 268.085, subdivision 2; 268.133; 268.19, subdivision 1; 326B.092, subdivision 7; 326B.106, subdivision 1; 326B.89, subdivisions 1, 5, 9; proposing coding for new law in Minnesota Statutes, chapter 116L; proposing coding for new law as Minnesota Statutes, chapter 268B; repealing Minnesota Statutes 2020, section 116L.18.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
APPROPRIATIONS

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

(a) The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2022" and "2023" used in this article mean

that the appropriations listed under them are available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively. "The first year" is fiscal year 2022. "The second year" is fiscal year 2023. "The biennium" is fiscal years 2022 and 2023.

(b) If an appropriation in this article is enacted more than once in the 2021 regular or special legislative session, the appropriation must be given effect only once.

	APPROPRIATIONS Available for the Year Ending June 30	
	2022	**2023**
Sec. 2. **DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**		
Subdivision 1. **Total Appropriation**	**$128,635,000**	**$129,999,000**

Appropriations by Fund

	2022	2023
General	117,200,000	94,684,000
Remediation	700,000	700,000
Workforce Development	10,735,000	10,735,000
Family and medical benefit insurance account	-0-	23,880,000

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

Subd. 2. **Business and Community Development**	58,963,000	46,935,000

Appropriations by Fund

General	56,886,000	44,885,000
Remediation	700,000	700,000
Workforce Development	1,350,000	1,350,000

(a) $1,787,000 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, 2025.

(b) $1,425,000 each year is for the business development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the business development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.

(c) $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.

(d) $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.

(e) $139,000 each year is for the Center for Rural Policy and Development.

(f) $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.

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

(h) $500,000 each year is for the small business development center program for grants to the regional small business development center offices and the lead center. This is a onetime appropriation.

(i) $3,000,000 each year is for technical assistance to small businesses. Of this amount:

(1) $1,500,000 is for grants to nonprofit lenders to provide additional equity support to leverage other capital sources;

(2) $750,000 is for the business development competitive grant program; and

(3) $750,000 is for grants to small business incubators that serve minority-, veteran-, and women-owned businesses, or businesses owned by persons with disabilities, to provide commercial space, technical assistance, and education services.

This is a onetime appropriation.

(j)(1) $10,000,000 in the first year is for grants to local communities to increase the number of quality child care providers to support economic development. This is a onetime appropriation and is available through June 30, 2023. Fifty percent of grant funds must go to communities located outside the seven-county metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2.

(2) Grant recipients must obtain a 50 percent nonstate match to grant funds in either cash or in-kind contribution, unless the commissioner waives the requirement. Grant funds 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.

(3) Within one year of receiving grant funds, grant recipients must report to the commissioner on the outcomes of the grant program, including but not limited to the number of new providers, the number of additional child care provider jobs created, the number of additional child care slots, and the amount of cash and in-kind local funds 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.

(k) $2,000,000 in the first year is for a grant to the Minnesota Initiative Foundations. This is a onetime appropriation and is available until June 30, 2025. The Minnesota Initiative Foundations must use grant funds 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 child care 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 Parent Aware, Minnesota's quality and improvement rating system, and other high quality 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 Parent Aware or other high quality measurement programs.

(l) $7,500,000 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. The base amount for this purpose in fiscal year 2024 and beyond is $8,000,000.

(m) $7,750,000 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. In fiscal year 2024 and beyond, the base amount is $12,370,000. 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.

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

(o) $325,000 each year is for the Minnesota Film and TV Board. The appropriation in each year is available only upon receipt by the board of $1 in matching contributions of money or in-kind contributions from nonstate sources for every $3 provided by this appropriation, except that each year up to $50,000 is available on July 1 even if the required matching contribution has not been received by that date.

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

(q) $500,000 each 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, 2025.

(r) $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.

(s) $1,350,000 each year from the workforce development fund and $250,000 each year from the general fund are for jobs training grants under Minnesota Statutes, section 116L.42.

(t) $2,500,000 each year is for Launch Minnesota. This is a onetime appropriation and funds are available until June 30, 2025. 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.

(u) $1,050,000 each year is for the microenterprise development program under Minnesota Statutes, section 116J.8736. Of these amounts, $150,000 each year is for providing technical assistance and outreach to microenterprise development organizations.

(v) $5,298,000 in the first year and $5,297,000 in the second year are for grants to the Neighborhood Development Center, Metropolitan Economic Development Association, Latino Economic Development Center, Northside Economic Opportunity Network, and African Economic Development Solutions to provide business development services and funding. Of these amounts, at least $2,000,000 each year must be used for services and funding for entrepreneurs who are women of color. This is a onetime appropriation.

(w) $375,000 each year is for the publication, dissemination, and use of labor market information under Minnesota Statutes, section 116J.401.

Subd. 3. **Employment and Training Programs**	9,921,000	9,921,000
Appropriations by Fund		
General	8,421,000	8,421,000
Workforce Development	1,500,000	1,500,000

(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) $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.

(c) $2,546,000 each year is for the pathways to prosperity competitive grant program. Of this amount, up to five percent is for administration and monitoring of the program.

(d) $500,000 each year is from the workforce development fund for a grant to the American Indian Opportunities and Industrialization Center, in collaboration with the Northwest Indian Community Development Center, to reduce academic disparities for American Indian students and adults. This is a onetime appropriation. The grant funds may be used to provide:

(1) student tutoring and testing support services;

(2) training and employment placement in information technology;

(3) training and employment placement within trades;

(4) assistance in obtaining a GED;

(5) remedial training leading to enrollment and to sustain enrollment in a postsecondary higher education institution;

(6) real-time work experience in information technology fields and in the trades;

(7) contextualized adult basic education;

(8) career and educational counseling for clients with significant and multiple barriers; and;

(9) reentry services and counseling for adults and youth.

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

(e) $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.

(f) $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.

(g) $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.

(h) $1,000,000 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 $500,000. 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.

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

(j) $875,000 each year 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 200 students must be matched in the first year and at least 200 students must be matched in the second year. No more than 15 percent of the hires may be graduate students. Selected hiring

companies shall receive from the grant 50 percent of the wages paid to the intern, capped at $2,500 per intern. The program must work toward increasing the participation among women or other underserved populations. This is a onetime appropriation.

Subd. 4. **General Support Services** 3,692,000 4,005,000

Appropriations by Fund

General Fund	3,637,000	3,950,000
Workforce Development	55,000	55,000

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

Subd. 5. **Minnesota Trade Office** 2,142,000 2,142,000

(a) $200,000 each year is for the STEP grants in Minnesota Statutes, section 116J.979. The base for this purpose in fiscal year 2024 and beyond is $300,000.

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

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

Subd. 6. **Vocational Rehabilitation** 36,691,000 36,691,000

Appropriations by Fund

General	28,861,000	28,861,000
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) $8,995,000 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, $2,000,000 each year is for rate increases to providers of extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15.

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

(d) $3,011,000 each year is for grants to centers for independent living under Minnesota Statutes, section 268A.11.

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

Subd. 7. **Services for the Blind** 6,425,000 6,425,000

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

Subd. 8. **Paid Family and Medical Leave** 10,828,000 23,880,000

Appropriations by Fund

General	10,828,000	-0-
Family and medical benefit insurance account	-0-	23,880,000

(a) $10,828,000 in the first year is for the purposes of Minnesota Statutes, chapter 268B. This is a onetime appropriation.

(b) $23,250,000 in the second year is from the family and medical benefit insurance account for the purposes of Minnesota Statutes, chapter 268B. The base appropriation is $51,041,000 in fiscal year 2024 and $50,125,000 in fiscal year 2025. Starting in fiscal year 2026, the base appropriation is $46,465,000.

(c) $630,000 in the second year is from the family medical benefit insurance account for the purpose of outreach, education, and technical assistance for employees and employers regarding Minnesota Statutes, chapter 268B. Of this amount, at least half must be used for grants to community-based groups providing outreach, education, and technical assistance for employees, employers, and self-employed individuals regarding Minnesota Statutes, chapter 268B. Outreach must include efforts to notify self-employed individuals of their ability to elect coverage under Minnesota Statutes, section 268B.11, and provide them with technical assistance in doing so.

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

Subdivision 1. **Total Appropriation** **$528,000** **$518,000**

Appropriations by Fund	2022	2023
General	528,000	-0-
Family and medical benefit insurance account	-0-	518,000

(a) $528,000 in the first year is for the purposes of Minnesota Statutes, chapter 268B. This is a onetime appropriation.

(b) $518,000 in the second year is from the family and medical benefit insurance account for the purposes of Minnesota Statutes, chapter 268B. The base appropriation is $468,000 in fiscal year 2024 and $618,000 in fiscal year 2025.

Sec. 4. **DEPARTMENT OF HUMAN SERVICES** **$-0-** **$574,000**

$574,000 in the second year is from the family and medical benefit insurance account for information technology system costs associated with Minnesota Statutes, chapter 268B. This is a onetime appropriation.

Sec. 5. **MANAGEMENT AND BUDGET**

Subdivision 1. **Total Appropriation** **$28,000** **$1,953,000**

Appropriations by Fund	2022	2023
General	28,000	1,930,000
Family and medical benefit insurance account	-0-	23,000

(a) $28,000 in the first year is for information technology systems upgrades necessary to comply with Minnesota Statutes, chapter 268B. This is a onetime appropriation.

(b) $23,000 in the second year from the family and medical benefit insurance account is for ongoing maintenance of these information technology systems. For fiscal year 2024 and beyond, the base appropriation is $13,000.

(c) $1,930,000 in the second year is for the premiums and notice acknowledgment required of employers under Minnesota Statutes, chapter 268B. For fiscal year 2024 and beyond, the base appropriation is $3,727,000.

Sec. 6. **LEGISLATIVE COORDINATING COMMISSION** **$11,000** **$-0-**

$11,000 in the first year is for systems upgrades necessary to comply with Minnesota Statutes, chapter 268B. This is a onetime appropriation.

Sec. 7. **SUPREME COURT** **$20,000** **$-0-**

$20,000 in the first year is for judicial responsibilities associated with Minnesota Statutes, chapter 268B. This is a onetime appropriation.

Sec. 8. **COURT OF APPEALS** **$-0-** **$-0-**

For fiscal year 2025, the base from the family and medical benefit insurance account for judicial responsibilities associated with Minnesota Statutes, chapter 268B, is $5,600,000.

Sec. 9. **FAMILY AND MEDICAL BENEFITS; TRANSFER.**

In the second year only, $11,416,000 shall be transferred from the family and medical benefit insurance account to the general fund.

ARTICLE 2
PRIOR YEAR APPROPRIATIONS

Section 1. Laws 2017, chapter 94, article 1, section 2, subdivision 2, as amended by Laws 2017, First Special Session chapter 7, section 2, is amended to read:

Subd. 2. **Business and Community Development** $46,074,000 $40,935,000

Appropriations by Fund

General	$43,363,000	$38,424,000
Remediation	$700,000	$700,000
Workforce Development	$1,861,000	$1,811,000
Special Revenue	$150,000	-0-

(a) $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 spent.

(b) $750,000 each year is for grants to the Neighborhood Development Center for small business programs:

(1) training, lending, and business services;

(2) model outreach and training in greater Minnesota; and

(3) development of new business incubators.

This is a onetime appropriation.

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

(d) $125,000 each year is for a grant to the White Earth Nation for the White Earth Nation Integrated Business Development System to provide business assistance with workforce development, outreach, technical assistance, infrastructure and operational support, financing, and other business development activities. This is a onetime appropriation.

(e)(1) $12,500,000 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 spent.

(2) Of the amount appropriated in fiscal year 2018, $4,000,000 is for a loan to construct and equip a wholesale electronic component distribution center investing a minimum of $200,000,000 and constructing a facility at least 700,000 square feet in size. Loan funds may be used for purchases of materials, supplies, and equipment for the construction of the facility and are available from July 1, 2017, to June 30, 2021. The commissioner of employment and economic development shall forgive the loan after verification that the project has satisfied performance goals and contractual obligations as required under Minnesota Statutes, section 116J.8731.

(3) Of the amount appropriated in fiscal year 2018, $700,000 is for a ~~loan to extend an effluent pipe that will deliver reclaimed water to an innovative waste to biofuel project investing a minimum of $150,000,000 and constructing a facility that is designed to process approximately 400,000 tons of waste annually. Loan~~ grant to the Metropolitan Council under Minnesota Statutes, section 116.195, for wastewater infrastructure to support industrial users in Rosemount that require significant water use. Grant funds are available until June 30, ~~2021~~ 2025.

(f) $8,500,000 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. In fiscal year 2020 and beyond, the base amount is $8,000,000.

(g) $1,647,000 each year is for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until spent. In fiscal year 2020 and beyond, the base amount is $1,772,000.

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

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

(j) $500,000 each year is from the general fund for a grant to the Minnesota Film and TV Board for the film production jobs program under Minnesota Statutes, section 116U.26. This appropriation is available until June 30, 2021.

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

(l)(1) $1,300,000 each year is for the greater Minnesota business development public infrastructure grant program under Minnesota Statutes, section 116J.431. This appropriation is available until spent. If the appropriation for either year is insufficient, the appropriation for the other year is available. In fiscal year 2020 and beyond, the base amount is $1,787,000. Funds available under this paragraph may be used for site preparation of property owned and to be used by private entities.

(2) Of the amounts appropriated, $1,600,000 in fiscal year 2018 is for a grant to the city of Thief River Falls to support utility extensions, roads, and other public improvements related to the construction of a wholesale electronic component distribution center at least 700,000 square feet in size and investing a minimum of $200,000,000. Notwithstanding Minnesota Statutes, section 116J.431, a local match is not required. Grant funds are available from July 1, 2017, to June 30, 2021.

(m) $876,000 the first year and $500,000 the second year are for the Minnesota emerging entrepreneur loan program under Minnesota Statutes, section 116M.18. Funds available under this paragraph are for transfer into the emerging entrepreneur program special revenue fund account created under Minnesota Statutes, chapter 116M, and are available until spent. Of this amount, up to four percent is for administration and monitoring of the program. In fiscal year 2020 and beyond, the base amount is $1,000,000.

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

(o) $250,000 in fiscal year 2018 is for a grant to the Minnesota Design Center at the University of Minnesota for the greater Minnesota community design pilot project.

(p) $275,000 in fiscal year 2018 is from the general fund to the commissioner of employment and economic development for a grant to Community and Economic Development Associates (CEDA) for an economic development study and analysis of the effects of current and projected economic growth in southeast Minnesota. CEDA shall report on the findings and recommendations of the study to the committees of the house of representatives and senate with jurisdiction over economic development and workforce issues by February 15, 2019. All results and information gathered from the study shall be made available for use by cities in southeast Minnesota by March 15, 2019. This appropriation is available until June 30, 2020.

(q) $2,000,000 in fiscal year 2018 is for a grant to Pillsbury United Communities for construction and renovation of a building in north Minneapolis for use as the "North Market" grocery store and wellness center, focused on offering healthy food, increasing health care access, and providing job creation and economic opportunities in one place for children and families living in the area. To the extent possible, Pillsbury United Communities shall employ individuals who reside within a five mile radius of the grocery store and wellness center. This appropriation is not available until at least an equal amount of money is committed from nonstate sources. This appropriation is available until the project is completed or abandoned, subject to Minnesota Statutes, section 16A.642.

(r) $1,425,000 each year is for the business development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the business development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.

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

(t) $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 spent.

(u) $161,000 each year is from the workforce development fund for a grant to the Rural Policy and Development Center. This is a onetime appropriation.

(v) $300,000 each year is from the workforce development fund for a grant to Enterprise Minnesota, Inc. This is a onetime appropriation.

(w) $50,000 in fiscal year 2018 is from the workforce development fund for a grant to Fighting Chance for behavioral intervention programs for at-risk youth.

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

(y)(1) $519,000 in fiscal year 2018 is for grants to local communities to increase the supply of quality child care providers in order to support economic development. At least 60 percent of grant funds must go to communities located outside of the seven-county metropolitan area, as defined under Minnesota Statutes, section 473.121, subdivision 2. Grant recipients must obtain a 50 percent nonstate match to grant funds in either cash or in-kind contributions. Grant funds available under this paragraph must be used to implement solutions to reduce the child care shortage in the state including but not limited to funding for child care business start-ups or expansions, training, facility modifications or improvements required for licensing, and assistance with licensing and other regulatory requirements. In awarding grants, the commissioner must give priority to communities that have documented a shortage of child care providers in the area.

(2) Within one year of receiving grant funds, grant recipients must report to the commissioner on the outcomes of the grant program including but not limited to the number of new providers, the number of additional child care provider jobs created, the number of additional child care slots, and the amount of local funds invested.

(3) By January 1 of each year, starting in 2019, the commissioner must report to the standing committees of the legislature having jurisdiction over child care and economic development on the outcomes of the program to date.

(z) $319,000 in fiscal year 2018 is from the general fund for a grant to the East Phillips Improvement Coalition to create the East Phillips Neighborhood Institute (EPNI) to expand culturally tailored resources that address small business growth and create green jobs. The grant shall fund the collaborative work of Tamales y Bicicletas, Little Earth of the United Tribes, a nonprofit serving East Africans, and other coalition members towards developing

EPNI as a community space to host activities including, but not limited to, creation and expansion of small businesses, culturally specific entrepreneurial activities, indoor urban farming, job training, education, and skills development for residents of this low-income, environmental justice designated neighborhood. Eligible uses for grant funds include, but are not limited to, planning and start-up costs, staff and consultant costs, building improvements, rent, supplies, utilities, vehicles, marketing, and program activities. The commissioner shall submit a report on grant activities and quantifiable outcomes to the committees of the house of representatives and the senate with jurisdiction over economic development by December 15, 2020. This appropriation is available until June 30, 2020.

(aa) $150,000 the first year is from the renewable development account in the special revenue fund established in Minnesota Statutes, section 116C.779, subdivision 1, to conduct the biomass facility closure economic impact study.

(bb)(1) $300,000 in fiscal year 2018 is for a grant to East Side Enterprise Center (ESEC) to expand culturally tailored resources that address small business growth and job creation. This appropriation is available until June 30, 2020. The appropriation shall fund the work of African Economic Development Solutions, the Asian Economic Development Association, the Dayton's Bluff Community Council, and the Latino Economic Development Center in a collaborative approach to economic development that is effective with smaller, culturally diverse communities that seek to increase the productivity and success of new immigrant and minority populations living and working in the community. Programs shall provide minority business growth and capacity building that generate wealth and jobs creation for local residents and business owners on the East Side of St. Paul.

(2) In fiscal year 2019 ESEC shall use funds to share its integrated service model and evolving collaboration principles with civic and economic development leaders in greater Minnesota communities which have diverse populations similar to the East Side of St. Paul. ESEC shall submit a report of activities and program outcomes, including quantifiable measures of success annually to the house of representatives and senate committees with jurisdiction over economic development.

(cc) $150,000 in fiscal year 2018 is for a grant to Mille Lacs County for the purpose of reimbursement grants to small resort businesses located in the city of Isle with less than $350,000 in annual revenue, at least four rental units, which are open during both summer and winter months, and whose business was adversely impacted by a decline in walleye fishing on Lake Mille Lacs.

(dd)(1) $250,000 in fiscal year 2018 is for a grant to the Small Business Development Center hosted at Minnesota State University, Mankato, for a collaborative initiative with the Regional Center for Entrepreneurial Facilitation. Funds available under this section must be used to provide entrepreneur and small business development direct professional business assistance services in the following counties in Minnesota: Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Watonwan, and Waseca. For the purposes of this section, "direct professional business assistance services" must include, but is not limited to, pre-venture assistance for individuals considering starting a business. This appropriation is not available until the commissioner determines that an equal amount is committed from nonstate sources. Any balance in the first year does not cancel and is available for expenditure in the second year.

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

(ee) $500,000 in fiscal year 2018 is for the central Minnesota opportunity grant program established under Minnesota Statutes, section 116J.9922. This appropriation is available until June 30, 2022.

(ff) $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.

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

Sec. 2. Laws 2019, First Special Session chapter 7, article 1, section 2, subdivision 2, as amended by Laws 2019, First Special Session chapter 12, section 4, and Laws 2020, chapter 112, section 1, is amended to read:

Subd. 2. **Business and Community Development**	44,931,000	42,381,000
Appropriations by Fund		
General	40,756,000	38,206,000
Remediation	700,000	700,000
Workforce Development	3,475,000	3,475,000

(a) $1,787,000 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, 2023.

(b) $1,425,000 each year is for the business development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the business development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.

(c) $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 June 30, 2023.

(d) $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 June 30, 2023.

(e) $139,000 each year is for the Center for Rural Policy and Development.

(f) $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.

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

(h) $125,000 each year is from the workforce development fund for a grant to the White Earth Nation for the White Earth Nation Integrated Business Development System to provide business assistance with workforce development, outreach, technical assistance, infrastructure and operational support, financing, and other business development activities. This is a onetime appropriation.

(i) $450,000 each year is from the workforce development fund for a grant to Enterprise Minnesota, Inc. for the small business growth acceleration program under Minnesota Statutes, section 116O.115. This is a onetime appropriation.

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

(k) $400,000 each year is from the workforce development fund for a grant to the Metropolitan Economic Development Association (MEDA) for statewide business development and assistance services, including services to entrepreneurs with businesses that have the potential to create job opportunities for unemployed and underemployed people, with an emphasis on minority-owned businesses. This is a onetime appropriation.

(l) $750,000 in fiscal year 2020 is for grants to local communities to increase the supply of quality child care providers to support economic development. At least 60 percent of grant funds must go to communities located outside of the seven-county metropolitan area as defined under Minnesota Statutes, section 473.121, subdivision 2. Grant recipients must obtain a 50 percent nonstate match to grant funds in either cash or in-kind contributions. Grant funds available under this section 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 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 in the area. This is a onetime appropriation. Within one year of receiving grant funds, grant recipients must report to the commissioner on the outcomes of the grant program, including but not limited to the number of new providers, the number of additional child care provider jobs created, the number of additional child care slots, and the amount of cash and in-kind local funds invested.

(m) $750,000 in fiscal year 2020 is for a grant to the Minnesota Initiative Foundations. This is a onetime appropriation and is available until June 30, 2023. The Minnesota Initiative Foundations must use grant funds 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 child care 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; or

(4) recruit child care programs to participate in Parent Aware, Minnesota's quality and improvement rating system, and other high quality 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 Parent Aware or other high quality measurement programs.

(n)(1) $650,000 each year from the workforce development fund is for grants to the Neighborhood Development Center for small business programs. This is a onetime appropriation.

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

(o) $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.

(p)(1) $11,970,000 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. In fiscal year 2022 and beyond, the base amount is $12,370,000. This appropriation is available until expended. Notwithstanding Minnesota Statutes, section 116J.8731, funds 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.

(2) Of the amount appropriated in the first year, ~~$2,000,000~~ $3,000,000 is for a loan to a paper mill in Duluth for a retrofit project that will support the ~~operation and manufacture of packaging~~ conversion of the existing Duluth paper mill for the manufacture of new paper grades. The company that owns the paper mill must ~~spend $20,000,000 on~~ invest $25,000,000 in project activities by ~~December 31, 2020~~ May 1, 2023, in order to be eligible to receive this loan. Loan funds may be used for purchases of materials, supplies, and equipment for the project and are available from ~~July 1, 2019~~ April 1, 2021, to ~~July 30, 2021~~ May 1, 2023. The commissioner of employment and economic development shall forgive 25 percent of the loan each year after the second year during a five-year period if the mill has retained at least ~~150~~ 80 full-time equivalent employees and has satisfied other performance goals and contractual obligations as required under Minnesota Statutes, section 116J.8731.

(q) $700,000 in fiscal year 2020 is for the airport infrastructure renewal (AIR) grant program under Minnesota Statutes, section 116J.439.

(r) $100,000 in fiscal year 2020 is for a grant to FIRST in Upper Midwest to support competitive robotics teams. Funds must be used to make up to five awards of no more than $20,000 each to Minnesota-based public entities or private nonprofit organizations for the creation of competitive robotics hubs. Awards may be used for tools, equipment, and physical space to be utilized by robotics teams. At least 50 percent of grant funds must be used outside of the seven-county metropolitan area, as defined under Minnesota Statutes, section 473.121, subdivision 2. The grant recipient shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over jobs and economic growth by February 1, 2021, on the status of awards and include information on the number and amount of awards made, the number of customers served, and any outcomes resulting from the grant. The grant requires a 50 percent match from nonstate sources.

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

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

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

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

(w) $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.

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

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

(1) $1,600,000 each year is for innovation grants to eligible Minnesota entrepreneurs or start-up businesses to assist with their operating needs;

(2) $450,000 each year is for administration of Launch Minnesota; and

(3) $450,000 each year is for grantee activities at Launch Minnesota.

(z) $500,000 each year is from the workforce development fund for a grant to Youthprise to give grants through a competitive process to community organizations to provide economic development services designed to enhance long-term economic self-sufficiency in communities with concentrated East African populations. Such communities include but are not limited to Faribault, Rochester, St. Cloud, Moorhead, and Willmar. To the extent possible, Youthprise must make at least 50 percent of these grants to organizations serving communities located outside the seven-county metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2. This is a onetime appropriation and is available until June 30, 2022.

(aa) $125,000 each year is for a grant to the Hmong Chamber of Commerce to train ethnically Southeast Asian business owners and operators in better business practices. This is a onetime appropriation and is available until June 30, 2023.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2019.

Sec. 3. **GRANT TO THE NORTHEAST ENTREPRENEUR FUND; APPROPRIATION.**

$1,148,000 in fiscal year 2021 is appropriated from the general fund to the commissioner of employment and economic development for a grant to the Northeast Entrepreneur Fund, a small business administration microlender and community development financial institution operating in northern Minnesota, to be made only upon the Northeast Entrepreneur Fund's repayment of its current $1,148,000 loan issued by the commissioner. Grant funds must be used as capital for accessing additional federal lending for small businesses impacted by COVID-19 and must be returned to the commissioner for deposit in the general fund if the Northeast Entrepreneur Fund fails to secure such federal funds before January 1, 2022. This is a onetime appropriation.

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

Sec. 4. **APPROPRIATION; SMALL BUSINESS COVID-19 GRANT PROGRAM.**

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

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

(c) "Department" means the Department of Employment and Economic Development.

(d) "Eligible organization" means the Minnesota Initiative Foundations, community development financial institutions, and other nonprofits the commissioner determines to be similarly qualified.

(e) "Program" means the small business COVID-19 grant program under this section.

Subd. 2. **Appropriation.** $50,000,000 in fiscal year 2021 is appropriated from the general fund to the commissioner for the small business COVID-19 grant program under this section. Of this amount:

(1) $24,900,000 is for grants to the Minnesota Initiative Foundations to provide grants to businesses in greater Minnesota. Up to ten percent of this amount may be used for the administrative costs of the Minnesota Initiative Foundations;

(2) $24,900,000 is for grants to eligible organizations to provide grants to businesses in the seven-county metropolitan area defined in section 473.121, subdivision 2. Up to ten percent of this amount may be used for the administrative costs of the eligible organizations; and

(3) $200,000 is for the administrative costs of the department.

Any funds not spent by eligible organizations by December 31, 2021, must be returned to the commissioner and canceled back to the general fund.

Subd. 3. **Distribution of grants.** (a) Of grants given under this section, a minimum of:

(1) $10,000,000 must be awarded to businesses that employ the equivalent of six full-time workers or less;

(2) $10,000,000 must be awarded to minority business enterprises, as defined in Minnesota Statutes, section 116M.14, subdivision 5; and

(3) $3,000,000 must be awarded under subdivision 5.

(b) No business may receive more than one grant under this section.

Subd. 4. **Grants to businesses.** (a) To be eligible for a grant under this subdivision, a business must:

(1) have primary business operations located in the state of Minnesota;

(2) be owned by a resident of the state of Minnesota;

(3) employ the equivalent of 100 full-time workers or less; and

(4) be able to demonstrate financial hardship as a result of the COVID-19 outbreak.

(b) Grants under this subdivision shall be for no less than $5,000 and no more than $100,000.

(c) Grant funds must be used for working capital to support payroll expenses, rent or mortgage payments, utility bills, and other similar expenses that occur or have occurred since November 1, 2020, in the regular course of business, but not to refinance debt that existed at the time of the governor's COVID-19 peacetime emergency declaration.

Subd. 5. **Grants to businesses renting space to other businesses.** (a) To be eligible for a grant under this subdivision, a business must:

(1) be an operator of privately owned permanent indoor retail space that has an ethnic cultural emphasis and at least 12 tenants that are primarily businesses with fewer than 20 employees;

(2) have primary business operations located in the state of Minnesota;

(3) be owned by a resident of the state of Minnesota;

(4) employ the equivalent of 100 full-time workers or less; and

(5) be able to demonstrate financial hardship as a result of the COVID-19 outbreak.

(b) Grants under this subdivision shall be for no more than $250,000.

(c) Up to $20,000 of grant funds a business receives may be used for working capital to support payroll expenses, rent or mortgage payments, utility bills, and other similar expenses that occur or have occurred since November 1, 2020, in the regular course of business, but not to refinance debt that existed at the time of the governor's COVID-19 peacetime emergency declaration.

(d) The remainder of grant funds must be used to maintain existing tenants of the operator through the issuing of credits or forgiveness of rent. Any tenant receiving such a benefit from the grant must meet the requirements under subdivision 4, paragraph (a).

Subd. 6. **Applications.** (a) The commissioner may develop criteria, forms, applications, and reporting requirements for use by eligible organizations providing grants to businesses.

(b) All businesses applying for a grant must include as part of their application a business plan for continued operation.

Subd. 7. **Exemptions.** All grants and grant making processes under this section are exempt from Minnesota Statutes, sections 16A.15, subdivision 3; 16B.97; and 16B.98, subdivisions 5, 7, and 8. The commissioner must audit the use of grant funds under this section in accordance with standard accounting practices. The exemptions under this paragraph expire on December 30, 2021.

Subd. 8. **Reports.** (a) By January 31, 2022, eligible organizations participating in the program must provide a report to the commissioner that include descriptions of the businesses supported by the program, the amounts granted, and an explanation of administrative expenses.

(b) By February 15, 2022, the commissioner must report to the legislative committees in the house of representatives and senate with jurisdiction over economic development about grants made under this program based on the information received under paragraph (a).

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

Sec. 5. **CANCELLATIONS; FISCAL YEAR 2021.**

(a) $1,022,000 of the fiscal year 2021 general fund appropriation under Laws 2019, First Special Session chapter 7, article 1, section 2, subdivision 4, is canceled.

(b) $25,000,000 of the fiscal year 2021 general fund appropriation under Laws 2020, Seventh Special Session chapter 2, article 3, section 2, is canceled.

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

ARTICLE 3
DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

Section 1. Minnesota Statutes 2020, section 116J.035, subdivision 6, is amended to read:

Subd. 6. **Receipt of gifts, money; appropriation.** (a) The commissioner may:

(1) apply for, accept, and disburse gifts, bequests, grants, payments for services, loans, or other property from the United States, the state, private foundations, or any other source;

(2) enter into an agreement required for the gifts, grants, or loans; and

(3) hold, use, and dispose of its assets according to the terms of the gift, grant, loan, or agreement.

(b) Money received by the commissioner under this subdivision must be deposited in a separate account in the state treasury and invested by the State Board of Investment. The amount deposited, including investment earnings, is appropriated to the commissioner to carry out duties under this section.

(c) Money received by the commissioner under this subdivision for State Services for the Blind is exempt from depositing gifts, bequests, charitable contributions, and similar contributions made solely into the state treasury.

Sec. 2. Minnesota Statutes 2020, section 116J.431, subdivision 2, is amended to read:

Subd. 2. **Eligible projects.** (a) An economic development project for which a county or city may be eligible to receive a grant under this section includes:

(1) manufacturing;

(2) technology;

(3) warehousing and distribution;

(4) research and development;

(5) agricultural processing, defined as transforming, packaging, sorting, or grading livestock or livestock products into goods that are used for intermediate or final consumption, including goods for nonfood use; or

(6) industrial park development that would be used by any other business listed in this subdivision even if no business has committed to locate in the industrial park at the time the grant application is made.

(b) Up to 15 percent of the development of a project may be for a purpose that is ancillary to the project but that is not included under this subdivision as an eligible project. A city or county must provide notice to the commissioner for the commissioner's approval of the proposed ancillary development purpose.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to projects that have been funded previously under Minnesota Statutes, section 116J.431.

Sec. 3. Minnesota Statutes 2020, section 116J.431, is amended by adding a subdivision to read:

Subd. 3a. **Development restrictions expiration.** After ten years from the date of the grant award under this section, a project that has been developed for its original project purpose may be developed for any lawful purpose.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to projects that have been funded previously under Minnesota Statutes, section 116J.431.

Sec. 4. **[116J.8736] MICROENTERPRISE DEVELOPMENT PROGRAM.**

Subdivision 1. **Establishment.** The commissioner of employment and economic development shall establish the microenterprise development program to award grants to microenterprise development organizations to encourage microenterprise development.

Subd. 2. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

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

(c) "Disadvantaged entrepreneur" means an owner of a microenterprise who is a low-income person or otherwise lacks adequate access to capital or other resources essential for business success.

(d) "Low-income person" means a person with an income adjusted for family size that does not exceed:

(1) for metropolitan areas, 80 percent of median income; or

(2) for nonmetropolitan areas, the greater of 80 percent of the area median income or 80 percent of the statewide nonmetropolitan area median income.

(e) "Microenterprise" means a business, including a start-up, home-based, or self-employed business, with no more than five employees.

(f) "Microenterprise development organization" means a nonprofit entity that provides one or more of the services under subdivision 4 to disadvantaged entrepreneurs.

(g) "Program" means the microenterprise development program established under this section.

Subd. 3. **Grants to microenterprise development organizations.** The commissioner shall make grants to microenterprise development organizations through a competitive grant process based on criteria developed by the commissioner and shall consider each applicant's:

(1) plan for providing business development services and loans to microenterprises;

(2) scope of services to be provided;

(3) plan for coordinating services and loans with financial institutions;

(4) ability to provide business training and technical assistance to disadvantaged entrepreneurs;

(5) ability to monitor and provide financial oversight of recipients of loans and services; and

(6) sources and sufficiency of operating funds.

In selecting grant recipients, the commissioner shall ensure that services are provided to all regions of the state, including both metropolitan areas and communities in greater Minnesota.

Subd. 4. **Eligible uses of grant funds.** Microenterprise development organizations may use grant funds for any of the following purposes:

(1) satisfying matching fund requirements for federal or private grants or loans that will allow the microenterprise development organization to provide another service under this subdivision to disadvantaged entrepreneurs;

(2) establishing a revolving loan fund for loans to disadvantaged entrepreneurs. The loans may be zero interest and must be for no more than $25,000 per microenterprise;

(3) guaranteeing loans from private financial institutions to disadvantaged entrepreneurs;

(4) providing technical assistance, mentoring, training, or physical space to disadvantaged entrepreneurs; and

(5) up to ten percent of grant funds may be used for the operating costs of the microenterprise development organization and its administrative costs for the program.

Subd. 5. **Reports to the legislature.** (a) By December 1, 2023, and every December 1 thereafter until given permission by the commissioner to cease reporting, grant recipients must submit a report to the commissioner on the use of grant funds in the form that the commissioner prescribes and include any documentation of and supporting information regarding the grant that the commissioner requires, including:

(1) the demand for services under the program;

(2) information on the types of applicants seeking program services; and

(3) a list of all loans or loan guarantees made, including the name of the recipient, the amount, and its intended purpose.

(b) By December 31, 2023, and every December 31 thereafter until all grant recipients have ceased reporting, the commissioner must submit a report as required under Minnesota Statutes, section 3.195, that details the use of funds under this section, including the information provided by grant recipients, as well as an analysis of the impact of the program. A copy of this report must also be sent to the chairs and ranking minority members of the committees of the house of representatives and the senate having jurisdiction over economic development.

Sec. 5. Minnesota Statutes 2020, 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 employee positions within two years of the benefit date following the designation as a Minnesota job creation fund business or five new full-time 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 200 employees for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and 75 employees for projects located outside the metropolitan area;

(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.

With the commissioner's authorization, the one-year period requirement to meet minimum capital investment requirements under clause (3) and the minimum job creation requirements under clause (3), item (i), may be extended for up to 12 months for projects that must meet these requirements within 12 months of an active peacetime emergency as declared by the governor.

(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.

EFFECTIVE DATE. This section is effective retroactively from March 15, 2020.

Sec. 6. Minnesota Statutes 2020, section 116J.994, subdivision 6, is amended to read:

Subd. 6. **Failure to meet goals.** (a) The subsidy agreement must specify the recipient's obligation if the recipient does not fulfill the agreement. At a minimum, the agreement must require a recipient failing to meet subsidy agreement goals to pay back the assistance plus interest to the grantor or, at the grantor's option, to the account created under section 116J.551 provided that repayment may be prorated to reflect partial fulfillment of goals. The interest rate must be set at no less than the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysis of the United States Department of Commerce for the 12-month period ending March 31 of the previous year. The grantor, after a public hearing, may extend for up to one year the period for meeting the wage and job goals under subdivision 4 provided in a subsidy agreement or up to two years if a peacetime emergency under section 12.31, subdivision 2, as declared by the governor is active during the initial two-year compliance period. A grantor may extend the period for meeting other goals under subdivision 3, paragraph (a), clause (3), by documenting in writing the reason for the extension and attaching a copy of the document to its next annual report to the department.

(b) A recipient that fails to meet the terms of a subsidy agreement may not receive a business subsidy from any grantor for a period of five years from the date of failure or until a recipient satisfies its repayment obligation under this subdivision, whichever occurs first.

(c) Before a grantor signs a business subsidy agreement, the grantor must check with the compilation and summary report required by this section to determine if the recipient is eligible to receive a business subsidy.

EFFECTIVE DATE. This section is effective retroactively from March 15, 2020.

Sec. 7. Minnesota Statutes 2020, section 116L.02, is amended to read:

116L.02 JOB SKILLS PARTNERSHIP PROGRAM.

~~(a)~~ The Minnesota Job Skills Partnership program is created to act as a catalyst to bring together employers with specific training needs with educational or other nonprofit institutions which can design programs to fill those needs. The partnership shall work closely with employers to prepare, train and place prospective or incumbent workers in

identifiable positions as well as assisting educational or other nonprofit institutions in developing training programs that coincide with current and future employer requirements. The partnership shall provide grants to educational or other nonprofit institutions for the purpose of training workers. A participating business must match the grant-in-aid made by the Minnesota Job Skills Partnership. The match may be in the form of funding, equipment, or faculty.

~~(b) The partnership program is authorized to use funds to pay for training for individuals who have incomes at or below 200 percent of the federal poverty line. The board may grant funds to eligible recipients to pay for board-certified training. Eligible recipients of grants may include public, private, or nonprofit entities that provide employment services to low-income individuals.~~

Sec. 8. Minnesota Statutes 2020, section 116L.03, subdivision 1, is amended to read:

Subdivision 1. **Members.** The partnership shall be governed by a board of ~~12~~ 13 directors.

Sec. 9. Minnesota Statutes 2020, section 116L.03, subdivision 2, is amended to read:

Subd. 2. **Appointment.** The Minnesota Job Skills Partnership Board consists of: ~~seven~~ eight members appointed by the governor, the commissioner of employment and economic development, the chancellor, or the chancellor's designee, of the Minnesota State Colleges and Universities, the president, or the president's designee, of the University of Minnesota, and two nonlegislator members, one appointed by the Subcommittee on Committees of the senate Committee on Rules and Administration and one appointed by the speaker of the house. If the chancellor or the president of the university makes a designation under this subdivision, the designee must have experience in technical education. Four of the appointed members must be members of the governor's Workforce Development Board, of whom two must represent organized labor and two must represent business and industry. ~~One of the appointed members must be a representative of a nonprofit organization that provides workforce development or job training services.~~ Two of the members must be from community-based organizations that have demonstrated experience and expertise in addressing the employment, training, or education needs of individuals or communities facing barriers to employment.

Sec. 10. Minnesota Statutes 2020, section 116L.03, subdivision 3, is amended to read:

Subd. 3. **Qualifications.** Members must have expertise in, and be representative of one of the following fields ~~of~~: education, job skills training, labor, business, ~~and~~ or government.

Sec. 11. Minnesota Statutes 2020, section 116L.05, subdivision 5, is amended to read:

Subd. 5. **Use of workforce development funds.** After March 1 of any fiscal year, the board may use ~~workforce development~~ funds appropriated under section 116L.20, subdivision 2, paragraph (b), clause (1), for the purposes outlined in sections ~~116L.02 and 116L.04, or to provide incumbent worker training services under section 116L.18~~ 116L.21 and 116L.22 if the following conditions have been met:

(1) the board examines relevant economic indicators, including the projected number of layoffs for the remainder of the fiscal year and the next fiscal year, evidence of declining and expanding industries, the number of initial applications for and the number of exhaustions of unemployment benefits disaggregated by race and ethnicity, job vacancy data, and any additional relevant information brought to the board's attention;

(2) the board accounts for all allocations made in section 116L.17, subdivision 2;

(3) based on the past expenditures and projected revenue, the board estimates future funding needs for services under section 116L.17 for the remainder of the current fiscal year and the next fiscal year;

(4) the board determines there will be unspent funds after meeting the needs of dislocated workers in the current fiscal year and there will be sufficient revenue to meet the needs of dislocated workers in the next fiscal year; and

(5) the board reports its findings in clauses (1) to (4) to the chairs of legislative committees with jurisdiction over the workforce development fund, to the commissioners of revenue and management and budget, and to the public.

Sec. 12. Minnesota Statutes 2020, 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 temporarily or permanently separated or has received a notice of temporary or 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)~~ (2) 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)~~ (3) 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)~~ (4) 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)~~ (5) 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)~~ (6) 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 now due to divorce, separation, death, or disability of that person, must 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.

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. 13. Minnesota Statutes 2020, section 116L.17, subdivision 4, is amended to read:

Subd. 4. **Use of funds.** Funds granted by the board under this section may be used for any combination of the following, except as otherwise provided in this section:

(1) employment transition services such as developing readjustment plans for individuals; outreach and intake; early readjustment; job or career counseling; testing; orientation; assessment of skills and aptitudes; provision of occupational and labor market information; job placement assistance; job search; job development; prelayoff assistance; relocation assistance; programs provided in cooperation with employers or labor organizations to provide early intervention in the event of plant closings or substantial layoffs; and entrepreneurial training and business consulting;

(2) support services, including assistance to help the participant relocate to employ existing skills; out-of-area job search assistance; family care assistance, including child care; ~~commuting~~ transportation assistance; emergency housing and rental assistance; counseling assistance, including personal and financial; health care; emergency health assistance; emergency financial assistance; work-related tools and clothing; and other appropriate support services that enable a person to participate in an employment and training program with the goal of reemployment;

(3) specific, short-term training to help the participant enhance current skills in a similar occupation or industry; entrepreneurial training, customized training, or on-the-job training; basic and remedial education to enhance current skills; and literacy and work-related English training for non-English speakers;

(4) long-term training in a new occupation or industry, including occupational skills training or customized training in an accredited program recognized by one or more relevant industries. Long-term training shall only be provided to dislocated workers whose skills are obsolete and who have no other transferable skills likely to result in employment at a comparable wage rate. Training shall only be provided for occupations or industries with reasonable expectations of job availability based on the service provider's thorough assessment of local labor market information where the individual currently resides or is willing to relocate. This clause shall not restrict training in personal services or other such industries; and

(5) direct training services to provide a measurable increase in the job-related skills of participating incumbent workers, including basic assessment, counseling, and preemployment training services requested by the qualifying employer.

Sec. 14. Minnesota Statutes 2020, section 116L.20, subdivision 2, is amended to read:

Subd. 2. **Disbursement of special assessment funds.** (a) The money collected under this section shall be deposited in the state treasury and credited to the workforce development fund to provide for employment and training programs. The workforce development fund is created as a special account in the state treasury.

(b) ~~All money in the fund not otherwise appropriated or transferred is appropriated to the Job Skills Partnership Board for the purposes of section 116L.17 and as provided for in paragraph (d).~~ Of the money in the fund not otherwise appropriated or transferred by July 1 of each year:

(1) at least 30 percent is appropriated to the Job Skills Partnership Board for the purposes of section 116L.17. If the conditions under section 116L.05, subdivision 5, are met as of March 1 of each year, a minimum of 50 percent and up to a maximum of 70 percent of the unspent money must be transferred for the programs under sections 116L.21 and 116L.22;

(2) up to five percent is appropriated to the Job Skills Partnership Board for the purposes of sections 116L.02 and 116L.04; and

(3) up to 65 percent is appropriated to the commissioner for workforce development grants under subdivision 3.

(c) The board must act as the fiscal agent for the money and must disburse that money for the purposes of section 116L.17, not allowing the money to be used for any other obligation of the state. All money in the workforce development fund shall be deposited, administered, and disbursed in the same manner and under the same conditions and requirements as are provided by law for the other special accounts in the state treasury, except that all interest or net income resulting from the investment or deposit of money in the fund shall accrue to the fund for the purposes of the fund.

~~(c)~~ (d) Reimbursement for costs related to collection of the special assessment shall be in an amount negotiated between the commissioner and the United States Department of Labor.

~~(d) If the board determines that the conditions of section 116L.05, subdivision 5, have been met, the board may use funds for the purposes outlined in section 116L.04, or to provide incumbent worker training services under section 116L.18.~~

Sec. 15. Minnesota Statutes 2020, section 116L.20, is amended by adding a subdivision to read:

Subd. 3. **Workforce development grants.** (a) Grants awarded using money appropriated under subdivision 2, paragraph (b), clause (3), must be allocated to maximize delivery to organizations with strong relationships with individuals who are Black, Indigenous, or People of Color. Grant awards must be consistent with the overall geographic population distribution of the state. Preference or priority for grant awards must be given to organizations with experience serving communities with the greatest needs that are Black, Indigenous, and People of Color.

(b) Of the amount appropriated under subdivision 2, paragraph (b), clause (3):

(1) up to six percent is for administration and monitoring of the workforce development programs; and

(2) grants must be made for programs under sections 116L.362, 116L.561, 116L.562, 116L.96, 116L.981, and 116L.99.

(c) Of the amount appropriated under subdivision 2, paragraph (b), clause (3), remaining after the appropriations under paragraph (b):

(1) 50 percent is for removing barriers to employment grants under section 116L.21; and

(2) 50 percent is for innovative employment solutions grants under section 116L.22.

(d) When making competitive grants for adult grantees, the commissioner shall benchmark outcomes against similar populations with similar barriers to employment. The commissioner must consider the following outcomes for competitive grant awards focused on adults: job placement and retention, wage levels, and credentials attainment. The commissioner must consider the following outcomes for competitive grant awards focused on youth: work readiness, credentials, and placement.

Sec. 16. **[116L.21] REMOVING BARRIERS TO EMPLOYMENT GRANT PROGRAM.**

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

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

(c) "Minority" means a person who identifies as a member of one or more of the following groups:

(1) Black, including persons having origins of any of the Black African racial groups not of Hispanic origin;

(2) Hispanic, including persons of Mexican, Puerto Rican, Cuban, Central American, South American, or other Spanish culture or origin, regardless of race;

(3) Asian and Pacific Islander, including persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent, or the Pacific Islands; and

(4) American Indian or Alaskan Native, including persons having origins in any of the original people of North America and maintaining identifiable Tribal affiliations through membership and participation or community identification.

(d) "Program" means the removing barriers to employment grant program under this section.

(e) "Targeted population" means socially and economically disadvantaged minority populations who experience complex needs and barriers to employment.

Subd. 2. **Establishment.** The commissioner shall establish a competitive grant program for organizations to provide individuals with barriers to employment the services, including supportive services, needed to enter, participate in, and complete workforce preparation, training, and education programs.

Subd. 3. **Grants.** (a) Grants under this section shall be awarded on a competitive basis after consultation with the Grant Review Advisory Council under section 116L.23.

(b) The commissioner must provide outreach and technical assistance to prospective applicants.

(c) Grant applicants may be required to participate in technical assistance activities, including but not limited to convening communities of practice to identify and help replicate evidence-based practices and to help facilitate an assessment and evaluation of grant performance and initiative success.

Subd. 4. **Award criteria.** (a) The commissioner shall develop criteria for the selection of grant recipients that focus on but are not limited to the applicant's demonstrated capacity to provide services to targeted populations.

(b) Priority must be given to applications that integrate individuals from targeted populations into career pathway programs aligned with regional labor market needs.

(c) Grant awards must cumulatively ensure the provision of services statewide and to a range of targeted populations.

Subd. 5. **Capacity building grants.** (a) A portion of the money available for this program must be allocated for capacity building competitive grants to small, culturally specific nonprofit organizations that serve historically underserved cultural communities and have an annual organizational budget of less than $500,000.

(b) Capacity building grants may be used for the following purposes: organizational infrastructure improvement, organizational workforce development, and the creation or expansion of partnerships.

Subd. 6. **Performance outcome measures.** Reporting and performance outcomes for this program must comply with the requirements under section 116L.98.

Subd. 7. **Report to the legislature.** (a) Within one year of receiving grant funds under this section, organizations must each submit a written report to the commissioner on the use of grant funds.

(b) Beginning in January 2023, the commissioner must submit a biennial report on the information reported under paragraph (a), as required under section 3.195. A copy of this report must also be sent to the chairs and ranking minority members of the committees of the house of representatives and the senate having jurisdiction over workforce development.

Sec. 17. **[116L.22] INNOVATIVE EMPLOYMENT SOLUTIONS GRANT PROGRAM.**

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

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

(c) "Department" means the Department of Employment and Economic Development.

(d) "Minority" means a person who identifies as a member of one or more of the following groups:

(1) Black, including persons having origins of any of the Black African racial groups not of Hispanic origin;

(2) Hispanic, including persons of Mexican, Puerto Rican, Cuban, Central American, South American, or other Spanish culture or origin, regardless of race;

(3) Asian and Pacific Islander, including persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent, or the Pacific Islands; and

(4) American Indian or Alaskan Native, including persons having origins in any of the original people of North America and maintaining identifiable Tribal affiliations through membership and participation or community identification.

(e) "Performance measures" means specific, measurable, time-based goals, the completion of which predicates payment under a pay for performance agreement.

(f) "Program" means the innovative employment solutions grant program under this section.

(g) "Targeted population" means socially and economically disadvantaged minority populations who experience complex needs and barriers to employment.

Subd. 2. **Establishment.** The commissioner shall establish a competitive grant program for organizations to provide individuals with barriers to employment the services, including supportive services needed to enter, participate in, and complete workforce preparation, training, and education programs aligned with regional labor market needs in innovative ways. This program shall fund new ideas and approaches and work with organizations with no previous record of accomplishments with the department. Priority must be given to applications that integrate individuals from targeted populations into career pathway programs aligned with regional labor market needs.

Subd. 3. **Grants.** (a) Grants under this section shall be awarded on a competitive basis after consultation with the Grant Review Advisory Council under section 116L.23.

(b) The commissioner must provide outreach and technical assistance to prospective applicants.

(c) Grant applicants may be required to participate in technical assistance activities, including but not limited to convening communities of practice to identify and help replicate evidence-based practices and to help facilitate an assessment and evaluation of grant performance and initiative success.

Subd. 4. **Pay for performance.** (a) All grants under the program must be pay for performance under a written agreement with the commissioner that stipulates the specific project, services, time period, number of participants, population targeted, and quantifiable performance measures the applicant organization will achieve, along with an amount of money that will be paid to the organization if those performance measures are achieved within the stated time period.

(b) Achievement of the specified performance measures shall be determined by an independent evaluator procured by the organization.

(c) To enter into a written agreement under this subdivision, the applicant organization must first provide evidence that it has secured all necessary financing before service delivery begins and must provide information on these sources of funding, including any matching funds that will be used.

Subd. 5. **Performance outcome measures.** Reporting and performance outcomes for this program must comply with the requirements under section 116L.98.

Subd. 6. **Report to legislature.** (a) Within one year of receiving grant funds under this section, organizations must each submit a written report to the commissioner on the use of grant funds.

(b) Beginning in January 2023, the commissioner must submit a biennial report on the information reported under paragraph (a), as required under section 3.195. A copy of this report must also be sent to the chairs and ranking minority members of the committees of the house of representatives and the senate having jurisdiction over workforce development.

Sec. 18. **[116L.23] GRANT REVIEW ADVISORY COUNCIL.**

Subdivision 1. **Establishment.** The commissioner of employment and economic development shall establish a Grant Review Advisory Council to review grant applications and make recommendations to the commissioner.

Subd. 2. **Appointment of members.** (a) By July 15, 2021, the commissioner shall appoint 15 members to the advisory council. These members must have demonstrated experience and expertise in workforce development and must represent a diverse range of communities and perspectives.

(b) After the initial appointments, members of the advisory council shall be appointed no later than January 15 of every odd-numbered year and shall serve until January 15 of the next odd-numbered year. Members may be removed and vacancies filled as provided in section 15.059, subdivision 4. Appointed members are eligible for reappointment and shall serve until their successors have been appointed.

Subd. 3. **Operations.** (a) The commissioner shall convene the first meeting of the advisory council no later than August 1, 2021. The advisory council shall elect a chair and other officers at its first meeting and biannually thereafter. The duties of these officers shall be established by the advisory council.

(b) Members of the advisory council serve without compensation or payment of expenses.

(c) The commissioner shall provide meeting space and administrative services for the advisory council. All costs necessary to support the advisory council's operations must be absorbed using existing appropriations available to the commissioner.

(d) The advisory council is subject to chapter 13D, but may close a meeting to discuss sensitive private business information included in grant applications. Data related to an application for a grant submitted to the advisory council is governed by section 13.599.

Subd. 4. **Review of grants.** The advisory council shall establish criteria for ranking applicants for awards under each grant program in which the council provides recommendations to the commissioner. This criteria must consider which applicants are currently able or have the best potential to:

(1) reach a broad diverse audience, including any populations targeted by the program, through their recruitment and outreach efforts;

(2) significantly increase enrollment in and completion of the training program the applicant plans to promote; and

(3) fill existing market needs for skilled workers.

The advisory council must also consider the documented employment outcomes each applicant achieved when operating similar programs in the past.

Subd. 5. **Conflicts of interest.** A member of the advisory council must not participate in the consideration of an application submitted by anyone with whom the member has a financial or personal relationship and must complete a conflict of interest form indicating the nature of such a relationship before participating in the consideration of any applicants in the same round of applications to that grant program.

Sec. 19. Minnesota Statutes 2020, section 116L.40, is amended by adding a subdivision to read:

Subd. 2a. **Automation technology.** "Automation technology" means a process or procedure performed with minimal human assistance. Automation or automatic control is the use of various control systems for operating equipment such as machinery, processes in factories, or other applications with minimal or reduced human intervention. Adoption, implementation, and utilization of any one of three types of automation in production are acceptable for consideration of this program, including fixed automation, programmable automation, and flexible automation.

Sec. 20. Minnesota Statutes 2020, section 116L.40, subdivision 5, is amended to read:

Subd. 5. **Employee.** "Employee" means the individual employed in a new or existing job.

Sec. 21. Minnesota Statutes 2020, section 116L.40, subdivision 6, is amended to read:

Subd. 6. **Employer.** "Employer" means the individual, corporation, partnership, limited liability company, or association providing new jobs or investing in new automation technology and entering into an agreement.

Sec. 22. Minnesota Statutes 2020, section 116L.40, subdivision 9, is amended to read:

Subd. 9. **Program costs.** "Program costs" means all necessary and incidental costs of providing program services~~, except that program costs are increased by $1,000 per employee for an individual with a disability~~. The term does not include the cost of purchasing equipment to be owned or used by the training or educational institution or service.

Sec. 23. Minnesota Statutes 2020, section 116L.40, subdivision 10, is amended to read:

Subd. 10. **Program services.** "Program services" means training and education specifically directed to new or existing jobs that are determined to be appropriate by the commissioner, including in-house training; services provided by institutions of higher education and federal, state, or local agencies; or private training or educational services. Administrative services and assessment and testing costs are included.

Sec. 24. Minnesota Statutes 2020, section 116L.41, subdivision 1, is amended to read:

Subdivision 1. **Service provision.** Upon request, the commissioner shall provide or coordinate the provision of program services under sections 116L.40 to 116L.42 to a business eligible for grants under this section ~~116L.42~~. The commissioner shall specify the form of and required information to be provided with applications for projects to be funded with grants under this section ~~116L.42~~.

Sec. 25. Minnesota Statutes 2020, section 116L.41, is amended by adding a subdivision to read:

Subd. 1a. **Job training incentive program.** (a) The commissioner may provide grants in aid of up to $200,000 to new or expanding employers at a location in Minnesota and outside of the metropolitan area, as defined in section 473.121, subdivision 2, for the provision of program services using the guidelines in this subdivision.

(b) The program must involve training and education specifically directed to new jobs that are determined to be appropriate by the commissioner.

(c) The program must give preference to projects that provide training for economically disadvantaged people, people of color, or people with disabilities and to employers located in economically distressed areas.

(d) Employers are eligible for reimbursement of program costs of up to $10,000 per new job for which training is provided, with an additional $1,000 available per new job for an individual with a disability.

Sec. 26. Minnesota Statutes 2020, section 116L.41, is amended by adding a subdivision to read:

Subd. 1b. **Automation incentive program.** (a) The commissioner may provide grants in aid of up to $35,000 to employers at a location in Minnesota outside of the metropolitan area, as defined in section 473.121, subdivision 2, for the provision of program services using the guidelines in this subdivision.

(b) The employer must be an existing business located in Minnesota that is in the manufacturing or skilled assembly production industry and has 150 or fewer full-time employees companywide.

(c) The employer must be invested in new automation technology within the past year or plan to invest in new automation technology within the project time frame specified in the agreement under subdivision 3.

(d) The program must involve training and education for full-time, permanent employees that is directly related to the new automation technology.

(e) The program must give preference to projects that provide training for economically disadvantaged people, people of color, or people with disabilities and to employers located in economically distressed areas.

(f) Employers are eligible for program cost reimbursement of up to $5,000 per employee trained on new automation technology and retained.

Sec. 27. Minnesota Statutes 2020, section 116L.41, subdivision 2, is amended to read:

Subd. 2. **Agreements; required terms.** (a) The commissioner may enter into an agreement to establish a project with an employer that:

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

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

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

(4) provides that each employee ~~must be paid wages at least equal to the median hourly wage for the county in which the job is located, as reported in the most recently available data from the United States Bureau of the Census, plus benefits, by the earlier of the end of the training period or 18 months of employment under the project~~ receiving training through the project must be paid wages of at least 120 percent of the federal poverty guidelines for a family of four, plus benefits; and

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

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

(1) determine that sufficient funds for the project are available ~~under section 116L.42~~; and

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

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

Sec. 28. Minnesota Statutes 2020, section 116L.42, subdivision 1, is amended to read:

Subdivision 1. **Recovery of program costs.** Amounts paid by employers for program costs are repaid by a job training grant equal to the lesser of the following:

(1) the amount of program costs specified in the agreement for the project; or

(2) the amount of program costs paid by the employer for ~~new~~ training employees under a project.

Sec. 29. Minnesota Statutes 2020, section 116L.42, subdivision 2, is amended to read:

Subd. 2. **Reports.** (a) By February 1, ~~2018~~ 2024, the commissioner shall report to the governor and the legislature on the program. The report must include at least:

(1) the amount of grants issued under the program;

(2) the number of individuals receiving training under the program, including the number of new hires who are individuals with disabilities;

(3) the number of new hires attributable to the program, including the number of new hires who are individuals with disabilities;

(4) an analysis of the effectiveness of the grant in encouraging employment or investments in automation technology; and

(5) any other information the commissioner determines appropriate.

(b) The report to the legislature must be distributed as provided in section 3.195.

Sec. 30. Minnesota Statutes 2020, section 116L.98, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** The commissioner shall develop and implement a uniform outcome measurement and reporting system for adult workforce-related programs funded in whole or in part by state funds as well as for youth workforce-related programs funded in whole or in part by state funds. For the purpose of this section, "workforce-related programs" means all education and training programs administered by the commissioner and includes programs and services administered by the commissioner and provided to individuals enrolled in adult basic education under section 124D.52 and the Minnesota family investment program under chapter 256J.

Sec. 31. Minnesota Statutes 2020, section 116L.98, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given.

(b) "Credential" means postsecondary degrees, diplomas, licenses, and certificates awarded in recognition of an individual's attainment of measurable technical or occupational skills necessary to obtain employment or advance with an occupation. ~~This definition does not include certificates awarded by workforce investment boards or work readiness certificates.~~

(c) "Exit" means to have not received service under a workforce program for 90 consecutive calendar days. The exit date is the last date of service.

(d) "Net impact" means the use of matched control groups and regression analysis to estimate the impacts attributable to program participation net of other factors, including observable personal characteristics and economic conditions.

(e) "Placement" means when a participant exits into unsubsidized employment, postsecondary education, vocational or occupational skills training, a registered apprenticeship, or the military.

~~(e)~~ (f) "Pre-enrollment" means the period of time before an individual was enrolled in a workforce program.

Sec. 32. Minnesota Statutes 2020, section 116L.98, subdivision 3, is amended to read:

Subd. 3. **Uniform outcome report card; reporting by commissioner.** (a) By December 31 of each even-numbered year, the commissioner must report to the chairs and ranking minority members of the committees of the house of representatives and the senate having jurisdiction over economic development and workforce policy and finance the following information separately for each of the previous two fiscal or calendar years, for each program subject to the requirements of subdivision 1:

(1) the total number of participants enrolled;

(2) the median pre-enrollment wages based on participant wages for the second through the fifth calendar quarters immediately preceding the quarter of enrollment excluding those with zero income;

(3) the total number of participants with zero income in the second through fifth calendar quarters immediately preceding the quarter of enrollment;

(4) the total number of participants enrolled in training;

(5) the total number of participants enrolled in training by occupational group;

(6) the total number of participants that exited the program and the average enrollment duration of participants that have exited the program during the year;

(7) the total number of exited participants who completed training;

(8) the total number of exited participants who attained a credential;

(9) the total number of participants employed during three consecutive quarters immediately following the quarter of exit, by industry;

(10) the median wages of participants employed during three consecutive quarters immediately following the quarter of exit;

(11) the total number of participants employed during eight consecutive quarters immediately following the quarter of exit, by industry; and

(12) the median wages of participants employed during eight consecutive quarters immediately following the quarter of exit~~;~~.

~~(13) the total cost of the program;~~

~~(14) the total cost of the program per participant;~~

~~(15) the cost per credential received by a participant; and~~

~~(16) the administrative cost of the program.~~

~~(b)~~ The report to the legislature must contain participant information by education level, race and ethnicity, gender, and geography, and a comparison of exited participants who completed training and those who did not. The report to the legislature shall include a summary of current program trends in the state that are relevant to workforce development and employment outcomes.

~~(c)~~ The requirements of this section apply to programs administered directly by the commissioner or administered by other organizations under a grant made by the department.

(b) For youth workforce-related programs funded in whole or in part by state funds the following shall be reported:

(1) the total number of participants enrolled in training;

(2) the total number of participants who completed training;

(3) the total number of exited participants who have a placement in employment;

(4) the total number of exited participants who have a placement in post-secondary education;

(5) the total number of exited participants with a placement in occupational or vocational skills training, apprenticeship training, or military training;

(6) the total number of exited participants who have returned to school;

(7) the total number of exited participants who earned academic credit or service learning credit for work-based learning or participation in work experience;

(8) the total number of exited participants who have earned their high school diploma or GED;

(9) the total number of exited participants who have earned a certificate or industry-recognized credential; and

(10) the total number of exited participants who have completed and attained a work readiness skills training. "Work readiness" means a participant has the knowledge the participant needs in order to seek out employment. Activities, programs, or services must be designed to help an individual acquire a combination of basic academic skills, critical thinking skills, digital literacy skills, and self-management skills, including competencies in: (i) utilizing resources; (ii) using information; (iii) working with others; (iv) understanding systems; (v) skills necessary for successful transition into and completion of postsecondary education or training, or employment; and (vi) other employability skills. Competencies are measured through a pre- and post-training checklist completed and evaluated by employers.

Sec. 33. **[116L.981] PATHWAYS TO PROSPERITY PROGRAM.**

Subdivision 1. **Pathways to prosperity.** (a) The commissioner shall establish a pathways to prosperity grant program to award grants to organizations to train low-skill, low-income adults, and adults facing the greatest employment disparities, and to assist them in finding employment in high-demand industries with long-term employment opportunities.

(b) "Pathways to prosperity" means a combination of rigorous and high-quality education, training, and other services that:

(1) aligns with the skill needs of high-growth industries in the state, regional, or local economy;

(2) prepares individuals to enter in demand careers;

(3) includes counseling and to support an individual in achieving the individual's education and career goals;

(4) includes, as appropriate, education offered concurrently with and in the same context as workforce preparation activities and training for a specific occupation or occupational cluster;

(5) organizes education, training, and other services to meet the particular needs of an individual in a manner that accelerates the educational and career advancement of the individual to the extent practicable;

(6) enables an individual to attain a relevant academic award, certificate, or industry-recognized credential; and

(7) helps an individual enter or advance within a specific occupation or occupational cluster.

Subd. 2. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

(b) "Career pathway" means a career-readiness program that combines vocational skills training, education, and support services and results in either industry-specific training or an industry-recognized credential. Career pathway includes sector specific vocational skills training that leads to employment in high-demand occupations.

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

Subd. 3. **Competitive grant process.** (a) The commissioner shall award grants to applicants through a competitive grant process. This process shall include an expedited application process for previous grant recipients that operate career pathway programs that are aligned with current labor market needs and that are meeting or exceeding their performance goals related to training and placement for individuals facing multiple barriers to employment.

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

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

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

(e) All grants shall be two years in length.

Subd. 4. **Performance metrics.** Reporting and performance outcomes for the grant program under this section shall comply with the requirements under section 116L.98.

Sec. 34. Laws 2019, First Special Session chapter 7, article 2, section 8, is amended to read:

Sec. 8. **LAUNCH MINNESOTA.**

Subdivision 1. **Establishment.** Launch Minnesota is established within the Business and Community Development Division of the Department of Employment and Economic Development to encourage and support the development of new private sector technologies and support the science and technology policies under Minnesota Statutes, section 3.222. Launch Minnesota must provide entrepreneurs and emerging technology-based companies business development assistance and financial assistance to spur growth.

Subd. 2. **Definitions.** (a) For purposes of this section, the terms defined in this subdivision have the meanings given.

(b) "Advisory board" means the board established under subdivision 9.

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

(d) "Department" means the Department of Employment and Economic Development.

(e) "Entrepreneur" means a Minnesota resident who is involved in establishing a business entity and secures resources directed to its growth while bearing the risk of loss.

(f) "Greater Minnesota" means the area of Minnesota located outside of the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2.

(g) ~~"High technology" includes aerospace, agricultural processing, renewable energy, energy efficiency and conservation, environmental engineering, food technology, cellulosic ethanol, information technology, materials science technology, nanotechnology, telecommunications, biotechnology, medical device products, pharmaceuticals, diagnostics, biologicals, chemistry, veterinary science, and similar fields.~~ "Innovative technology and business" means a new novel business model or product; a derivative product incorporating new elements into an existing product; a new use for a product; or a new process or method for the manufacture, use, or assessment of any product or activity, patentability, or scalability. Innovative technology or business model does not include locally based retail, lifestyle, or business services. The business must not be engaged in real estate development, insurance, banking, lending, lobbying, political consulting, information technology consulting, wholesale or retail trade, leisure, hospitality, transportation, construction, ethanol production from corn, or professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants.

(h) "Institution of higher education" has the meaning given in Minnesota Statutes, section 136A.28, subdivision 6.

(i) "Minority group member" means a United States citizen or lawful permanent resident who is Asian, Pacific Islander, Black, Hispanic, or Native American.

~~(j) "Minority-owned business" means a business for which one or more minority group members:~~

~~(1) own at least 50 percent of the business or, in the case of a publicly owned business, own at least 51 percent of the stock; and~~

~~(2) manage the business and control the daily business operations.~~

~~(k)~~ (j) "Research and development" means any activity that is:

(1) a systematic, intensive study directed toward greater knowledge or understanding of the subject studies;

(2) a systematic study directed specifically toward applying new knowledge to meet a recognized need; or

(3) a systematic application of knowledge toward the production of useful materials, devices, systems and methods, including design, development and improvement of prototypes and new processes to meet specific requirements.

~~(l)~~ (k) "Start-up" means a business entity that has been in operation for less than ten years, has operations in Minnesota, and is in the development stage defined as devoting substantially all of its efforts to establishing a new business and either of the following conditions exists:

(1) planned principal operations have not commenced; or

(2) planned principal operations have commenced, but have generated less than $1,000,000 in revenue.

~~(m)~~ (l) "Technology-related assistance" means the application and utilization of technological-information and technologies to assist in the development and production of new technology-related products or services or to increase the productivity or otherwise enhance the production or delivery of existing products or services.

~~(n)~~ (m) "Trade association" means a nonprofit membership organization organized to promote businesses and business conditions and having an election under Internal Revenue Code section 501(c)(3) or 501(c)(6).

~~(o)~~ (n) "Veteran" has the meaning given in Minnesota Statutes, section 197.447.

~~(p) "Women" means persons of the female gender.~~

~~(q) "Women-owned business" means a business for which one or more women:~~

~~(1) own at least 50 percent of the business or, in the case of a publicly owned business, own at least 51 percent of the stock; and~~

~~(2) manage the business and control the daily business operations.~~

Subd. 3. **Duties.** The commissioner, by and through Launch Minnesota, shall:

(1) support innovation and initiatives designed to accelerate the growth of ~~high-technology~~ innovative technology and business start-ups in Minnesota;

(2) in partnership with other organizations, offer classes and instructional sessions on how to start ~~a high-tech and innovative~~ an innovative technology and business start-up;

(3) promote activities for entrepreneurs and investors regarding the state's growing innovation economy;

(4) hold events and meetings that gather key stakeholders in the state's innovation sector;

(5) conduct outreach and education on innovation activities and related financial programs available from the department and other organizations, particularly for underserved communities;

(6) interact and collaborate with statewide partners including but not limited to businesses, nonprofits, trade associations, and higher education institutions;

(7) administer an advisory board to assist with direction, grant application review, program evaluation, report development, and partnerships;

(8) accept grant applications under subdivisions 5, 6, and 7 and work with the advisory board to review and prioritize the applications and provide recommendations to the commissioner; and

(9) perform other duties at the commissioner's discretion.

Subd. 4. **Administration.** (a) The ~~department~~ commissioner shall employ an executive director in the unclassified service, one staff member to support Launch Minnesota, and one staff member in the business and community development division to manage grants. The executive director shall:

(1) assist the commissioner and the advisory board in performing the duties of Launch Minnesota; and

(2) comply with all state and federal program requirements, and all state and federal securities and tax laws and regulations.

(b) ~~To the extent possible, the space that~~ Launch Minnesota ~~shall~~ may occupy and lease ~~must be~~ physical space in a private coworking facility that includes office space for staff and space for community engagement for training entrepreneurs. The physical space leased under this paragraph is exempt from the requirements in Minnesota Statutes, section 16B.24, subdivision 6.

(c) At least three times per month, Launch Minnesota staff shall ~~visit~~ communicate with organizations in greater Minnesota that have received a grant under subdivision 7. To the extent possible, Launch Minnesota shall form partnerships with organizations located throughout the state.

(d) Launch Minnesota must accept grant applications under this section and provide funding recommendations to the commissioner~~, who~~ and the commissioner shall distribute grants based in part on the recommendations.

Subd. 5. **Application process.** (a) The commissioner shall establish the application form and procedures for grants.

(b) Upon receiving recommendations from Launch Minnesota, the ~~department~~ commissioner is responsible for evaluating all applications using evaluation criteria which shall be developed by Launch Minnesota in consultation with the advisory board ~~and the commissioner~~.

(c) For grants under subdivision 6, priority shall be given if the applicant is:

(1) a business or entrepreneur located in greater Minnesota; or

(2) a business owner, individual with a disability, or entrepreneur who is a woman, veteran, or minority group member.

(d) For grants under subdivision 7, priority shall be given if the applicant is planning to serve:

(1) businesses or entrepreneurs located in greater Minnesota; or

(2) business owners, individuals with disabilities, or entrepreneurs who are women, veterans, or minority group members.

(e) The department staff, and not Launch Minnesota staff, ~~is~~ are responsible for awarding funding, disbursing funds, and monitoring grantee performance for all grants awarded under this section.

(f) Grantees must provide 50 percent in matching funds ~~by equal expenditures~~ and grant payments must be provided on a reimbursement basis after review of submitted receipts by the department.

(g) Grant applications must be accepted on a regular periodic basis by Launch Minnesota and must be reviewed by Launch Minnesota and the advisory board before being submitted to the commissioner with their recommendations.

Subd. 6. **Innovation grants.** (a) The commissioner shall distribute innovation grants under this subdivision.

(b) The commissioner shall provide a grant of up to $35,000 to an eligible business or entrepreneur for research and development expenses, direct business expenses, and the purchase of technical assistance or services from public higher education institutions and nonprofit entities. Research and development expenditures may include but are not limited to proof of concept activities, intellectual property protection, prototype designs and production, and commercial feasibility. Expenditures funded under this subdivision are not eligible for the research and development tax credit under Minnesota Statutes, section 290.068. Direct business expenses may include rent, equipment purchases, and supplier invoices. Taxes imposed by federal, state, or local government entities may not be reimbursed under this paragraph. Technical assistance or services must be purchased to assist in the development or commercialization of a product or service to be eligible. Each business or entrepreneur may receive only one grant per biennium under this paragraph.

~~(c) The commissioner shall provide a grant of up to $7,500 to reimburse an entrepreneur for housing or child care expenses for the entrepreneur or their spouse or children. Each entrepreneur may receive only one grant per biennium under this paragraph.~~

~~(d)~~ (c) The commissioner shall provide a grant of up to $35,000 in Phase 1 or $50,000 in Phase 2 to an eligible business or entrepreneur that, as a registered client of the Small Business Innovation Research (SBIR) program, has been awarded a first time Phase 1 or Phase 2 award pursuant to the SBIR or Small Business Technology Transfer (STTR) programs after July 1, 2019. Each business or entrepreneur may receive only one grant per biennium under this paragraph. Grants under this paragraph are not subject to the requirements of subdivision 2, paragraph ~~(l)~~ (k), but do require a recommendation from the Launch Minnesota advisory board.

Subd. 7. **Entrepreneur education grants.** (a) The commissioner shall make entrepreneur education grants to institutions of higher education and other organizations to provide educational programming to entrepreneurs and provide outreach to and collaboration with businesses, federal and state agencies, institutions of higher education, trade associations, and other organizations working to advance innovative~~, high~~ technology businesses throughout Minnesota.

(b) Applications for entrepreneur education grants under this subdivision must be submitted to the commissioner and evaluated by department staff other than Launch Minnesota. The evaluation criteria must be developed by Launch Minnesota, in consultation with the advisory board, and the commissioner, and priority must be given to an applicant who demonstrates activity assisting ~~businesses~~ business owners or entrepreneurs residing in greater Minnesota or who are women, veterans, or minority group members.

(c) Department staff other than Launch Minnesota staff ~~is~~ are responsible for awarding funding, disbursing funds, and monitoring grantee performance under this subdivision.

(d) Grantees may use the grant funds to deliver the following services:

(1) development and delivery to ~~high~~ innovative technology businesses of industry specific or innovative product or process specific counseling on issues of business formation, market structure, market research and strategies, securing first mover advantage or overcoming barriers to entry, protecting intellectual property, and securing debt or equity capital. This counseling is to be delivered in a classroom setting or using distance media presentations;

(2) outreach and education to businesses and organizations on the small business investment tax credit program under Minnesota Statutes, section 116J.8737, the MNvest crowd-funding program under Minnesota Statutes, section 80A.461, and other state programs that support ~~high~~ innovative technology business creation especially in underserved communities;

(3) collaboration with institutions of higher education, local organizations, federal and state agencies, the Small Business Development Center, and the Small Business Assistance Office to create and offer educational programming and ongoing counseling in greater Minnesota that is consistent with those services offered in the metropolitan area; and

(4) events and meetings with other innovation-related organizations to inform entrepreneurs and potential investors about Minnesota's growing information economy.

Subd. 8. **Report.** Launch Minnesota shall report by December 31, 2022, and again by December 31, 2023, to the chairs and ranking minority members of the committees of the house of representatives and senate having jurisdiction over economic development policy and finance. Each report shall include information on the work completed, including awards made by the department under this section and progress toward transferring some activities of Launch Minnesota to an entity outside of state government.

Subd. 9. **Advisory board.** (a) The commissioner shall establish an advisory board to advise the executive director regarding the activities of Launch Minnesota, make the recommendations described in this section, and develop and initiate a strategic plan for transferring some activities of Launch Minnesota to a new or existing public-private partnership or nonprofit organization outside of state government.

(b) The advisory board shall consist of ~~ten~~ 12 members and is governed by Minnesota Statutes, section 15.059. A minimum of seven members must be from the private sector representing business and at least two members but no more than three members must be from government and higher education. At least three of the members of the advisory board shall be from greater Minnesota and at least three members shall be minority group members. Appointees shall represent a range of interests, including entrepreneurs, large businesses, industry organizations, investors, and both public and private small business service providers.

(c) The advisory board shall select a chair from its ~~private-sector~~ members. The executive director shall provide administrative support to the committee.

(d) The commissioner, or a designee, shall serve as an ex-officio, nonvoting member of the advisory board.

Subd. 10. **Expiration.** This section expires January 1, 2024.

Sec. 35. **GRANT EXCEPTIONS.**

Notwithstanding Minnesota Statutes, sections 116J.8731, subdivision 5, and 116J.8748, subdivision 4, the commissioner may approve a Minnesota investment fund grant or job creation fund grant of up to $2,000,000 for qualified applicants. This section expires July 1, 2022.

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

Sec. 36. **ONETIME EXCEPTION TO RESTRICTIONS ON USE OF MINNESOTA INVESTMENT FUND LOCAL GOVERNMENT LOAN REPAYMENT FUNDS.**

(a) Notwithstanding Minnesota Statutes, section 116J.8731, a home rule charter or statutory city, county, or town that has uncommitted money received from repayment of funds awarded under Minnesota Statutes, section 116J.8731, may choose to transfer 20 percent of the balance of that money to the state general fund before June 30, 2022. Any local entity that does so may then use the remaining 80 percent of the uncommitted money as a general purpose aid for any lawful expenditure.

(b) By February 15, 2023, a home rule charter or statutory city, county, or town that exercises the option under paragraph (a) shall submit to the chairs of the legislative committees with jurisdiction over economic development policy and finance an accounting and explanation of the use and distribution of the funds.

Sec. 37. **REPEALER.**

Minnesota Statutes 2020, section 116L.18, is repealed.

ARTICLE 4
FAMILY AND MEDICAL BENEFITS

Section 1. Minnesota Statutes 2020, section 13.719, is amended by adding a subdivision to read:

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

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

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

Sec. 2. Minnesota Statutes 2020, section 177.27, subdivision 4, is amended to read:

Subd. 4. **Compliance orders.** The commissioner may issue an order requiring an employer to comply with sections 177.21 to 177.435, 181.02, 181.03, 181.031, 181.032, 181.101, 181.11, 181.13, 181.14, 181.145, 181.15, 181.172, paragraph (a) or (d), 181.275, subdivision 2a, 181.722, 181.79, ~~and~~ 181.939 to 181.943, 268B.09, subdivisions 1 to 6, and 268B.14, subdivision 3, or with any rule promulgated under section 177.28. The commissioner shall issue an order requiring an employer to comply with sections 177.41 to 177.435 if the violation is repeated. For purposes of this subdivision only, a violation is repeated if at any time during the two years that

preceded the date of violation, the commissioner issued an order to the employer for violation of sections 177.41 to 177.435 and the order is final or the commissioner and the employer have entered into a settlement agreement that required the employer to pay back wages that were required by sections 177.41 to 177.435. The department shall serve the order upon the employer or the employer's authorized representative in person or by certified mail at the employer's place of business. An employer who wishes to contest the order must file written notice of objection to the order with the commissioner within 15 calendar days after being served with the order. A contested case proceeding must then be held in accordance with sections 14.57 to 14.69. If, within 15 calendar days after being served with the order, the employer fails to file a written notice of objection with the commissioner, the order becomes a final order of the commissioner.

Sec. 3. Minnesota Statutes 2020, section 181.032, is amended to read:

181.032 REQUIRED STATEMENT OF EARNINGS BY EMPLOYER; NOTICE TO EMPLOYEE.

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

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

(1) the name of the employee;

(2) the rate or rates of pay and basis thereof, including whether the employee is paid by hour, shift, day, week, salary, piece, commission, or other method;

(3) allowances, if any, claimed pursuant to permitted meals and lodging;

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

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

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

(7) any amount deducted by the employer under section 268B.14, subdivision 3, and the amount paid by the employer based on the employee's wages under section 268B.14, subdivision 1;

~~(7)~~ (8) the net amount of pay after all deductions are made;

~~(8)~~ (9) the date on which the pay period ends;

~~(9)~~ (10) the legal name of the employer and the operating name of the employer if different from the legal name;

~~(10)~~ (11) the physical address of the employer's main office or principal place of business, and a mailing address if different; and

~~(11)~~ (12) the telephone number of the employer.

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

(d) At the start of employment, an employer shall provide each employee a written notice containing the following information:

(1) the rate or rates of pay and basis thereof, including whether the employee is paid by the hour, shift, day, week, salary, piece, commission, or other method, and the specific application of any additional rates;

(2) allowances, if any, claimed pursuant to permitted meals and lodging;

(3) paid vacation, sick time, or other paid time-off accruals and terms of use;

(4) the employee's employment status and whether the employee is exempt from minimum wage, overtime, and other provisions of chapter 177, and on what basis;

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

(6) the number of days in the pay period, the regularly scheduled pay day, and the pay day on which the employee will receive the first payment of wages earned;

(7) the legal name of the employer and the operating name of the employer if different from the legal name;

(8) the physical address of the employer's main office or principal place of business, and a mailing address if different; and

(9) the telephone number of the employer.

(e) The employer must keep a copy of the notice under paragraph (d) signed by each employee acknowledging receipt of the notice. The notice must be provided to each employee in English. The English version of the notice must include text provided by the commissioner that informs employees that they may request, by indicating on the form, the notice be provided in a particular language. If requested, the employer shall provide the notice in the language requested by the employee. The commissioner shall make available to employers the text to be included in the English version of the notice required by this section and assist employers with translation of the notice in the languages requested by their employees.

(f) An employer must provide the employee any written changes to the information contained in the notice under paragraph (d) prior to the date the changes take effect.

Sec. 4. Minnesota Statutes 2020, section 268.19, subdivision 1, is amended to read:

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

(1) state and federal agencies specifically authorized access to the data by state or federal law;

(2) any agency of any other state or any federal agency charged with the administration of an unemployment insurance program;

(3) any agency responsible for the maintenance of a system of public employment offices for the purpose of assisting individuals in obtaining employment;

(4) the public authority responsible for child support in Minnesota or any other state in accordance with section 256.978;

(5) human rights agencies within Minnesota that have enforcement powers;

(6) the Department of Revenue to the extent necessary for its duties under Minnesota laws;

(7) public and private agencies responsible for administering publicly financed assistance programs for the purpose of monitoring the eligibility of the program's recipients;

(8) the Department of Labor and Industry and the Commerce Fraud Bureau in the Department of Commerce for uses consistent with the administration of their duties under Minnesota law;

(9) the Department of Human Services and the Office of Inspector General and its agents within the Department of Human Services, including county fraud investigators, for investigations related to recipient or provider fraud and employees of providers when the provider is suspected of committing public assistance fraud;

(10) local and state welfare agencies for monitoring the eligibility of the data subject for assistance programs, or for any employment or training program administered by those agencies, whether alone, in combination with another welfare agency, or in conjunction with the department or to monitor and evaluate the statewide Minnesota family investment program by providing data on recipients and former recipients of Supplemental Nutrition Assistance Program (SNAP) benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B or 256L or formerly codified under chapter 256D;

(11) local and state welfare agencies for the purpose of identifying employment, wages, and other information to assist in the collection of an overpayment debt in an assistance program;

(12) local, state, and federal law enforcement agencies for the purpose of ascertaining the last known address and employment location of an individual who is the subject of a criminal investigation;

(13) the United States Immigration and Customs Enforcement has access to data on specific individuals and specific employers provided the specific individual or specific employer is the subject of an investigation by that agency;

(14) the Department of Health for the purposes of epidemiologic investigations;

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

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

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

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

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

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

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

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

Subd. 2. **Applicant.** "Applicant" means an individual applying for leave with benefits under this chapter.

Subd. 3. **Applicant's average weekly wage.** "Applicant's average weekly wage" means an amount equal to the applicant's high quarter wage credits divided by 13.

Subd. 4. **Base period.** (a) "Base period," unless otherwise provided in this subdivision, means the most recent four completed calendar quarters before the effective date of an applicant's application for family or medical leave benefits if the application has an effective date occurring after the month following the most recent completed calendar quarter. The base period under this paragraph is as follows:

If the application for family or medical leave benefits is effective on or between these dates:	The base period is the prior:
February 1 to March 31	January 1 to December 31
May 1 to June 30	April 1 to March 31
August 1 to September 30	July 1 to June 30
November 1 to December 31	October 1 to September 30

(b) If an application for family or medical leave benefits has an effective date that is during the month following the most recent completed calendar quarter, then the base period is the first four of the most recent five completed calendar quarters before the effective date of an applicant's application for family or medical leave benefits. The base period under this paragraph is as follows:

If the application for family or medical leave benefits is effective on or between these dates:	The base period is the prior:
January 1 to January 31	October 1 to September 30
April 1 to April 30	January 1 to December 31
July 1 to July 31	April 1 to March 31
October 1 to October 31	July 1 to June 30

(c) Regardless of paragraph (a), a base period of the first four of the most recent five completed calendar quarters must be used if the applicant would have more wage credits under that base period than under a base period of the four most recent completed calendar quarters.

(d) If the applicant has insufficient wage credits to establish a benefit account under a base period of the four most recent completed calendar quarters, or a base period of the first four of the most recent five completed calendar quarters, but during either base period the applicant received workers' compensation for temporary disability under chapter 176 or a similar federal law or similar law of another state, or if the applicant whose own serious illness caused a loss of work for which the applicant received compensation for loss of wages from some other source, the applicant may request a base period as follows:

(1) if an applicant was compensated for a loss of work of seven to 13 weeks during a base period referred to in paragraph (a) or (b), then the base period is the first four of the most recent six completed calendar quarters before the effective date of the application for family or medical leave benefits;

(2) if an applicant was compensated for a loss of work of 14 to 26 weeks during a base period referred to in paragraph (a) or (b), then the base period is the first four of the most recent seven completed calendar quarters before the effective date of the application for family or medical leave benefits;

(3) if an applicant was compensated for a loss of work of 27 to 39 weeks during a base period referred to in paragraph (a) or (b), then the base period is the first four of the most recent eight completed calendar quarters before the effective date of the application for family or medical leave benefits; and

(4) if an applicant was compensated for a loss of work of 40 to 52 weeks during a base period referred to in paragraph (a) or (b), then the base period is the first four of the most recent nine completed calendar quarters before the effective date of the application for family or medical leave benefits.

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

Subd. 6. **Benefit account.** "Benefit account" means a benefit account established under section 268B.04.

Subd. 7. **Benefit year.** "Benefit year" means the period of 52 calendar weeks beginning the date a benefit account under section 268B.04 is effective. For a benefit account established effective any January 1, April 1, July 1, or October 1, the benefit year will be a period of 53 calendar weeks.

Subd. 8. **Bonding.** "Bonding" means time spent by an applicant who is a biological, adoptive, or foster parent with a biological, adopted, or foster child in conjunction with the child's birth, adoption, or placement.

Subd. 9. **Calendar day.** "Calendar day" or "day" means a fixed 24-hour period corresponding to a single calendar date.

Subd. 10. **Calendar quarter.** "Calendar quarter" means the period of three consecutive calendar months ending on March 31, June 30, September 30, or December 31.

Subd. 11. **Calendar week.** "Calendar week" has the same meaning as "week" under subdivision 46.

Subd. 12. **Commissioner.** "Commissioner" means the commissioner of employment and economic development, unless otherwise indicated by context.

Subd. 13. **Covered employment.** (a) "Covered employment" means performing services of whatever nature, unlimited by the relationship of master and servant as known to the common law, or any other legal relationship performed for wages or under any contract calling for the performance of services, written or oral, express or implied.

(b) "Employment" includes an individual's entire service performed within or without or both within and without this state, if:

(1) the service is localized in this state; or

(2) the service is not localized in any state, but some of the service is performed in this state and:

(i) the base of operations of the employee is in the state, or if there is no base of operations, then the place from which such service is directed or controlled is in this state; or

(ii) the base of operations or place from which such service is directed or controlled is not in any state in which some part of the service is performed, but the individual's residence is in this state.

(c) "Covered employment" does not include:

(1) a self-employed individual; or

(2) an independent contractor.

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

Subd. 15. **Employee.** (a) "Employee" means an individual who is in the employment of an employer.

(b) Employee does not include employees of the United States of America.

Subd. 16. **Employer.** (a) "Employer" means:

(1) any person, type of organization, or entity, including any partnership, association, trust, estate, joint stock company, insurance company, limited liability company, or corporation, whether domestic or foreign, or the receiver, trustee in bankruptcy, trustee, or the legal representative of a deceased person, having any individual in covered employment;

(2) the state, statewide system, and state agencies; and

(3) any local government entity, including but not limited to a county, city, town, school district, municipal corporation, quasimunicipal corporation, or other political subdivision. An employer also includes charter schools.

(b) Employer does not include:

(1) the United States of America; or

(2) a self-employed individual who has elected and been approved for coverage under section 268B.11 with regard to the self-employed individual's own coverage and benefits.

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

Subd. 18. **Family and medical benefit insurance account.** "Family and medical benefit insurance account" means the family and medical benefit insurance account in the special revenue fund in the state treasury under section 268B.02.

Subd. 19. **Family and medical benefit insurance enforcement account.** "Family and medical benefit insurance enforcement account" means the family and medical benefit insurance enforcement account in the state treasury under section 268B.185.

Subd. 20. **Family benefit program.** "Family benefit program" means the program administered under this chapter for the collection of premiums and payment of benefits related to family care, bonding, safety leave, and leave related to a qualifying exigency.

Subd. 21. **Family care.** "Family care" means an applicant caring for a family member with a serious health condition or caring for a family member who is a covered service member.

Subd. 22. **Family member.** (a) "Family member" means an employee's child, adult child, spouse, sibling, parent, parent-in-law, grandchild, grandparent, stepparent, member of the employee's household, or domestic partner.

(b) For the purposes of this chapter, a child includes a stepchild, biological, adopted, or foster child of the employee, or a child for whom the employee is standing in loco parentis.

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

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

Subd. 23. **Health care provider.** "Health care provider" means:

(1) an individual who is licensed, certified, or otherwise authorized under law to practice in the individual's scope of practice as a physician, osteopath, surgeon, or advanced practice registered nurse; or

(2) any other individual determined by the commissioner by rule, in accordance with the rulemaking procedures in the Administrative Procedure Act, to be capable of providing health care services.

Subd. 24. **High quarter.** "High quarter" means the calendar quarter in an applicant's base period with the highest amount of wage credits.

Subd. 25. **Incapacity.** "Incapacity" means inability to perform regular work, attend school, or perform other regular daily activities due to a serious health condition, treatment therefore, or recovery therefrom.

Subd. 26. **Independent contractor.** (a) If there is an existing specific test or definition for independent contractor in Minnesota statute or rule applicable to an occupation or sector as of the date of enactment of this chapter, that test or definition shall apply to that occupation or sector for purposes of this chapter. If there is not an existing test or definition as described, the definition for independent contractor shall be as provided in this subdivision.

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

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

(2) the individual:

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

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

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

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

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

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

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

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

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

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

Subd. 27. **Inpatient care.** "Inpatient care" means an overnight stay in a hospital, hospice, or residential medical care facility, including any period of incapacity, or any subsequent treatment in connection with such inpatient care.

Subd. 28. **Maximum weekly benefit amount.** "Maximum weekly benefit amount" means the state's average weekly wage as calculated under section 268.035, subdivision 23.

Subd. 29. **Medical benefit program.** "Medical benefit program" means the program administered under this chapter for the collection of premiums and payment of benefits related to an applicant's serious health condition or pregnancy.

Subd. 30. **Net earnings from self-employment.** "Net earnings from self-employment" has the meaning given in section 1402 of the Internal Revenue Code, as defined in section 290.01, subdivision 31.

Subd. 31. **Pregnancy.** "Pregnancy" means prenatal care or incapacity due to pregnancy or recovery from childbirth, still birth, miscarriage, or related health conditions.

Subd. 32. **Qualifying exigency.** (a) "Qualifying exigency" means a need arising out of a military member's active duty service or notice of an impending call or order to active duty in the United States armed forces, including providing for the care or other needs of the family member's child or other dependent, making financial or legal arrangements for the family member, attending counseling, attending military events or ceremonies, spending time with the family member during a rest and recuperation leave or following return from deployment, or making arrangements following the death of the military member.

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

Subd. 33. **Safety leave.** "Safety leave" means leave from work because of domestic abuse, sexual assault, or stalking of the employee or employee's family member, provided the leave is to:

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

(2) obtain services from a victim services organization;

(3) obtain psychological or other counseling;

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

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

Subd. 34. **Self-employed individual.** "Self-employed individual" means a resident of the state who, in one of the two taxable years preceding the current calendar year, derived at least $10,000 in net earnings from self-employment from an entity other than an S corporation for the performance of services in this state.

Subd. 35. **Self-employment premium base.** "Self-employment premium base" means the lesser of:

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

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

Subd. 36. **Self-employment wages.** "Self-employment wages" means the amount of wages that a self-employed individual earned in the calendar year from an entity from which the individual also received net earnings from self-employment.

Subd. 37. **Serious health condition.** (a) "Serious health condition" means a physical or mental illness, injury, impairment, condition, or substance use disorder that involves:

(1) at-home care or inpatient care in a hospital, hospice, or residential medical care facility, including any period of incapacity; or

(2) continuing treatment or supervision by a health care provider which includes any one or more of the following:

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

(A) treatment two or more times by a health care provider or by a provider of health care services under orders of, or on referral by, a health care provider; or

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

(ii) a period of incapacity due to pregnancy, or for prenatal care;

(iii) a period of incapacity or treatment for a chronic health condition that:

(A) requires periodic visits, defined as at least twice a year, for treatment by a health care provider or under orders of, or on referral by, a health care provider;

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

(C) may cause episodic rather than continuing periods of incapacity;

(iv) a period of incapacity which is permanent or long term due to a condition for which treatment may not be effective. The employee or family member must be under the continuing supervision of, but need not be receiving active treatment by, a health care provider; or

(v) a period of absence to receive multiple treatments, including any period of recovery from the treatments, by a health care provider or by a provider of health care services under orders of, or on referral by, a health care provider, for:

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

(B) a condition that would likely result in a period of incapacity of more than three consecutive, full calendar days in the absence of medical intervention or treatment.

(b) For the purposes of paragraph (a), clauses (1) and (2), treatment by a health care provider means an in-person visit or telemedicine visit with a health care provider, or by a provider of health care services under orders of, or on referral by, a health care provider.

(c) For the purposes of paragraph (a), treatment includes but is not limited to examinations to determine if a serious health condition exists and evaluations of the condition.

(d) Absences attributable to incapacity under paragraph (a), clause (2), item (ii) or (iii), qualify for leave under this chapter even if the employee or the family member does not receive treatment from a health care provider during the absence, and even if the absence does not last more than three consecutive, full calendar days.

Subd. 38. **State's average weekly wage.** "State's average weekly wage" means the weekly wage calculated under section 268.035, subdivision 23.

Subd. 39. **Supplemental benefit payment.** (a) "Supplemental benefit payment" means:

(1) a payment made by an employer to an employee as salary continuation or as paid time off. Such a payment must be in addition to any family or medical leave benefits the employee is receiving under this chapter; and

(2) a payment offered by an employer to an employee who is taking leave under this chapter to supplement the family or medical leave benefits the employee is receiving.

(b) Employers may, but are not required to, designate certain benefits including but not limited to salary continuation, vacation leave, sick leave, or other paid time off as a supplemental benefit payment.

(c) Nothing in this chapter requires an employee to receive supplemental benefit payments.

Subd. 40. **Taxable year.** "Taxable year" has the meaning given in section 290.01, subdivision 9.

Subd. 41. **Taxable wages.** "Taxable wages" means those wages paid to an employee in covered employment each calendar year up to an amount equal to the maximum wages subject to premium in a calendar year, which is equal to the maximum earnings in that year subject to the FICA Old-Age, Survivors, and Disability Insurance tax rounded to the nearest $1,000.

Subd. 42. **Typical workweek hours.** "Typical workweek hours" means:

(1) for an hourly employee, the average number of hours worked per week by an employee within the high quarter during the base year; or

(2) 40 hours for a salaried employee, regardless of the number of hours the salaried employee typically works.

Subd. 43. **Wage credits.** "Wage credits" means the amount of wages paid within an applicant's base period for covered employment, as defined in subdivision 13.

Subd. 44. **Wage detail report.** "Wage detail report" means the report on each employee in covered employment required from an employer on a calendar quarter basis under section 268B.12.

Subd. 45. **Wages.** (a) "Wages" means all compensation for employment, including commissions; bonuses, awards, and prizes; severance payments; standby pay; vacation and holiday pay; back pay as of the date of payment; tips and gratuities paid to an employee by a customer of an employer and accounted for by the employee to the employer; sickness and accident disability payments, except as otherwise provided in this subdivision; and the cash value of housing, utilities, meals, exchanges of services, and any other goods and services provided to compensate an employee, except:

(1) the amount of any payment made to, or on behalf of, an employee under a plan established by an employer that makes provision for employees generally or for a class or classes of employees, including any amount paid by an employer for insurance or annuities, or into a plan, to provide for a payment, on account of (i) retirement, (ii) medical and hospitalization expenses in connection with sickness or accident disability, or (iii) death;

(2) the payment by an employer of the tax imposed upon an employee under United States Code, title 26, section 3101 of the Federal Insurance Contribution Act, with respect to compensation paid to an employee for domestic employment in a private household of the employer or for agricultural employment;

(3) any payment made to, or on behalf of, an employee or beneficiary (i) from or to a trust described in United States Code, title 26, section 401(a) of the federal Internal Revenue Code, that is exempt from tax under section 501(a) at the time of the payment unless the payment is made to an employee of the trust as compensation for services as an employee and not as a beneficiary of the trust, or (ii) under or to an annuity plan that, at the time of the payment, is a plan described in section 403(a);

(4) the value of any special discount or markdown allowed to an employee on goods purchased from or services supplied by the employer where the purchases are optional and do not constitute regular or systematic payment for services;

(5) customary and reasonable directors' fees paid to individuals who are not otherwise employed by the corporation of which they are directors;

(6) the payment to employees for reimbursement of meal expenses when employees are required to perform work after their regular hours;

(7) the payment into a trust or plan for purposes of providing legal or dental services if provided for all employees generally or for a class or classes of employees;

(8) the value of parking facilities provided or paid for by an employer, in whole or in part, if provided for all employees generally or for a class or classes of employees;

(9) royalties to an owner of a franchise, license, copyright, patent, oil, mineral, or other right;

(10) advances or reimbursements for traveling or other ordinary and necessary expenses incurred or reasonably expected to be incurred in the business of the employer. Traveling and other reimbursed expenses must be identified either by making separate payments or by specifically indicating the separate amounts where both wages and expense allowances are combined in a single payment;

(11) residual payments to radio, television, and similar artists that accrue after the production of television commercials, musical jingles, spot announcements, radio transcriptions, film soundtracks, and similar activities;

(12) the income to a former employee resulting from the exercise of a nonqualified stock option;

(13) supplemental unemployment benefit payments under a plan established by an employer, if the payment is not wages under the Federal Unemployment Tax Act. The payments are wages unless made solely for the supplementing of weekly state or federal unemployment benefits. Supplemental unemployment benefit payments may not be assigned, nor may any consideration be required from the applicant, other than a release of claims in order to be excluded from wages;

(14) sickness or accident disability payments made by the employer after the expiration of six calendar months following the last calendar month that the individual worked for the employer;

(15) disability payments made under the provisions of any workers' compensation law;

(16) sickness or accident disability payments made by a third-party payer such as an insurance company; or

(17) payments made into a trust fund, or for the purchase of insurance or an annuity, to provide for sickness or accident disability payments to employees under a plan or system established by the employer that provides for the employer's employees generally or for a class or classes of employees.

(b) Nothing in this subdivision excludes from the term "wages" any payment made under any type of salary reduction agreement, including payments made under a cash or deferred arrangement and cafeteria plan, as defined in United States Code, title 26, sections 401(k) and 125 of the federal Internal Revenue Code, to the extent that the employee has the option to receive the payment in cash.

(c) Wages includes the total payment to the operator and supplier of a vehicle or other equipment where the payment combines compensation for personal services as well as compensation for the cost of operating and hiring the equipment in a single payment. This paragraph does not apply if:

(1) there is a preexisting written agreement providing for allocation of specific amounts; or

(2) at the time of each payment there is a written acknowledgment indicating the separate allocated amounts.

(d) Wages includes payments made for services as a caretaker. Unless there is a contract or other proof to the contrary, compensation is considered as being equally received by a married couple where the employer makes payment to only one spouse, or by all tenants of a household who perform services where two or more individuals share the same dwelling and the employer makes payment to only one individual.

(e) Wages includes payments made for services by a migrant family. Where services are performed by a married couple or a family and an employer makes payment to only one individual, each worker is considered as having received an equal share of the compensation unless there is a contract or other proof to the contrary.

(f) Wages includes advances or draws against future earnings, when paid, unless the payments are designated as a loan or return of capital on the books and records of the employer at the time of payment.

(g) Wages includes payments made by a subchapter "S" corporation, as organized under the Internal Revenue Code, to or on behalf of officers and shareholders that are reasonable compensation for services performed for the corporation.

For a subchapter "S" corporation, wages does not include:

(1) a loan for business purposes to an officer or shareholder evidenced by a promissory note signed by an officer before the payment of the loan proceeds and recorded on the books and records of the corporation as a loan to an officer or shareholder;

(2) a repayment of a loan or payment of interest on a loan made by an officer to the corporation and recorded on the books and records of the corporation as a liability;

(3) a reimbursement of reasonable corporation expenses incurred by an officer and documented by a written expense voucher and recorded on the books and records of the corporation as corporate expenses; and

(4) a reasonable lease or rental payment to an officer who owns property that is leased or rented to the corporation.

Subd. 46. **Wages paid.** (a) "Wages paid" means the amount of wages:

(1) that have been actually paid; or

(2) that have been credited to or set apart so that payment and disposition is under the control of the employee.

(b) Wage payments delayed beyond the regularly scheduled pay date are wages paid on the missed pay date. Back pay is wages paid on the date of actual payment. Any wages earned but not paid with no scheduled date of payment are wages paid on the last day of employment.

(c) Wages paid does not include wages earned but not paid except as provided for in this subdivision.

Subd. 47. **Week.** "Week" means calendar week ending at midnight Saturday.

Subd. 48. **Weekly benefit amount.** "Weekly benefit amount" means the amount of family and medical leave benefits computed under section 268B.04.

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

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

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

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

Subd. 4. **Account creation; appropriation.** The family and medical benefit insurance account is created in the special revenue fund in the state treasury. Money in this account is appropriated to the commissioner to pay benefits under and to administer this chapter, including outreach required under section 268B.18.

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

Sec. 7. **[268B.03] PAYMENT OF BENEFITS.**

Subdivision 1. **Requirements.** The commissioner must pay benefits from the family and medical benefit insurance account as provided under this chapter to an applicant who has met each of the following requirements:

(1) the applicant has filed an application for benefits and established a benefit account in accordance with section 268B.04;

(2) the applicant has met all of the ongoing eligibility requirements under section 268B.06;

(3) the applicant does not have an outstanding overpayment of family or medical leave benefits, including any penalties or interest;

(4) the applicant has not been held ineligible for benefits under section 268.07, subdivision 2; and

(5) the applicant is not employed exclusively by a private plan employer and has wage credits during the base year attributable to employers covered under the state family and medical leave program.

Subd. 2. **Benefits paid from state funds.** Benefits are paid from state funds and are not considered paid from any special insurance plan, nor as paid by an employer. An application for family or medical leave benefits is not considered a claim against an employer but is considered a request for benefits from the family and medical benefit insurance account. The commissioner has the responsibility for the proper payment of benefits regardless of the level of interest or participation by an applicant or an employer in any determination or appeal. An applicant's entitlement to benefits must be determined based upon that information available without regard to a burden of proof. Any agreement between an applicant and an employer is not binding on the commissioner in determining an applicant's entitlement. There is no presumption of entitlement or nonentitlement to benefits.

Sec. 8. **[268B.04] BENEFIT ACCOUNT; BENEFITS.**

Subdivision 1. **Application for benefits; determination of benefit account.** (a) An application for benefits may be filed in person, by mail, or by electronic transmission as the commissioner may require. The applicant must include certification supporting a request for leave under this chapter. The applicant must meet eligibility requirements at the time the application is filed and must provide all requested information in the manner required. If the applicant does not meet eligibility at the time of the application or fails to provide all requested information, the communication is not an application for family and medical leave benefits.

(b) The commissioner must examine each application for benefits to determine the base period and the benefit year, and based upon all the covered employment in the base period the commissioner must determine the weekly benefit amount available, if any, and the maximum amount of benefits available, if any. The determination, which is a document separate and distinct from a document titled a determination of eligibility or determination of ineligibility, must be titled determination of benefit account. A determination of benefit account must be sent to the applicant and all base period employers, by mail or electronic transmission.

(c) If a base period employer did not provide wage detail information for the applicant as required under section 268B.12, the commissioner may accept an applicant certification of wage credits, based upon the applicant's records, and issue a determination of benefit account.

(d) The commissioner may, at any time within 24 months from the establishment of a benefit account, reconsider any determination of benefit account and make an amended determination if the commissioner finds that the wage credits listed in the determination were incorrect for any reason. An amended determination of benefit account must be promptly sent to the applicant and all base period employers, by mail or electronic transmission. This paragraph does not apply to documents titled determinations of eligibility or determinations of ineligibility issued.

(e) If an amended determination of benefit account reduces the weekly benefit amount or maximum amount of benefits available, any benefits that have been paid greater than the applicant was entitled is an overpayment of benefits. A determination or amended determination issued under this section that results in an overpayment of benefits must set out the amount of the overpayment and the requirement that the overpaid benefits must be repaid according to section 268B.185.

Subd. 2. **Benefit account requirements.** (a) Unless paragraph (b) applies, to establish a benefit account, an applicant must have wage credits of at least 5.3 percent of the state's average annual wage rounded down to the next lower $100.

(b) To establish a new benefit account following the expiration of the benefit year on a prior benefit account, an applicant must have performed actual work in subsequent covered employment and have been paid wages in one or more completed calendar quarters that started after the effective date of the prior benefit account. The wages paid for that employment must be at least enough to meet the requirements of paragraph (a). A benefit account under this paragraph must not be established effective earlier than the Sunday following the end of the most recent completed calendar quarter in which the requirements of paragraph (a) were met. An applicant must not establish a second benefit account as a result of one loss of employment.

Subd. 3. **Weekly benefit amount; maximum amount of benefits available; prorated amount.** (a) Subject to the maximum weekly benefit amount, an applicant's weekly benefit is calculated by adding the amounts obtained by applying the following percentage to an applicant's average typical workweek and weekly wage during the high quarter of the base period:

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

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

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

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

(c) The maximum weekly benefit amount is the state's average weekly wage as calculated under section 268.035, subdivision 23.

(d) The state's maximum weekly benefit amount, computed in accordance with section 268.035, subdivision 23, applies to a benefit account established effective on or after the last Sunday in October. Once established, an applicant's weekly benefit amount is not affected by the last Sunday in October change in the state's maximum weekly benefit amount.

(e) For an employee receiving family or medical leave, a weekly benefit amount is prorated when:

(1) the employee works hours for wages; or

(2) the employee uses paid sick leave, paid vacation leave, or other paid time off that is not considered a supplemental benefit payment as defined in section 268B.01, subdivision 37.

Subd. 4. **Timing of payment.** Except as otherwise provided for in this chapter, benefits must be paid weekly.

Subd. 5. **Maximum length of benefits.** (a) Except as provided in paragraph (b), in a single benefit year, an applicant may receive up to 12 weeks of benefits under this chapter related to the applicant's serious health condition or pregnancy and up to 12 weeks of benefits under this chapter for bonding, safety leave, or family care.

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

Subd. 6. **Minimum period for which benefits payable.** Except for a claim for benefits for bonding leave, any claim for benefits must be based on a single qualifying event of at least seven calendar days. Benefits may be paid for a minimum duration of eight consecutive hours in a week. If an employee on leave claims eight hours at any point during a week, the minimum duration is satisfied.

Subd. 7. **Right of appeal.** (a) A determination or amended determination of benefit account is final unless an applicant files an appeal within 20 calendar days after the sending of the determination or amended determination. Every determination or amended determination of benefit account must contain a prominent statement indicating in clear language the consequences of not appealing. Proceedings on the appeal are conducted in accordance with section 268B.08.

(b) Any applicant may appeal from a determination or amended determination of benefit account on the issue of whether services performed constitute employment, whether the employment is covered employment, and whether money paid constitutes wages.

Subd. 8. **Limitations on applications and benefit accounts.** (a) An application for family or medical leave benefits is effective the Sunday of the calendar week that the application was filed. An application for benefits may be backdated one calendar week before the Sunday of the week the application was actually filed if the applicant requests the backdating within seven calendar days of the date the application is filed. An application may be backdated only if the applicant was eligible for the benefit during the period of the backdating. If an individual attempted to file an application for benefits, but was prevented from filing an application by the department, the application is effective the Sunday of the calendar week the individual first attempted to file an application.

(b) A benefit account established under subdivision 2 is effective the date the application for benefits was effective.

(c) A benefit account, once established, may later be withdrawn if:

(1) the applicant has not been paid any benefits on that benefit account; and

(2) a new application for benefits is filed and a new benefit account is established at the time of the withdrawal.

A benefit account may be withdrawn after the expiration of the benefit year, and the new work requirements of subdivision 2, paragraph (b), do not apply if the applicant was not paid any benefits on the benefit account that is being withdrawn.

A determination or amended determination of eligibility or ineligibility issued under section 268B.07 that was sent before the withdrawal of the benefit account, remains in effect and is not voided by the withdrawal of the benefit account.

Sec. 9. **[268B.05] CONTINUED REQUEST FOR BENEFITS.**

A continued request for family or medical leave benefits is a certification by an applicant, done on a weekly basis, that the applicant is unable to perform usual work due to a qualifying event and meets the ongoing eligibility requirements for benefits under section 268B.06. A continued request must include information on possible issues of ineligibility.

Sec. 10. **[268B.06] ELIGIBILITY REQUIREMENTS; PAYMENTS THAT AFFECT BENEFITS.**

Subdivision 1. **Eligibility conditions.** (a) An applicant may be eligible to receive family or medical leave benefits for any week if:

(1) the applicant has filed a continued request for benefits for that week under section 268B.05;

(2) the week for which benefits are requested is in the applicant's benefit year;

(3) the applicant was unable to perform regular work due to a serious health condition, a qualifying exigency, safety leave, family care, bonding, pregnancy, or recovery from pregnancy for the period required under subdivision 2;

(4) the applicant has sufficient wage credits from an employer or employers as defined in section 268B.01, subdivision 41, to establish a benefit account under section 268B.04; and

(5) an applicant requesting benefits under this chapter must fulfill certification requirements under subdivision 3.

(b) A self-employed individual or independent contractor who has elected and been approved for coverage under section 268B.11 need not fulfill the requirement of paragraph (a), clause (4).

Subd. 2. **Seven-day qualifying event.** (a) The period for which an applicant is seeking benefits must be or have been based on a single event of at least seven calendar days' duration related to pregnancy, recovery from pregnancy, family care, a qualifying exigency, safety leave, or the applicant's serious health condition. The days need not be consecutive.

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

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

Subd. 3. **Certification.** (a) Certification for an applicant taking leave related to the applicant's serious health condition shall be sufficient if the certification states the date on which the serious health condition began, the probable duration of the condition, and the appropriate medical facts within the knowledge of the health care provider as required by the commissioner.

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

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

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

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

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

(1) a copy of the family member's active-duty orders;

(2) other documentation issued by the United States armed forces; or

(3) other documentation permitted by the commissioner.

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

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

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

Subd. 4. **Not eligible.** An applicant is ineligible for family or medical leave benefits for any portion of a typical workweek:

(1) that occurs before the effective date of a benefit account;

(2) that the applicant has an outstanding misrepresentation overpayment balance under section 268B.185, subdivision 5, including any penalties and interest;

(3) that the applicant fails or refuses to provide information on an issue of ineligibility required under section 268B.07, subdivision 2; or

(4) for which the applicant worked for pay.

Subd. 5. **Vacation, sick leave, and supplemental benefit payments.** (a) An applicant is not eligible to receive benefits for any portion of a typical workweek the applicant is receiving, has received, or will receive vacation pay, sick pay, or personal time off pay, also known as "PTO."

(b) Paragraph (a) does not apply:

(1) upon a permanent separation from employment;

(2) to payments from a vacation fund administered by a union or a third party not under the control of the employer; or

(3) to supplemental benefit payments, as defined in section 268B.01, subdivision 37.

(c) Payments under this subdivision are applied to the period immediately following the later of the date of separation from employment or the date the applicant first becomes aware that the employer will be making a payment. The date the payment is actually made or received, or that an applicant must agree to a release of claims, does not affect the application of this subdivision.

Subd. 6. **Workers' compensation and disability insurance offset.** (a) An applicant is not eligible to receive benefits for any portion of a week in which the applicant is receiving or has received compensation for loss of wages equal to or in excess of the applicant's weekly family or medical leave benefit amount under:

(1) the workers' compensation law of this state;

(2) the workers' compensation law of any other state or similar federal law; or

(3) any insurance or trust fund paid in whole or in part by an employer.

(b) This subdivision does not apply to an applicant who has a claim pending for loss of wages under paragraph (a). If the applicant later receives compensation as a result of the pending claim, the applicant is subject to paragraph (a) and the family or medical leave benefits paid are overpaid benefits under section 268B.185.

(c) If the amount of compensation described under paragraph (a) for any week is less than the applicant's weekly family or medical leave benefit amount, benefits requested for that week are reduced by the amount of that compensation payment.

Subd. 7. **Separation, severance, or bonus payments.** (a) An applicant is not eligible to receive benefits for any week the applicant is receiving, has received, or will receive separation pay, severance pay, bonus pay, or any other payments paid by an employer because of, upon, or after separation from employment. This subdivision applies if the payment is:

(1) considered wages under section 268B.01, subdivision 43; or

(2) subject to the Federal Insurance Contributions Act (FICA) tax imposed to fund Social Security and Medicare.

(b) Payments under this subdivision are applied to the period immediately following the later of the date of separation from employment or the date the applicant first becomes aware that the employer will be making a payment. The date the payment is actually made or received, or that an applicant must agree to a release of claims, does not affect the application of this paragraph.

(c) This subdivision does not apply to vacation pay, sick pay, personal time off pay, or supplemental benefit payment under subdivision 4.

(d) This subdivision applies to all the weeks of payment.

(e) Under this subdivision, if the payment with respect to a week is equal to or more than the applicant's weekly benefit amount, the applicant is ineligible for benefits for that week. If the payment with respect to a week is less than the applicant's weekly benefit amount, benefits are reduced by the amount of the payment.

Subd. 8. **Social Security disability benefits.** (a) An applicant who is receiving, has received, or has filed for primary Social Security disability benefits for any week is ineligible for benefits for that week, unless:

(1) the Social Security Administration approved the collecting of primary Social Security disability benefits each month the applicant was employed during the base period; or

(2) the applicant provides a statement from an appropriate health care professional who is aware of the applicant's Social Security disability claim and the basis for that claim, certifying that the applicant is available for suitable employment.

(b) If an applicant meets the requirements of paragraph (a), clause (1) or (2), there is no deduction from the applicant's weekly benefit amount for any Social Security disability benefits.

(c) Information from the Social Security Administration is conclusive, absent specific evidence showing that the information was erroneous.

Sec. 11. **[268B.07] DETERMINATION ON ISSUES OF ELIGIBILITY.**

Subdivision 1. **Employer notification.** (a) Upon a determination that an applicant is entitled to benefits, the commissioner must promptly send a notification to each current employer of the applicant, if any, in accordance with paragraph (b).

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

(1) the name of the applicant;

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

(3) the week the benefits commence;

(4) the weekly benefit amount payable; and

(5) the maximum duration of benefits.

Subd. 2. **Determination.** (a) The commissioner must determine any issue of ineligibility raised by information required from an applicant and send to the applicant and any current base period employer, by mail or electronic transmission, a document titled a determination of eligibility or a determination of ineligibility, as is appropriate, within two weeks.

(b) If an applicant obtained benefits through misrepresentation, the department is authorized to issue a determination of ineligibility within 48 months of the establishment of the benefit account.

(c) If the department has filed an intervention in a worker's compensation matter under section 176.361, the department is authorized to issue a determination of ineligibility within 48 months of the establishment of the benefit account.

(d) A determination of eligibility or determination of ineligibility is final unless an appeal is filed by the applicant within 20 calendar days after sending. The determination must contain a prominent statement indicating the consequences of not appealing. Proceedings on the appeal are conducted in accordance with section 268B.08.

(e) An issue of ineligibility required to be determined under this section includes any question regarding the denial or allowing of benefits under this chapter.

Subd. 3. **Amended determination.** Unless an appeal has been filed, the commissioner, on the commissioner's own motion, may reconsider a determination of eligibility or determination of ineligibility that has not become final and issue an amended determination. Any amended determination must be sent to the applicant and any employer in the current base period by mail or electronic transmission. Any amended determination is final unless an appeal is filed by the applicant within 20 calendar days after sending. Proceedings on the appeal are conducted in accordance with section 268B.08.

Subd. 4. **Benefit payment.** If a determination or amended determination allows benefits to an applicant, the family or medical leave benefits must be paid regardless of any appeal period or any appeal having been filed.

Subd. 5. **Overpayment.** A determination or amended determination that holds an applicant ineligible for benefits for periods an applicant has been paid benefits is an overpayment of those family or medical leave benefits. A determination or amended determination issued under this section that results in an overpayment of benefits must set out the amount of the overpayment and the requirement that the overpaid benefits must be repaid according to section 268B.185.

Sec. 12. **[268B.08] APPEAL PROCESS.**

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) "As soon as practicable" means as soon as both possible and practical, taking into account all of the facts and circumstances in the individual case. When an employee becomes aware of a need for leave under this chapter less than 30 days in advance, it should be practicable for the employee to provide notice of the need for leave either the same day or the next day, unless the need for leave is based on a medical emergency. In all cases, however, the determination of when an employee could practicably provide notice must take into account the individual facts and circumstances.

(c) An employee shall provide at least verbal notice sufficient to make the employer aware that the employee needs leave allowed under this chapter and the anticipated timing and duration of the leave. An employer may require an employee giving notice of leave to include a certification for the leave as described in section 268B.06, subdivision 3. Such certification, if required by an employer, is timely when the employee delivers it as soon as practicable given the circumstances requiring the need for leave, and the required contents of the certification.

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

(e) If an employer has failed to provide notice to the employee as required under section 268B.26, paragraph (a), (b), or (e), the employee is not required to comply with the notice requirements of this subdivision.

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

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

(b) Leave taken intermittently or on a reduced-schedule basis counts toward the maximums described in section 268B.04, subdivision 5.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) damages equal to the amount of:

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

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

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

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

(1) the employees; or

(2) the employees and other employees similarly situated.

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

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

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

Subdivision 1. **Application for substitution.** Employers may apply to the commissioner for approval to meet their obligations under this chapter through the substitution of a private plan that provides paid family, paid medical, or paid family and medical benefits. In order to be approved as meeting an employer's obligations under this chapter, a private plan must confer all of the same rights, protections, and benefits provided to employees under this chapter, including but not limited to benefits under section 268B.04 and employment protections under section 268B.09. An employee covered by a private plan under this section retains all applicable rights and remedies under section 268B.09.

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

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

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

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

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

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

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

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

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

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

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

(b) Notwithstanding paragraph (a), a private plan may provide shorter durations of leave and benefit eligibility if the total dollar value of wage replacement benefits under the private plan for an employee for any particular qualifying event meets or exceeds what the total dollar value would be under the public family and medical benefit program.

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

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

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

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

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

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

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

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

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

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

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

(b) Notwithstanding paragraph (a), a private plan may provide shorter durations of leave and benefit eligibility if the total dollar value of wage replacement benefits under the private plan for an employee for any particular qualifying event meets or exceeds what the total dollar value would be under the public family and medical benefit program.

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

Subd. 5. **Private plan approval and oversight fee.** An employer with an approved private plan is not required to pay premiums established under section 268B.14. An employer with an approved private plan is responsible for a private plan approval and oversight fee equal to $250 for employers with fewer than 50 employees, $500 for employers with 50 to 499 employees, and $1,000 for employers with 500 or more employees. The employer must pay this fee (1) upon initial application for private plan approval, and (2) any time the employer applies to amend the private plan. The commissioner must review and report on the adequacy of this fee to cover private plan administrative costs annually beginning October 1, 2022, as part of the annual report established in section 268B.21.

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

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

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

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

Subd. 9. **Posting of notice regarding private plan.** An employer with a private plan must provide a notice prepared by or approved by the commissioner regarding the private plan consistent with section 268B.26.

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

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

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

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

Subd. 11. **Successor employer.** A private plan in effect at the time a successor acquires the employer organization, trade, or business, or substantially all the assets thereof, or a distinct and severable portion of the organization, trade, or business, and continues its operation without substantial reduction of personnel resulting from the acquisition, must continue the approved private plan and must not withdraw the plan without a specific request for withdrawal in a manner and at a time specified by the commissioner. A successor may terminate a private plan with notice to the commissioner and within 90 days from the date of the acquisition.

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

(1) failed to pay benefits;

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

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

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

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

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

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

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

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

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

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

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

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

(d) Monetary penalties collected under this section shall be deposited in the family and medical benefit insurance account.

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

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

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

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

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

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

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

Subd. 3. **Premium.** A self-employed individual who elects to receive coverage under this chapter must annually pay a premium equal to one-half the percentage in section 268B.14, subdivision 5, clause (1), times the lesser of:

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

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

Subd. 4. **Benefits.** Notwithstanding anything to the contrary, a self-employed individual who has applied to and been approved for coverage by the commissioner under this section is entitled to benefits on the same basis as an employee under this chapter, except that a self-employed individual's weekly benefit amount under section 268B.04, subdivision 1, must be calculated as a percentage of the self-employed individual's self-employment premium base, rather than wages.

Sec. 17. **[268B.12] WAGE REPORTING.**

Subdivision 1. **Wage detail report.** (a) Each employer must submit, under the employer premium account described in section 268B.13, a quarterly wage detail report by electronic transmission, in a format prescribed by the commissioner. The report must include for each employee in covered employment during the calendar quarter, the employee's name, Social Security number, the total wages paid to the employee, and total number of paid hours worked. For employees exempt from the definition of employee in section 177.23, subdivision 7, clause (6), the employer must report 40 hours worked for each week any duties were performed by a full-time employee and must

report a reasonable estimate of the hours worked for each week duties were performed by a part-time employee. In addition, the wage detail report must include the number of employees employed during the payroll period that includes the 12th day of each calendar month and, if required by the commissioner, the report must be broken down by business location and separate business unit. The report is due and must be received by the commissioner on or before the last day of the month following the end of the calendar quarter. The commissioner may delay the due date on a specific calendar quarter in the event the department is unable to accept wage detail reports electronically.

(b) The employer may report the wages paid to the next lower whole dollar amount.

(c) An employer need not include the name of the employee or other required information on the wage detail report if disclosure is specifically exempted from being reported by federal law.

(d) A wage detail report must be submitted for each calendar quarter even though no wages were paid, unless the business has been terminated.

Subd. 2. **Electronic transmission of report required.** Each employer must submit the quarterly wage detail report by electronic transmission in a format prescribed by the commissioner. The commissioner has the discretion to accept wage detail reports that are submitted by any other means or the commissioner may return the report submitted by other than electronic transmission to the employer, and reports returned are considered as not submitted and the late fees under subdivision 3 may be imposed.

Subd. 3. **Failure to timely file report; late fees.** (a) Any employer that fails to submit the quarterly wage detail report when due must pay a late fee of $10 per employee, computed based upon the highest of:

(1) the number of employees reported on the last wage detail report submitted;

(2) the number of employees reported in the corresponding quarter of the prior calendar year; or

(3) if no wage detail report has ever been submitted, the number of employees listed at the time of employer registration.

The late fee is canceled if the wage detail report is received within 30 calendar days after a demand for the report is sent to the employer by mail or electronic transmission. A late fee assessed an employer may not be canceled more than twice each 12 months. The amount of the late fee assessed may not be less than $250.

(b) If the wage detail report is not received in a manner and format prescribed by the commissioner within 30 calendar days after demand is sent under paragraph (a), the late fee assessed under paragraph (a) doubles and a renewed demand notice and notice of the increased late fee will be sent to the employer by mail or electronic transmission.

(c) Late fees due under this subdivision may be canceled, in whole or in part, under section 268B.16.

Subd. 4. **Missing or erroneous information.** (a) Any employer that submits the wage detail report, but fails to include all required employee information or enters erroneous information, is subject to an administrative service fee of $25 for each employee for whom the information is partially missing or erroneous.

(b) Any employer that submits the wage detail report, but fails to include an employee, is subject to an administrative service fee equal to two percent of the total wages for each employee for whom the information is completely missing.

Subd. 5. **Fees.** The fees provided for in subdivisions 3 and 4 are in addition to interest and other penalties imposed by this chapter and are collected in the same manner as delinquent taxes and credited to the family and medical benefit insurance account.

Sec. 18. **[268B.13] EMPLOYER PREMIUM ACCOUNTS.**

The commissioner must maintain a premium account for each employer. The commissioner must assess the premium account for all the premiums due under section 268B.14, and credit the family and medical benefit insurance account with all premiums paid.

Sec. 19. **[268B.14] PREMIUMS.**

Subdivision 1. **Payments.** (a) Family and medical leave premiums accrue and become payable by each employer for each calendar year on the taxable wages that the employer paid to employees in covered employment.

Each employer must pay premiums quarterly, at the premium rate defined under this section, on the taxable wages paid to each employee. The commissioner must compute the premium due from the wage detail report required under section 268B.12 and notify the employer of the premium due. The premiums must be paid to the family and medical benefit insurance account and must be received by the department on or before the last day of the month following the end of the calendar quarter.

(b) If for any reason the wages on the wage detail report under section 268B.12 are adjusted for any quarter, the commissioner must recompute the premiums due for that quarter and assess the employer for any amount due or credit the employer as appropriate.

Subd. 2. **Payments by electronic payment required.** (a) Every employer must make any payments due under this chapter by electronic payment.

(b) All third-party processors, paying on behalf of a client company, must make any payments due under this chapter by electronic payment.

(c) Regardless of paragraph (a) or (b), the commissioner has the discretion to accept payment by other means.

Subd. 3. **Employee charge back.** Notwithstanding section 177.24, subdivision 4, or 181.06, subdivision 1, employers and covered business entities may deduct up to 50 percent of annual premiums paid under this section from employee wages. Such deductions for any given employee must be in equal proportion to the premiums paid based on the wages of that employee, and all employees of an employer must be subject to the same percentage deduction. Deductions under this section must not cause an employee's wage, after the deduction, to fall below the rate required to be paid to the worker by law, including any applicable statute, regulation, rule, ordinance, government resolution or policy, contract, or other legal authority, whichever rate of pay is greater.

Subd. 4. **Wages and payments subject to premium.** The maximum wages subject to premium in a calendar year is equal to the maximum earnings in that year subject to the FICA Old-Age, Survivors, and Disability Insurance tax.

Subd. 5. **Annual premium rates.** The employer premium rates for the calendar year beginning January 1, 2023, shall be as follows:

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

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

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

Subd. 6. **Premium rate adjustments.** (a) Beginning January 1, 2026, and each calendar year thereafter, the commissioner must adjust the annual premium rates using the formula in paragraph (b).

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

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

(2) subtract the amount in the family and medical benefit insurance account on that September 30 from the resulting figure;

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

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

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

Subd. 7. **Deposit of premiums.** All premiums collected under this section must be deposited into the family and medical benefit insurance account.

Subd. 8. **Nonpayment of premiums by employer.** The failure of an employer to pay premiums does not impact the right of an employee to benefits, or any other right, under this chapter.

Sec. 20. **[268B.145] INCOME TAX WITHHOLDING.**

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

Sec. 21. **[268B.15] COLLECTION OF PREMIUMS.**

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

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

(1) family and medical leave premiums under this chapter; then

(2) interest on past due premiums; then

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

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

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

(2) the payment is specifically designated by the employer to be applied to an outstanding overpayment of benefits of an applicant;

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

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

(5) the commissioner, under the compromise authority of section 268B.16, agrees to apply the payment to a different priority.

Subd. 3. **Estimating the premium due.** Only if an employer fails to make all necessary records available for an audit under section 268B.21 and the commissioner has reason to believe the employer has not reported all the required wages on the quarterly wage detail reports, may the commissioner then estimate the amount of premium due and assess the employer the estimated amount due.

Subd. 4. **Costs.** (a) Any employer and any applicant subject to section 268B.185, subdivision 2, that fails to pay any amount when due under this chapter is liable for any filing fees, recording fees, sheriff fees, costs incurred by referral to any public or private collection agency, or litigation costs, including attorney fees, incurred in the collection of the amounts due.

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

(c) Costs and fees collected under this subdivision are credited to the enforcement account under section 268B.185, subdivision 3.

Subd. 5. **Interest on amounts past due.** If any amounts due from an employer under this chapter are not received on the date due, the commissioner must assess interest on any amount that remains unpaid. Interest is assessed at the rate of one percent per month or any part of a month. Interest is not assessed on unpaid interest. Interest collected under this subdivision is credited to the enforcement account under section 268B.185, subdivision 3.

Subd. 6. **Interest on judgments.** Regardless of section 549.09, if a judgment is entered upon any past due amounts from an employer under this chapter, the unpaid judgment bears interest at the rate specified in subdivision 5 until the date of payment.

Subd. 7. **Credit adjustments; refunds.** (a) If an employer makes an application for a credit adjustment of any amount paid under this chapter within four years of the date that the payment was due, in a manner and format prescribed by the commissioner, and the commissioner determines that the payment or any portion thereof was erroneous, the commissioner must make an adjustment and issue a credit without interest. If a credit cannot be used, the commissioner must refund, without interest, the amount erroneously paid. The commissioner, on the commissioner's own motion, may make a credit adjustment or refund under this subdivision.

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

(c) If a credit adjustment or refund is denied in whole or in part, a determination of denial must be sent to the employer by mail or electronic transmission. The determination of denial is final unless an employer files an appeal within 20 calendar days after sending. Proceedings on the appeal are conducted in accordance with section 268B.08.

(d) If an employer receives a credit adjustment or refund under this section, the employer must determine the amount of any overpayment attributable to a deduction from employee wages under section 268B.14, subdivision 3, and return any amount erroneously deducted to each affected employee.

Subd. 8. **Priorities under legal dissolutions or distributions.** In the event of any distribution of an employer's assets according to an order of any court, including any receivership, assignment for benefit of creditors, adjudicated insolvency, or similar proceeding, premiums then or thereafter due must be paid in full before all other claims except claims for wages of not more than $1,000 per former employee, earned within six months of the commencement of the proceedings. In the event of an employer's adjudication in bankruptcy under federal law, premiums then or thereafter due are entitled to the priority provided in that law for taxes due in any state.

Sec. 22. **[268B.155] CHILD SUPPORT DEDUCTION FROM BENEFITS.**

Subdivision 1. **Definitions.** As used in this section:

(1) "child support agency" means the public agency responsible for child support enforcement, including federally approved comprehensive Tribal IV-D programs; and

(2) "child support obligations" means obligations that are being enforced by a child support agency in accordance with a plan described in United States Code, title 42, sections 454 and 455 of the Social Security Act that has been approved by the secretary of health and human services under part D of title IV of the Social Security Act. This does not include any type of spousal maintenance or foster care payments.

Subd. 2. **Notice upon application.** In an application for family or medical leave benefits, the applicant must disclose if child support obligations are owed and, if so, in what state and county. If child support obligations are owed, the commissioner must, if the applicant establishes a benefit account, notify the child support agency.

Subd. 3. **Withholding of benefit.** The commissioner must deduct and withhold from any family or medical leave benefits payable to an applicant who owes child support obligations:

(1) the amount required under a proper order of a court or administrative agency; or

(2) if clause (1) is not applicable, the amount determined under an agreement under United States Code, title 42, section 454 (20)(B)(i), of the Social Security Act; or

(3) if clause (1) or (2) is not applicable, the amount specified by the applicant.

Subd. 4. **Payment.** Any amount deducted and withheld must be paid to the child support agency, must for all purposes be treated as if it were paid to the applicant as family or medical leave benefits and paid by the applicant to the child support agency in satisfaction of the applicant's child support obligations.

Subd. 5. **Payment of costs.** The child support agency must pay the costs incurred by the commissioner in the implementation and administration of this section and sections 518A.50 and 518A.53.

Sec. 23. **[268B.16] COMPROMISE.**

(a) The commissioner may compromise in whole or in part any action, determination, or decision that affects only an employer and not an applicant. This paragraph applies if it is determined by a court of law, or a confession of judgment, that an applicant, while employed, wrongfully took from the employer $500 or more in money or property.

(b) The commissioner may at any time compromise any premium or reimbursement due from an employer under this chapter.

(c) Any compromise involving an amount over $10,000 must be authorized by an attorney licensed to practice law in Minnesota who is an employee of the department designated by the commissioner for that purpose.

(d) Any compromise must be in the best interest of the state of Minnesota.

Sec. 24. **[268B.17] ADMINISTRATIVE COSTS.**

From July 1, 2023, through December 31, 2023, the commissioner may spend up to seven percent of premiums collected under section 268B.15 for administration of this chapter. Beginning January 1, 2024, and each calendar year thereafter, the commissioner may spend up to seven percent of projected benefit payments for that calendar year for the administration of this chapter. The department may enter into interagency agreements with the Department of Labor and Industry, including agreements to transfer funds, subject to the limit in this section, for the Department of Labor and Industry to fulfill its enforcement authority of this chapter.

Sec. 25. **[268B.18] PUBLIC OUTREACH.**

Beginning in fiscal year 2023, the commissioner must use at least 0.5 percent of revenue collected under this chapter for the purpose of outreach, education, and technical assistance for employees, employers, and self-employed individuals eligible to elect coverage under section 268B.11. The department may enter into interagency agreements with the Department of Labor and Industry, including agreements to transfer funds, subject to the limit in section 268B.17, to accomplish the requirements of this section. At least one-half of the amount spent under this section must be used for grants to community-based groups.

Sec. 26. **[268B.185] BENEFIT OVERPAYMENTS.**

Subdivision 1. **Repaying an overpayment.** (a) Any applicant who (1) because of a determination or amended determination issued under this chapter, or (2) because of a benefit law judge's decision under section 268B.08, has received any family or medical leave benefits that the applicant was held not entitled to, is overpaid the benefits and must promptly repay the benefits to the family and medical benefit insurance account.

(b) If the applicant fails to repay the benefits overpaid, including any penalty and interest assessed under subdivisions 2 and 4, the total due may be collected by the methods allowed under state and federal law.

Subd. 2. **Overpayment because of misrepresentation.** (a) An applicant has committed misrepresentation if the applicant is overpaid benefits by making a false statement or representation without a good faith belief as to the correctness of the statement or representation.

(b) After the discovery of facts indicating misrepresentation, the commissioner must issue a determination of overpayment penalty assessing a penalty equal to 20 percent of the amount overpaid. This penalty is in addition to penalties under section 268B.19.

(c) Unless the applicant files an appeal within 20 calendar days after the sending of a determination of overpayment penalty to the applicant by mail or electronic transmission, the determination is final. Proceedings on the appeal are conducted in accordance with section 268B.08.

(d) A determination of overpayment penalty must state the methods of collection the commissioner may use to recover the overpayment, penalty, and interest assessed. Money received in repayment of overpaid benefits, penalties, and interest is first applied to the benefits overpaid, second to the penalty amount due, and third to any interest due.

(e) The department is authorized to issue a determination of overpayment penalty under this subdivision within 48 months of the establishment of the benefit account upon which the benefits were obtained through misrepresentation.

Subd. 3. **Family and medical benefit insurance enforcement account created.** The family and medical benefit insurance enforcement account is created in the state treasury. Any penalties and interest collected under this section shall be deposited into the account under this subdivision and shall be used only for the purposes of administering and enforcing this chapter. Only the commissioner may authorize expenditures from the account under this subdivision.

Subd. 4. **Interest.** For any family and medical leave benefits obtained by misrepresentation, and any penalty amounts assessed under subdivision 2, the commissioner must assess interest on any amount that remains unpaid beginning 30 calendar days after the date of a determination of overpayment penalty. Interest is assessed at the rate of one percent per month or any part of a month. A determination of overpayment penalty must state that interest will be assessed. Interest is not assessed on unpaid interest. Interest collected under this subdivision is credited to the family and medical benefit insurance enforcement account.

Subd. 5. **Offset of benefits.** The commissioner may offset from any future family and medical leave benefits otherwise payable the amount of a nonmisrepresentation overpayment. Except when the nonmisrepresentation overpayment resulted because the applicant failed to report deductible earnings or deductible or benefit delaying payments, no single offset may exceed 50 percent of the amount of the payment from which the offset is made.

Subd. 6. **Cancellation of overpayments.** (a) If family and medical leave benefits overpaid for reasons other than misrepresentation are not repaid or offset from subsequent benefits within six years after the date of the determination or decision holding the applicant overpaid, the commissioner must cancel the overpayment balance, and no administrative or legal proceedings may be used to enforce collection of those amounts.

(b) If family and medical leave benefits overpaid because of misrepresentation including penalties and interest are not repaid within ten years after the date of the determination of overpayment penalty, the commissioner must cancel the overpayment balance and any penalties and interest due, and no administrative or legal proceeding may be used to enforce collection of those amounts.

(c) The commissioner may cancel at any time any overpayment, including penalties and interest that the commissioner determines is uncollectible because of death or bankruptcy.

Subd. 7. **Court fees; collection fees.** (a) If the department is required to pay any court fees in an attempt to enforce collection of overpaid family and medical leave benefits, penalties, or interest, the amount of the court fees may be added to the total amount due.

(b) If an applicant who has been overpaid family and medical leave benefits because of misrepresentation seeks to have any portion of the debt discharged under the federal bankruptcy code, and the department files an objection in bankruptcy court to the discharge, the cost of any court fees may be added to the debt if the bankruptcy court does not discharge the debt.

(c) If the Internal Revenue Service assesses the department a fee for offsetting from a federal tax refund the amount of any overpayment, including penalties and interest, the amount of the fee may be added to the total amount due. The offset amount must be put in the family and medical benefit insurance enforcement account and that amount credited to the total amount due from the applicant.

Subd. 8. **Collection of overpayments.** (a) The commissioner has discretion regarding the recovery of any overpayment for reasons other than misrepresentation. Regardless of any law to the contrary, the commissioner is not required to refer any overpayment for reasons other than misrepresentation to a public or private collection agency, including agencies of this state.

(b) Amounts overpaid for reasons other than misrepresentation are not considered a "debt" to the state of Minnesota for purposes of any reporting requirements to the commissioner of management and budget.

(c) A pending appeal under section 268B.08 does not suspend the assessment of interest, penalties, or collection of an overpayment.

(d) Section 16A.626 applies to the repayment by an applicant of any overpayment, penalty, or interest.

Sec. 27. **[268B.19] APPLICANT ADMINISTRATIVE PENALTIES.**

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

(b) A determination of ineligibility setting out the weeks the applicant is ineligible must be sent to the applicant by mail or electronic transmission. The department is authorized to issue a determination of ineligibility under this subdivision within 48 months of the establishment of the benefit account upon which the benefits were obtained, or attempted to be obtained. Unless an appeal is filed within 20 calendar days of sending, the determination is final. Proceedings on the appeal are conducted in accordance with section 268B.08.

Sec. 28. **[268B.20] EMPLOYER MISCONDUCT; PENALTY.**

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

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

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

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

(3) knowingly failed to disclose a material fact.

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

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

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

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

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

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

Sec. 29. **[268B.21] RECORDS; AUDITS.**

Subdivision 1. **Employer records; audits.** (a) Each employer must keep true and accurate records on individuals performing services for the employer, containing the information the commissioner may require under this chapter. The records must be kept for a period of not less than four years in addition to the current calendar year.

(b) For the purpose of administering this chapter, the commissioner has the power to audit, examine, or cause to be supplied or copied, any books, correspondence, papers, records, or memoranda that are the property of, or in the possession of, an employer or any other person at any reasonable time and as often as may be necessary. Subpoenas may be issued under section 268B.22 as necessary, for an audit.

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

(d) An employer, or other person, that fails to provide a weekly breakdown of money earned by an applicant upon request of the commissioner, information necessary for the detection of applicant misrepresentation under section 268B.185, subdivision 2, may be assessed an administrative penalty of $100. Any notice requesting a weekly breakdown must clearly state that a $100 penalty may be assessed for failure to provide the information. The penalty collected is credited to the family and medical benefit insurance account.

Subd. 2. **Department records; destruction.** (a) The commissioner may make summaries, compilations, duplications, or reproductions of any records pertaining to this chapter that the commissioner considers advisable for the preservation of the information.

(b) Regardless of any law to the contrary, the commissioner may destroy any records that are no longer necessary for the administration of this chapter. In addition, the commissioner may destroy any record from which the information has been electronically captured and stored.

Sec. 30. **[268B.22] SUBPOENAS; OATHS.**

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

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

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

Sec. 31. **[268B.23] LIEN; LEVY; SETOFF; AND CIVIL ACTION.**

Subdivision 1. **Lien.** (a) Any amount due under this chapter, from an applicant or an employer, becomes a lien upon all the property, within this state, both real and personal, of the person liable, from the date of assessment. For the purposes of this section, "date of assessment" means the date the obligation was due.

(b) The lien is not enforceable against any purchaser, mortgagee, pledgee, holder of a Uniform Commercial Code security interest, mechanic's lien, or judgment lien creditor, until a notice of lien has been filed with the county recorder of the county where the property is situated, or in the case of personal property belonging to a nonresident person in the Office of the Secretary of State. When the notice of lien is filed with the county recorder, the fee for filing and indexing is as provided in sections 272.483 and 272.484.

(c) Notices of liens, lien renewals, and lien releases, in a form prescribed by the commissioner, may be filed with the county recorder or the secretary of state by mail, personal delivery, or electronic transmission into the computerized filing system of the secretary of state. The secretary of state must, on any notice filed with that office,

transmit the notice electronically to the appropriate county recorder. The filing officer, whether the county recorder or the secretary of state, must endorse and index a printout of the notice as if the notice had been mailed or delivered.

(d) County recorders and the secretary of state must enter information on lien notices, renewals, and releases into the central database of the secretary of state. For notices filed electronically with the county recorders, the date and time of receipt of the notice and county recorder's file number, and for notices filed electronically with the secretary of state, the secretary of state's recording information, must be entered into the central database before the close of the working day following the day of the original data entry by the commissioner.

(e) The lien imposed on personal property, even though properly filed, is not enforceable against a purchaser of tangible personal property purchased at retail or personal property listed as exempt in sections 550.37, 550.38, and 550.39.

(f) A notice of lien filed has priority over any security interest arising under chapter 336, article 9, that is perfected prior in time to the lien imposed by this subdivision, but only if:

(1) the perfected security interest secures property not in existence at the time the notice of lien is filed; and

(2) the property comes into existence after the 45th calendar day following the day the notice of lien is filed, or after the secured party has actual notice or knowledge of the lien filing, whichever is earlier.

(g) The lien is enforceable from the time the lien arises and for ten years from the date of filing the notice of lien. A notice of lien may be renewed before expiration for an additional ten years.

(h) The lien is enforceable by levy under subdivision 2 or by judgment lien foreclosure under chapter 550.

(i) The lien may be imposed upon property defined as homestead property in chapter 510 but may be enforced only upon the sale, transfer, or conveyance of the homestead property.

(j) The commissioner may sell and assign to a third party the commissioner's right of redemption in specific real property for liens filed under this subdivision. The assignee is limited to the same rights of redemption as the commissioner, except that in a bankruptcy proceeding, the assignee does not obtain the commissioner's priority. Any proceeds from the sale of the right of redemption are credited to the family and medical benefit insurance account.

Subd. 2. **Levy.** (a) If any amount due under this chapter, from an applicant or an employer, is not paid when due, the amount may be collected by the commissioner by direct levy upon all property and rights of property of the person liable for the amount due except property exempt from execution under section 550.37. For the purposes of this section, "levy" includes the power of distraint and seizure by any means.

(b) In addition to a direct levy, the commissioner may issue a warrant to the sheriff of any county who must proceed within 60 calendar days to levy upon the property or rights to property of the delinquent person within the county, except property exempt under section 550.37. The sheriff must sell that property necessary to satisfy the total amount due, together with the commissioner's and sheriff's costs. The sales are governed by the law applicable to sales of like property on execution of a judgment.

(c) Notice and demand for payment of the total amount due must be mailed to the delinquent person at least ten calendar days before action being taken under paragraphs (a) and (b).

(d) If the commissioner has reason to believe that collection of the amount due is in jeopardy, notice and demand for immediate payment may be made. If the total amount due is not paid, the commissioner may proceed to collect by direct levy or issue a warrant without regard to the ten calendar day period.

(e) In executing the levy, the commissioner must have all of the powers provided in chapter 550 or any other law that provides for execution against property in this state. The sale of property levied upon and the time and manner of redemption is as provided in chapter 550. The seal of the court is not required. The levy may be made whether or not the commissioner has commenced a legal action for collection.

(f) Where any assessment has been made by the commissioner, the property seized for collection of the total amount due must not be sold until any determination of liability has become final. No sale may be made unless a portion of the amount due remains unpaid for a period of more than 30 calendar days after the determination of liability becomes final. Seized property may be sold at any time if:

(1) the delinquent person consents in writing to the sale; or

(2) the commissioner determines that the property is perishable or may become greatly reduced in price or value by keeping, or that the property cannot be kept without great expense.

(g) Where a levy has been made to collect the amount due and the property seized is properly included in a formal proceeding commenced under sections 524.3-401 to 524.3-505 and maintained under full supervision of the court, the property may not be sold until the probate proceedings are completed or until the court orders.

(h) The property seized must be returned if the owner:

(1) gives a surety bond equal to the appraised value of the owner's interest in the property, as determined by the commissioner; or

(2) deposits with the commissioner security in a form and amount the commissioner considers necessary to insure payment of the liability.

(i) If a levy or sale would irreparably injure rights in property that the court determines superior to rights of the state, the court may grant an injunction to prohibit the enforcement of the levy or to prohibit the sale.

(j) Any person who fails or refuses to surrender without reasonable cause any property or rights to property subject to levy is personally liable in an amount equal to the value of the property or rights not so surrendered, but not exceeding the amount due.

(k) If the commissioner has seized the property of any individual, that individual may, upon giving 48 hours notice to the commissioner and to the court, bring a claim for equitable relief before the district court for the release of the property upon terms and conditions the court considers equitable.

(l) Any person in control or possession of property or rights to property upon which a levy has been made who surrenders the property or rights to property, or who pays the amount due is discharged from any obligation or liability to the person liable for the amount due with respect to the property or rights to property.

(m) The notice of any levy may be served personally or by mail.

(n) The commissioner may release the levy upon all or part of the property or rights to property levied upon if the commissioner determines that the release will facilitate the collection of the liability, but the release does not prevent any subsequent levy. If the commissioner determines that property has been wrongfully levied upon, the commissioner must return:

(1) the specific property levied upon, at any time; or

(2) an amount of money equal to the amount of money levied upon, at any time before the expiration of nine months from the date of levy.

(o) Regardless of section 52.12, a levy upon a person's funds on deposit in a financial institution located in this state, has priority over any unexercised right of setoff of the financial institution to apply the levied funds toward the balance of an outstanding loan or loans owed by the person to the financial institution. A claim by the financial institution that it exercised its right to setoff before the levy must be substantiated by evidence of the date of the setoff, and verified by an affidavit from a corporate officer of the financial institution. For purposes of determining the priority of any levy under this subdivision, the levy is treated as if it were an execution under chapter 550.

Subd. 3. **Right of setoff.** (a) Upon certification by the commissioner to the commissioner of management and budget, or to any state agency that disburses its own funds, that a person, applicant, or employer has a liability under this chapter, and that the state has purchased personal services, supplies, contract services, or property from that person, the commissioner of management and budget or the state agency must set off and pay to the commissioner an amount sufficient to satisfy the unpaid liability from funds appropriated for payment of the obligation of the state otherwise due the person. No amount may be set off from any funds exempt under section 550.37 or funds due an individual who receives assistance under chapter 256.

(b) All funds, whether general or dedicated, are subject to setoff.

(c) Regardless of any law to the contrary, the commissioner has first priority to setoff from any funds otherwise due from the department to a delinquent person.

Subd. 4. **Collection by civil action.** (a) Any amount due under this chapter, from an applicant or employer, may be collected by civil action in the name of the state of Minnesota. Civil actions brought under this subdivision must be heard as provided under section 16D.14. In any action, judgment must be entered in default for the relief demanded in the complaint without proof, together with costs and disbursements, upon the filing of an affidavit of default.

(b) Any person that is not a resident of this state and any resident person removed from this state, is considered to appoint the secretary of state as its agent for the acceptance of process in any civil action. The commissioner must file process with the secretary of state, together with a payment of a fee of $15 and that service is considered sufficient service and has the same force and validity as if served personally within this state. Notice of the service of process, together with a copy of the process, must be sent by certified mail to the person's last known address. An affidavit of compliance with this subdivision, and a copy of the notice of service must be appended to the original of the process and filed in the court.

(c) No court filing fees, docketing fees, or release of judgment fees may be assessed against the state for actions under this subdivision.

Subd. 5. **Injunction forbidden.** No injunction or other legal action to prevent the determination, assessment, or collection of any amounts due under this chapter, from an applicant or employer, are allowed.

Sec. 32. **[268B.24] CONCILIATION SERVICES.**

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

Sec. 33. **[268B.25] ANNUAL REPORTS.**

(a) Beginning on or before December 1, 2023, the commissioner must annually report to the Department of Management and Budget and the house of representatives and senate committee chairs with jurisdiction over this chapter on program administrative expenditures and revenue collection for the prior fiscal year, including but not limited to:

(1) total revenue raised through premium collection;

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

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

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

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

(6) grant amounts and recipients under sections 268B.29 and 268B.18;

(7) an accounting of required outreach expenditures;

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

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

(b) Beginning on or before December 1, 2023, the commissioner must annually publish a publicly available report providing the following information for the previous fiscal year:

(1) total eligible claims;

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

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

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

(5) average weekly benefit amount paid for all claims and by category of benefit;

(6) changes in the benefits paid compared to previous fiscal years;

(7) processing times for initial claims processing, initial determinations, and final decisions;

(8) average duration for cases completed; and

(9) the number of cases remaining open at the close of such year.

Sec. 34. **[268B.26] NOTICE REQUIREMENTS.**

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

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

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

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

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

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

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

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

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

(8) any other information required by the department.

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

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

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

(2) any other information required by the department.

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

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

Sec. 35. **[268B.27] RELATIONSHIP TO OTHER LEAVE; CONSTRUCTION.**

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

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

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

(2) except as provided under section 268B.01, subdivision 37, prohibit an employer from providing additional benefits, including but not limited to covering the portion of earnings not provided under this chapter during periods of leave covered under this chapter; or

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

Sec. 36. **[268B.28] SEVERABLE.**

If the United States Department of Labor or a court of competent jurisdiction determines that any provision of the family and medical benefit insurance program under this chapter is not in conformity with, or is inconsistent with, the requirements of federal law, the provision has no force or effect. If only a portion of the provision, or the application to any person or circumstances, is determined not in conformity, or determined inconsistent, the remainder of the provision and the application of the provision to other persons or circumstances are not affected.

Sec. 37. **[268B.29] SMALL BUSINESS ASSISTANCE GRANTS.**

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

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

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

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

(e) The grants under this section may be funded from the family and medical benefit insurance account.

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

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

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

Sec. 38. **EFFECTIVE DATES.**

(a) Benefits under Minnesota Statutes, chapter 268B, shall not be applied for or paid until January 1, 2024, and thereafter.

(b) Sections 1, 2, 4, 5, 6, 36, and 38 are effective July 1, 2021.

(c) Section 15 is effective July 1, 2022.

(d) Sections 3, 17, 18, 19, 21, 23, 24, 25, 29, 30, 31, and 33 are effective January 1, 2023.

(e) Sections 7, 8, 9, 10, 11, 12, 13, 14, 16, 20, 22, 26, 27, 28, 32, 34, 35, and 37 are effective January 1, 2024.

ARTICLE 5
FAMILY AND MEDICAL LEAVE BENEFIT AS EARNINGS

Section 1. Minnesota Statutes 2020, section 256J.561, is amended by adding a subdivision to read:

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

Sec. 2. Minnesota Statutes 2020, section 256J.95, subdivision 3, is amended to read:

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

(1) child only cases;

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

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

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

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

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

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

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

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

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

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

Sec. 3. Minnesota Statutes 2020, section 256J.95, subdivision 11, is amended to read:

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

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

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

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

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

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

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

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

Sec. 4. Minnesota Statutes 2020, section 256P.01, subdivision 3, is amended to read:

Subd. 3. **Earned income.** "Earned income" means cash or in-kind income earned through the receipt of wages, salary, commissions, bonuses, tips, gratuities, profit from employment activities, net profit from self-employment activities, payments made by an employer for regularly accrued vacation or sick leave, severance pay based on accrued leave time, benefits paid under chapter 268B, payments from training programs at a rate at or greater than the state's minimum wage, royalties, honoraria, or other profit from activity that results from the client's work, service, effort, or labor. The income must be in return for, or as a result of, legal activity.

Sec. 5. **EFFECTIVE DATE.**

Sections 1 to 4 are effective January 1, 2024.

ARTICLE 6
UNEMPLOYMENT INSURANCE

Section 1. Minnesota Statutes 2020, section 268.035, subdivision 21c, is amended to read:

Subd. 21c. **Reemployment assistance training.** (a) An applicant is in "reemployment assistance training" when:

(1) (i) a reasonable opportunity for suitable employment for the applicant does not exist in the labor market area and additional training will assist the applicant in obtaining suitable employment;

~~(2)~~ (ii) the curriculum, facilities, staff, and other essentials are adequate to achieve the training objective;

~~(3)~~ (iii) the training is vocational or short term academic training directed to an occupation or skill that will substantially enhance the employment opportunities available to the applicant in the applicant's labor market area;

~~(4)~~ (iv) the training course is full time by the training provider; and

~~(5)~~ (v) the applicant is making satisfactory progress in the training~~.~~;

(2) the applicant can provide proof of enrollment in one or more programs offered by an adult basic education consortium under section 124D.518. Programs may include but are not limited to:

(i) general educational development diploma preparation;

(ii) local credit completion adult high school diploma preparation;

(iii) state competency-based adult high school diploma preparation;

(iv) basic skills enhancement training focused on math, functional literacy, reading, or writing;

(v) computer skills training; or

(vi) English as a second language instruction;

(3) the applicant can provide proof of enrollment in an English as a second language program taught by a licensed instructor;

(4) the applicant can provide proof of enrollment in an over-the-road truck driving training program offered by a college or university within the Minnesota state system; or

(5) the applicant can provide proof of enrollment in a program funded under section 116L.99.

(b) Full-time training provided through the dislocated worker program, the Trade Act of 1974, as amended, or the North American Free Trade Agreement is "reemployment assistance training," if that training course is in accordance with the requirements of that program.

(c) Apprenticeship training provided in order to meet the requirements of an apprenticeship program under chapter 178 is "reemployment assistance training."

(d) An applicant is in reemployment assistance training only if the training course has actually started or is scheduled to start within 30 calendar days.

Sec. 2. Minnesota Statutes 2020, section 268.085, subdivision 2, is amended to read:

Subd. 2. **Not eligible.** An applicant is ineligible for unemployment benefits for any week:

(1) that occurs before the effective date of a benefit account;

(2) that the applicant, at any time during the week, has an outstanding misrepresentation overpayment balance under section 268.18, subdivision 2, including any penalties and interest;

~~(3) that occurs in a period when the applicant is a student in attendance at, or on vacation from a secondary school including the period between academic years or terms;~~

~~(4)~~ (3) that the applicant is incarcerated or performing court-ordered community service. The applicant's weekly unemployment benefit amount is reduced by one-fifth for each day the applicant is incarcerated or performing court-ordered community service;

~~(5)~~ (4) that the applicant fails or refuses to provide information on an issue of ineligibility required under section 268.101;

~~(6)~~ (5) that the applicant is performing services 32 hours or more, in employment, covered employment, noncovered employment, volunteer work, or self-employment regardless of the amount of any earnings; or

~~(7)~~ (6) with respect to which the applicant has filed an application for unemployment benefits under any federal law or the law of any other state. If the appropriate agency finally determines that the applicant is not entitled to establish a benefit account under federal law or the law of any other state, this clause does not apply.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 3. Minnesota Statutes 2020, section 268.085, subdivision 4a, is amended to read:

Subd. 4a. **Social Security disability benefits.** (a) An applicant who is receiving, has received, or has filed for primary Social Security disability benefits for any week is ineligible for unemployment benefits for that week, unless:

(1) the Social Security Administration approved the collecting of primary Social Security disability benefits each month the applicant was employed during the base period; or

(2) the applicant provides a statement from an appropriate health care professional who is aware of the applicant's Social Security disability claim and the basis for that claim, certifying that the applicant is available for suitable employment.

(b) If an applicant meets the requirements of paragraph (a), clause (1) or (2), there is no deduction from the applicant's weekly benefit amount for any Social Security disability benefits.

~~(c) If an applicant meets the requirements of paragraph (a), clause (2), there must be deducted from the applicant's weekly unemployment benefit amount 50 percent of the weekly equivalent of the primary Social Security disability benefits the applicant is receiving, has received, or has filed for, with respect to that week.~~

~~If the Social Security Administration determines that the applicant is not entitled to receive primary Social Security disability benefits for any week the applicant has applied for those benefits, then this paragraph does not apply to that week.~~

~~(d)~~ (c) Information from the Social Security Administration is conclusive, absent specific evidence showing that the information was erroneous.

~~(e)~~ (d) This subdivision does not apply to Social Security survivor benefits.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2021.

Sec. 4. Minnesota Statutes 2020, section 268.085, subdivision 7, is amended to read:

Subd. 7. **School employees; between terms denial.** (a) Wage credits from employment with an educational institution or institutions may not be used for unemployment benefit purposes for any week during the period between two successive academic years or terms if:

(1) the applicant had employment for an educational institution or institutions in the prior academic year or term; and

(2) there is a reasonable assurance that the applicant will have employment for an educational institution or institutions in the following academic year or term.

This paragraph applies to a vacation period or holiday recess if the applicant was employed immediately before the vacation period or holiday recess, and there is a reasonable assurance that the applicant will be employed immediately following the vacation period or holiday recess. This paragraph also applies to the period between two regular but not successive terms if there is an agreement for that schedule between the applicant and the educational institution.

This paragraph does not apply if the subsequent employment is substantially less favorable than the employment of the prior academic year or term, or the employment prior to the vacation period or holiday recess.

(b) Paragraph (a) does not apply to:

(1) an applicant who, at the end of the prior academic year or term, had an agreement for a definite period of employment between academic years or terms in other than an instructional, research, or principal administrative capacity and the educational institution or institutions failed to provide that employment.; or

(2) an applicant in a position for which no license is required by the Professional Educator Licensing and Standards Board or the Board of School Administrators.

(c) If unemployment benefits are denied to any applicant under paragraph (a) who was employed in the prior academic year or term in other than an instructional, research, or principal administrative capacity and who was not offered an opportunity to perform the employment in the following academic year or term, the applicant is entitled to retroactive unemployment benefits for each week during the period between academic years or terms that the applicant filed a timely continued request for unemployment benefits, but unemployment benefits were denied solely because of paragraph (a).

(d) This subdivision applies to employment with an educational service agency if the applicant performed the services at an educational institution or institutions. "Educational service agency" means a governmental entity established and operated for the purpose of providing services to one or more educational institutions.

(e) This subdivision applies to employment with Minnesota, a political subdivision, or a nonprofit organization, if the services are provided to or on behalf of an educational institution or institutions.

(f) Paragraph (a) applies beginning the Sunday of the week that there is a reasonable assurance of employment.

(g) Employment and a reasonable assurance with multiple education institutions must be aggregated for purposes of application of this subdivision.

(h) If all of the applicant's employment with any educational institution or institutions during the prior academic year or term consisted of on-call employment, and the applicant has a reasonable assurance of any on-call employment with any educational institution or institutions for the following academic year or term, it is not considered substantially less favorable employment.

(i) A "reasonable assurance" may be written, oral, implied, or established by custom or practice.

(j) An "educational institution" is a school, college, university, or other educational entity operated by Minnesota, a political subdivision or instrumentality thereof, or a nonprofit organization.

(k) An "instructional, research, or principal administrative capacity" does not include an educational assistant.

Sec. 5. Minnesota Statutes 2020, section 268.101, subdivision 2, is amended to read:

Subd. 2. **Determination.** (a) The commissioner must determine any issue of ineligibility raised by information required from an applicant under subdivision 1, paragraph (a) or (c), and send to the applicant and any involved employer, by mail or electronic transmission, a document titled a determination of eligibility or a determination of ineligibility, as is appropriate. The determination on an issue of ineligibility as a result of a quit or a discharge of the applicant must state the effect on the employer under section 268.047. A determination must be made in accordance with this paragraph even if a notified employer has not raised the issue of ineligibility.

(b) The commissioner must determine any issue of ineligibility raised by an employer and send to the applicant and that employer, by mail or electronic transmission, a document titled a determination of eligibility or a determination of ineligibility as is appropriate. The determination on an issue of ineligibility as a result of a quit or discharge of the applicant must state the effect on the employer under section 268.047.

If a base period employer:

(1) was not the applicant's most recent employer before the application for unemployment benefits;

(2) did not employ the applicant during the six calendar months before the application for unemployment benefits; and

(3) did not raise an issue of ineligibility as a result of a quit or discharge of the applicant within ten calendar days of notification under subdivision 1, paragraph (b);

then any exception under section 268.047, subdivisions 2 and 3, begins the Sunday two weeks following the week that the issue of ineligibility as a result of a quit or discharge of the applicant was raised by the employer.

A communication from an employer must specifically set out why the applicant should be determined ineligible for unemployment benefits for that communication to be considered to have raised an issue of ineligibility for purposes of this section. A statement of "protest" or a similar term without more information does not constitute raising an issue of ineligibility for purposes of this section.

(c) Subject to section 268.031, an issue of ineligibility is determined based upon that information required of an applicant, any information that may be obtained from an applicant or employer, and information from any other source.

(d) Regardless of the requirements of this subdivision, the commissioner is not required to send to an applicant a copy of the determination where the applicant has satisfied a period of ineligibility because of a quit or a discharge under section 268.095, subdivision 10.

(e) The department is authorized to issue a determination on an issue of ineligibility within 24 months from the establishment of a benefit account based upon information from any source, even if the issue of ineligibility was not raised by the applicant or an employer.

If an applicant obtained unemployment benefits through misrepresentation under section 268.18, subdivision 2, the department is authorized to issue a determination of ineligibility within 48 months of the establishment of the benefit account.

If the department has filed an intervention in a worker's compensation matter under section 176.361, the department is authorized to issue a determination of ineligibility within 48 months of the establishment of the benefit account.

(f) A determination of eligibility or determination of ineligibility is final unless an appeal is filed by the applicant or employer within ~~20~~ 60 calendar days after sending. The determination must contain a prominent statement indicating the consequences of not appealing. Proceedings on the appeal are conducted in accordance with section 268.105.

(g) An issue of ineligibility required to be determined under this section includes any question regarding the denial or allowing of unemployment benefits under this chapter except for issues under section 268.07. An issue of ineligibility for purposes of this section includes any question of effect on an employer under section 268.047.

Sec. 6. Minnesota Statutes 2020, section 268.133, is amended to read:

268.133 UNEMPLOYMENT BENEFITS WHILE IN ENTREPRENEURIAL TRAINING.

Unemployment benefits are available to dislocated workers participating in the converting layoffs into Minnesota businesses (CLIMB) program under section 116L.17, subdivision 11. Applicants participating in CLIMB are considered in reemployment assistance training under section 268.035, subdivision 21c. All requirements under section 268.069, subdivision 1, must be met, except the commissioner may waive:

(1) the deductible earnings provisions in section 268.085, subdivision 5; and

(2) the 32 hours of work limitation in section 268.085, subdivision 2, clause ~~(6)~~ (5). A maximum of 500 applicants may receive a waiver at any given time.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 7. Minnesota Statutes 2020, section 268.136, subdivision 1, is amended to read:

Subdivision 1. **Shared work plan requirements.** An employer may submit a proposed shared work plan for an employee group to the commissioner for approval in a manner and format set by the commissioner. The proposed shared work plan must include:

(1) a certified statement that the normal weekly hours of work of all of the proposed participating employees were full time or regular part time but are now reduced, or will be reduced, with a corresponding reduction in pay, in order to prevent layoffs;

(2) the name and Social Security number of each participating employee;

(3) the number of layoffs that would have occurred absent the employer's ability to participate in a shared work plan;

(4) a certified statement that each participating employee was first hired by the employer at least ~~one year~~ three months before the proposed shared work plan is submitted and is not a seasonal, temporary, or intermittent worker;

(5) the hours of work each participating employee will work each week for the duration of the shared work plan, which must be at least 50 percent of the normal weekly hours but no more than 80 percent of the normal weekly hours, except that the plan may provide for a uniform vacation shutdown of up to two weeks;

(6) a certified statement that any health benefits and pension benefits provided by the employer to participating employees will continue to be provided under the same terms and conditions as though the participating employees' hours of work each week had not been reduced;

(7) a certified statement that the terms and implementation of the shared work plan is consistent with the employer's obligations under state and federal law;

(8) an acknowledgment that the employer understands that unemployment benefits paid under a shared work plan will be used in computing the future tax rate of a taxpaying employer or charged to the reimbursable account of a nonprofit or government employer;

(9) the proposed duration of the shared work plan, which must be at least two months and not more than one year, although a plan may be extended for up to an additional year upon approval of the commissioner;

(10) a starting date beginning on a Sunday at least 15 calendar days after the date the proposed shared work plan is submitted; and

(11) a signature of an owner or officer of the employer who is listed as an owner or officer on the employer's account under section 268.045.

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

Sec. 8. **CONTINUED SUSPENSION OF ONE-WEEK WAITING PERIOD.**

Notwithstanding Minnesota Statutes, section 268.085, subdivision 1, the one-week nonpayable waiting period to receive unemployment benefits is waived for applicants for unemployment insurance benefit accounts established between December 27, 2020, and September 4, 2021.

EFFECTIVE DATE. This section is effective retroactively from December 27, 2020.

Sec. 9. **CONTINUED SUSPENSION OF FIVE-WEEK BUSINESS OWNER BENEFIT LIMITATION.**

Notwithstanding Minnesota Statutes, section 268.085, subdivision 9, the five-week limitation for receipt of unemployment benefits for business owners is suspended for applicants for unemployment insurance benefit accounts established between December 27, 2020, and September 4, 2021.

EFFECTIVE DATE. This section is effective retroactively from December 27, 2020.

Sec. 10. **LEAVE OF ABSENCE DUE TO COVID-19.**

Notwithstanding Minnesota Statutes, section 268.085, subdivision 13a, for an applicant applying for an unemployment insurance benefit account established between December 27, 2020, and September 4, 2021, a leave of absence is presumed to be an involuntary leave of absence and not ineligible if:

(1) a determination has been made by health authorities or by a health care professional that the presence of the applicant in the workplace would jeopardize the health of others, whether or not the applicant has actually contracted a communicable disease;

(2) a quarantine or isolation order has been issued to the applicant pursuant to Minnesota Statutes, sections 144.419 to 144.4196;

(3) there is a recommendation from health authorities or from a health care professional that the applicant should self-isolate or self-quarantine due to elevated risk from COVID-19 due to being immunocompromised;

(4) the applicant has been instructed by the applicant's employer not to come to the employer's place of business due to an outbreak of a communicable disease; or

(5) the applicant has received a notification from a school district, day care, or other child care provider that either (i) classes are canceled, or (ii) the applicant's ordinary child care is unavailable, provided that the applicant made reasonable effort to obtain other child care and requested time off or other accommodation from the employer and no reasonable accommodation was available.

EFFECTIVE DATE. This section is effective retroactively from December 27, 2020.

Sec. 11. **SUITABLE EMPLOYMENT DURING COVID-19 PANDEMIC.**

Notwithstanding the definition of "suitable employment" provided in Minnesota Statutes, section 268.035, subdivision 23a, for an applicant applying for unemployment insurance benefits between December 27, 2020, and September 4, 2021, employment is not suitable under Minnesota Statutes, section 268.035, subdivision 23a, paragraphs (a) and (b), if:

(1) the employment puts the health and safety of the applicant at risk due to potential exposure of the applicant to COVID-19; or

(2) the employment puts the health and safety of other workers and the general public at risk due to potential exposure of the other workers and the general public to COVID-19.

EFFECTIVE DATE. This section is effective retroactively from December 27, 2020.

Sec. 12. **PANDEMIC UNEMPLOYMENT ASSISTANCE TO HIGH SCHOOL STUDENTS.**

Pandemic Unemployment Assistance payments made to high school students under the federal CARES Act, United States Code, title 15, chapter 116, and extended by the federal Consolidated Appropriations Act, 2021, Public Law 116-260, subject to any necessary federal approval, must not be counted as income when determining eligibility for the programs administered by the Department of Human Services.

EFFECTIVE DATE. This section is effective retroactively from January 7, 2021.

Sec. 13. **REPEALER.**

(a) Minnesota Statutes 2020, section 268.085, subdivision 4, is repealed January 1, 2021.

(b) Minnesota Statutes 2020, section 268.085, subdivision 8, is repealed."

Delete the title and insert:

"A bill for an act relating to economic development; appropriating money for workforce and business development; establishing paid medical leave benefits; modifying unemployment insurance benefits; making policy and technical changes to programs administered by the Department of Employment and Economic Development; authorizing rulemaking; requiring reports; amending Minnesota Statutes 2020, sections 13.719, by adding a subdivision; 116J.035, subdivision 6; 116J.431, subdivision 2, by adding a subdivision; 116J.8748, subdivision 3; 116J.994, subdivision 6; 116L.02; 116L.03, subdivisions 1, 2, 3; 116L.05, subdivision 5; 116L.17, subdivisions 1, 4; 116L.20, subdivision 2, by adding a subdivision; 116L.40, subdivisions 5, 6, 9, 10, by adding a subdivision; 116L.41, subdivisions 1, 2, by adding subdivisions; 116L.42, subdivisions 1, 2; 116L.98, subdivisions 1, 2, 3; 177.27, subdivision 4; 181.032; 256J.561, by adding a subdivision; 256J.95, subdivisions 3, 11; 256P.01, subdivision 3; 268.035, subdivision 21c; 268.085, subdivisions 2, 4a, 7; 268.101, subdivision 2; 268.133; 268.136, subdivision 1; 268.19, subdivision 1; Laws 2017, chapter 94, article 1, section 2, subdivision 2, as amended; Laws 2019, First Special Session chapter 7, article 1, section 2, subdivision 2, as amended; article 2, section 8; proposing coding for new law in Minnesota Statutes, chapters 116J; 116L; proposing coding for new law as Minnesota Statutes, chapter 268B; repealing Minnesota Statutes 2020, sections 116L.18; 268.085, subdivisions 4, 8."

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

The report was adopted.

Sundin from the Committee on Agriculture Finance and Policy to which was referred:

H. F. No. 1524, A bill for an act relating to state government; establishing a budget for the Department of Agriculture, the Board of Animal Health, and the Agricultural Utilization Research Institute; transferring money to the border-to-border broadband fund account; making policy and technical changes to various provisions related to agriculture; modifying fees; creating accounts; creating a biofuels program and advisory committee; appropriating money; amending Minnesota Statutes 2020, sections 18B.26, subdivision 3; 28A.08, by adding a subdivision; 28A.09, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 41A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
AGRICULTURE APPROPRIATIONS

Section 1. **AGRICULTURE APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to agencies 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 "2022" and "2023" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively. "The first year" is fiscal year 2022. "The second year" is fiscal year 2023. "The biennium" is fiscal years 2022 and 2023.

	APPROPRIATIONS Available for the Year Ending June 30	
	2022	**2023**
Sec. 2. **DEPARTMENT OF AGRICULTURE**		
Subdivision 1. **Total Appropriation**	**$56,977,000**	**$56,610,000**

Appropriations by Fund

	2022	2023
General	56,578,000	56,211,000
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

	2022	2023
General	15,750,000	15,476,000
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) $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 2021. 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.

(c) $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 $20,000 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.

(d) $225,000 the first year and $225,000 the second year are for additional funding for the noxious weed and invasive plant program.

(e) $50,000 the first year is for additional funding for the industrial hemp program for IT development. This is a onetime appropriation and is available until June 30, 2023.

(f) $110,000 the first year and $110,000 the second year are for additional funding for meat and poultry inspection services.

(g) $66,000 the first year and $66,000 the second year are for additional funding to replace capital equipment in the Department of Agriculture's analytical laboratory.

(h) $500,000 the first year is to establish a climate smart farm endorsement for the Minnesota Agricultural Water Quality Certification Program that incentivizes and quantifies climate-supportive farming practices. This is a onetime appropriation and is available until June 30, 2026.

(i) $274,000 the first year and $550,000 the second year are to maintain the current level of service delivery.

Subd. 3. **Agricultural Marketing and Development** 4,510,000 4,415,000

(a) $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. Grants may be made for one year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2023, for Minnesota grown grants in this paragraph are available until June 30, 2025.

(b) $100,000 the first year is to expand international marketing opportunities for farmers and value-added processors, including in-market representation in Taiwan. This is a onetime appropriation and is available until June 30, 2023.

(c) $634,000 the first year and $634,000 the second year are for continuation of the dairy development and profitability enhancement programs including dairy profitability teams and dairy business planning grants. The dairy profitability enhancement teams shall provide one-on-one assistance to all sizes of dairy farms to enhance the financial success and long-term sustainability of dairy farms in the state. The teams may consist of farm business management instructors, dairy extension specialists, and other dairy industry partners to deliver the informational and technical assistance. Activities of the dairy teams must be spread throughout the dairy producing regions of the state. The commissioner must make grants to regional or statewide organizations qualified to manage the various components of the teams. Each regional or statewide organization must designate a coordinator responsible for overseeing the program and making required reports to the commissioner. Dairy development and profitability enhancement teams are encouraged to engage in activities including but not limited to comprehensive financial analysis, risk management education, enhanced milk marketing tools and technologies, and production systems including rotational grazing and other sustainable agriculture methods. The regional and statewide organizations that deliver the dairy development and profitability enhancement program must submit periodic reports to the commissioner on the aggregate changes in producer financial stability, productivity, product quality, animal health, environmental protection, and other performance measures

attributable to the program in a format that maintains the confidentiality of business information related to any single dairy producer.

The commissioner may award dairy planning grants of up to $5,000 per producer to develop comprehensive business plans. Grants must not be used for capital improvements.

The commissioner may allocate the available sums among permissible activities, including efforts to improve the quality of milk produced in the state, in the proportions that the commissioner deems most beneficial to Minnesota's dairy farmers. The commissioner must submit a detailed accomplishment report and a work plan detailing future plans for, and anticipated accomplishments from, expenditures under this program to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance on or before the start of each fiscal year. If significant changes are made to the plans in the course of the year, the commissioner must notify the chairs and ranking minority members.

(d) $50,000 the first year and $50,000 the second year are for additional funding for mental health outreach and support to farmers and others in the agricultural community, including a 24-hour hotline, stigma reduction, and educational offerings. These are onetime appropriations.

(e) $100,000 the first year and $50,000 the second year are for a pilot project creating farmland access teams to provide technical assistance to potential beginning farmers. The farmland access teams must assist existing farmers and beginning farmers on transitioning farm ownership and operation. Teams may include but are not limited to providing mediation assistance, designing contracts, financial planning, tax preparation, estate planning, and housing assistance. Of this amount, up to $50,000 the first year may be used to upgrade the Minnesota FarmLink web application that connects farmers looking for land with farmers looking to transition their land. These are onetime appropriations.

(f) $10,000 the first year and $10,000 the second year are for transfer to the emerging farmer account under Minnesota Statutes, section 17.055, subdivision 1a.

(g) $150,000 the first year and $150,000 the second year are to establish an emerging farmer office and hire a full-time emerging farmer outreach coordinator. The emerging farmer outreach coordinator must engage and support emerging farmers regarding resources and opportunities available throughout the Department of Agriculture and the state. For purposes of this paragraph, "emerging farmer" has the meaning provided in Minnesota Statutes, section 17.055, subdivision 1. Of the amount appropriated each year, $25,000 is for translation services.

(h) $100,000 the first year and $100,000 the second year are for the farm safety grant and outreach programs under Minnesota Statutes, section 17.1195. These are onetime appropriations.

(i) $54,000 the first year and $109,000 the second year are to maintain the current level of service delivery.

(j) 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.

Subd. 4. **Agriculture, Bioenergy, and Bioproduct Advancement** 26,904,000 26,917,000

(a) $9,300,000 the first year and $9,300,000 the second year are for transfer to the agriculture research, education, extension, and technology transfer account under Minnesota Statutes, section 41A.14, subdivision 3. Of these amounts: at least $600,000 the first year and $600,000 the second year are for the Minnesota Agricultural Experiment Station's agriculture rapid response under Minnesota Statutes, section 41A.14, subdivision 1, clause (2); $2,000,000 the first year and $2,000,000 the second year are for grants to the Minnesota Agriculture Education Leadership Council to enhance agricultural education with priority given to Farm Business Management challenge grants; $350,000 the first year and $350,000 the second year are for potato breeding; and $450,000 the first year and $450,000 the second year are for the cultivated wild rice breeding project at the North Central Research and Outreach Center to include a tenure track/research associate plant breeder. The commissioner shall transfer the remaining funds in this appropriation each year to the Board of Regents of the University of Minnesota for purposes of Minnesota Statutes, section 41A.14. Of the amount transferred to the Board of Regents, up to $1,000,000 each year is for research on avian influenza, salmonella, and other turkey-related diseases.

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.

(b) $15,589,000 the first year and $15,588,000 the second year are for the agricultural growth, research, and innovation program in Minnesota Statutes, section 41A.12. Except as provided below, the commissioner may allocate the 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; providing funding not to exceed $800,000 each year to develop and enhance farm-to-school markets for Minnesota farmers by providing more fruits, vegetables, meat, grain, and dairy for Minnesota children in school and child care settings including, at the commissioner's discretion, reimbursing schools for purchases from local farmers; assisting value-added agricultural businesses to begin or expand, to access new markets, or to diversify, including aquaponics systems; providing funding not to exceed $600,000 each year for urban youth agricultural education or urban agriculture community development; providing funding not to exceed $600,000 each year for the good food access program under Minnesota Statutes, section 17.1017; 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; development or expansion of food hubs and other alternative community-based food distribution systems; enhancing renewable energy infrastructure and use; crop 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 in Minnesota Statutes, section 41A.12:

(1) $1,000,000 the first year and $1,000,000 the second year are for distribution in equal amounts to each of the state's county fairs to preserve and promote Minnesota agriculture;

(2) $4,000,000 the first year and $4,000,000 the second year are for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, and 41A.18. Notwithstanding Minnesota Statutes, section 16A.28, the first year appropriation is available until June 30, 2023, and the second year appropriation is available until June 30, 2024. 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 the agricultural growth, research, and innovation program. The base amount for the allocation under this clause is $4,000,000 in fiscal year 2024 and later; and

(3) up to $1,000,000 the first year is for grants to facilitate the start-up, modernization, or expansion of meat, poultry, egg, and milk processing facilities.

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, 2023, for agricultural growth, research, and innovation grants are available until June 30, 2026.

The base amount for the agricultural growth, research, and innovation program is $15,584,000 in fiscal year 2024 and $15,584,000 in fiscal year 2025, and includes funding for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, and 41A.18.

(c) $2,000,000 the first year and $2,000,000 the second year are for a biofuels infrastructure financial assistance program. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract for grants on or before June 30, 2023, are available until June 30, 2027. Of this amount, $100,000 each year is for the administration of the biofuels infrastructure financial assistance program.

(d) $15,000 the first year and $29,000 the second year are to maintain the current level of service delivery.

(e) No later than February 1, 2023, the commissioner must report equity data and outcomes for the agriculture research, education, extension, and technology transfer program and the agricultural growth, research, and innovation program to the legislative committees with jurisdiction over agriculture finance.

Subd. 5. **Administration and Financial Assistance** 9,414,000 9,403,000

(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 shall 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) $287,000 the first year and $287,000 the second year are for farm advocate services.

(c) $238,000 the first year and $238,000 the second year are for transfer to the Board of Trustees of the Minnesota State Colleges and Universities for statewide mental health counseling support to farm families and business operators through the Minnesota State Agricultural Centers of Excellence. South Central College and Central Lakes College shall serve as the fiscal agents.

(d) $1,650,000 the first year and $1,650,000 the second year are for grants to Second Harvest Heartland on behalf of Minnesota's six Feeding America food banks for the following:

(1) 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;

(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 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.

Of the amount appropriated under this paragraph, at least $600,000 each year must be allocated under clause (1). Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance the first year does not cancel and is available in the second year. 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.

(e) $250,000 the first year and $250,000 the second year are for grants to the Minnesota Agricultural Education and Leadership Council for programs of the council under Minnesota Statutes, chapter 41D.

(f) The commissioner shall continue to increase connections with ethnic minority and immigrant farmers to farming opportunities and farming programs throughout the state.

(g) $1,000,000 the first year and $1,000,000 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. These are onetime transfers.

(h) $150,000 the first year and $150,000 the second year are for grants to the Center for Rural Policy and Development. These are onetime appropriations.

(i) $47,000 the first year and $47,000 the second year are for grants to the Northern Crops Institute that may be used to purchase equipment. These are onetime appropriations.

(j) $75,000 the first year and $75,000 the second year are 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 for the second year. These are onetime appropriations.

(k) $1,000 the first year and $1,000 the second year are for grants to the Minnesota State Poultry Association. These are onetime appropriations.

(l) $17,000 the first year and $17,000 the second year are for grants to the Minnesota State Horticultural Society. These are onetime appropriations.

(m) $18,000 the first year and $18,000 the second year are for grants to the Minnesota Livestock Breeders Association. These are onetime appropriations.

(n) $325,000 the first year and $325,000 the second year are for transfer to the Minnesota Humanities Center for the healthy eating, here at home program under Minnesota Statutes, section 138.912. Participating nonprofit organizations may receive up to three percent of the amount transferred each year for program administration costs.

(o) $75,000 the first year is for a grant to Greater Mankato Growth, Inc., for assistance to agriculture-related businesses to promote jobs, innovation, and synergy development. This is a onetime appropriation.

(p) $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.

(q) $222,000 the first year and $286,000 the second year are to maintain the current level of service delivery.

Sec. 3. **BOARD OF ANIMAL HEALTH** **$5,980,000** **$6,081,000**

(a) $200,000 the first year and $200,000 the second year are for agricultural emergency preparedness and response.

(b) $103,000 the first year and $204,000 the second year are to maintain the current level of service delivery.

Sec. 4. **AGRICULTURAL UTILIZATION RESEARCH INSTITUTE** **$4,043,000** **$4,043,000**

$150,000 the first year and $150,000 the second year are for a meat scientist.

Sec. 5. **CANCELLATIONS.**

(a) $916,553 of the fiscal year 2021 general fund appropriation for protection services under Laws 2019, First Special Session chapter 1, article 1, section 2, subdivision 2, is canceled.

(b) $136,000 of the fiscal year 2021 general fund appropriation for agricultural marketing and development under Laws 2019, First Special Session chapter 1, article 1, section 2, subdivision 3, is canceled.

(c) $120,000 of the fiscal year 2021 general fund appropriation for agriculture, bioenergy, and bioproduct advancement under Laws 2019, First Special Session chapter 1, article 1, section 2, subdivision 4, is canceled.

(d) $157,500 of the fiscal year 2021 general fund appropriation for administration and financial assistance under Laws 2019, First Special Session chapter 1, article 1, section 2, subdivision 5, is canceled.

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

Sec. 6. **FEDERAL FUNDS REPLACEMENT; APPROPRIATION.**

Notwithstanding any law to the contrary, the commissioner of management and budget must determine whether the expenditures authorized under this act are eligible uses of federal funding received under the Coronavirus State Fiscal Recovery Fund or any other federal funds received by the state under the American Rescue Plan Act, Public Law 117-2. If the commissioner of management and budget determines an expenditure is eligible for funding under Public Law 117-2, the amount of the eligible expenditure is appropriated from the account or fund where those amounts have been deposited and the corresponding general fund amounts appropriated under this act are canceled to the general fund. No later than February 1, 2022, the commissioner of agriculture, in consultation with the commissioner of management and budget, must report all appropriations, cancellations, and expenditures under this section to the legislative committees with jurisdiction over agriculture finance.

ARTICLE 2
AGRICULTURE STATUTORY CHANGES

Section 1. Minnesota Statutes 2020, section 15.057, is amended to read:

15.057 PUBLICITY REPRESENTATIVES.

No state department, bureau, or division, whether the same operates on funds appropriated or receipts or fees of any nature whatsoever, except the Department of Transportation, the Department of Employment and Economic Development, the Department of Agriculture, the Game and Fish Division, State Agricultural Society, and Explore Minnesota Tourism shall use any of such funds for the payment of the salary or expenses of a publicity representative. The head of any such department, bureau, or division shall be personally liable for funds used contrary to this provision. This section shall not be construed, however, as preventing any such department, bureau, or division from sending out any bulletins or other publicity required by any state law or necessary for the satisfactory conduct of the business for which such department, bureau, or division was created.

Sec. 2. Minnesota Statutes 2020, section 17.055, subdivision 1, is amended to read:

Subdivision 1. **Emerging farmer working group.** (a) To advise the commissioner and legislature regarding the development and implementation of programs and initiatives that support emerging farmers in this state, the commissioner must periodically convene a working group consisting, to the extent possible, of persons who are, and organizations that represent, farmers or aspiring farmers who are women, veterans, persons with disabilities, American Indian or Alaskan Natives, members of a community of color, young, and urban, and any other emerging farmers as determined by the commissioner. No later than January 15 each year, the commissioner must update the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture regarding the working group's activities and recommendations.

(b) The commissioner may accept on behalf of the state donations of money, services, or other assistance or gifts from public or private sources to further the objectives of the emerging farmer working group.

Sec. 3. Minnesota Statutes 2020, section 17.055, is amended by adding a subdivision to read:

Subd. 1a. **Emerging farmer account.** An emerging farmer account is established in the agricultural fund. The account consists of money appropriated by law and any other money donated, allotted, transferred, or otherwise provided to the account. Money in the account, including interest, is appropriated to the commissioner for the purposes of this section and must be used to further the objectives of the emerging farmer working group.

Sec. 4. **[17.1016] COOPERATIVE GRANTS.**

Subdivision 1. **Definitions.** For purposes of this section:

(1) "agricultural commodity" and "agricultural product processing facility" have the meanings given in section 17.101, subdivision 5; and

(2) "agricultural service" means an action made under the direction of a farmer that provides value to another entity. Agricultural service includes grazing to manage vegetation.

Subd. 2. **Grant program.** (a) The commissioner must establish and implement a grant program to help farmers finance new cooperatives that organize for purposes of operating an agricultural product processing facility or marketing an agricultural product or agricultural service.

(b) To be eligible for this program, a grantee must:

(1) be a cooperative organized under chapter 308A;

(2) certify that all control and equity in the cooperative is from farmers, family farm partnerships, family farm limited liability companies, or family farm corporations as defined in section 500.24, subdivision 2, who are actively engaged in agricultural commodity production;

(3) be operated primarily to process agricultural commodities or market agricultural products or services produced in Minnesota; and

(4) receive agricultural commodities produced primarily by shareholders or members of the cooperative.

(c) The commissioner may receive applications and make grants up to $50,000 to eligible grantees for feasibility, marketing analysis, assistance with organizational development, financing and managing new cooperatives, product development, development of business and marketing plans, and predesign of facilities including site analysis, development of bid specifications, preliminary blueprints and schematics, and completion of purchase agreements and other necessary legal documents.

Sec. 5. Minnesota Statutes 2020, section 17.1017, subdivision 5, is amended to read:

Subd. 5. **Eligible projects.** (a) The commissioner, in cooperation with the program partners and advisers, shall establish project eligibility guidelines and application processes to be used to review and select project applicants for financing or other financial or technical assistance. ~~All projects must be located in an underserved community or must serve primarily underserved communities in low-income and moderate-income areas.~~

(b) Projects eligible for financing include, but are not limited to, new construction, renovations, expansions of operations, and infrastructure upgrades of grocery stores and small food retailers to improve the availability of and access to affordable, nutritious food, including fresh fruits and vegetables, and build capacity in areas of greatest need.

(c) Projects eligible for other types of financial assistance such as grants or technical assistance are primarily projects throughout the state, including, but not limited to, feasibility studies, new construction, renovations, expansion of operations, and infrastructure upgrades of small food retailers.

Sec. 6. Minnesota Statutes 2020, section 17.1017, subdivision 6, is amended to read:

Subd. 6. **Qualifications for receipt of financing and other financial or technical assistance.** (a) An applicant for receipt of financing through an economic or community development financial institution, or an applicant for a grant or other financial or technical assistance, may be a for-profit or not-for-profit entity, including, but not limited to, a sole proprietorship, limited liability company, corporation, cooperative, nonprofit organization, or nonprofit community development organization. Each applicant must:

(1) demonstrate community engagement in and support for the project;

(2) demonstrate the capacity to successfully implement the project;

(3) demonstrate a viable plan for long-term sustainability, including the ability to increase the availability of and access to affordable, nutritious, and culturally appropriate food, including fresh fruits and vegetables, for underserved communities in low-income and moderate-income areas; and

(4) demonstrate the ability to repay the debt, to the extent that the financing requires repayment.

(b) Each applicant must also agree to comply with the following conditions for a period of at least five years, except as otherwise specified in this section:

(1) accept Supplemental Nutrition Assistance Program (SNAP) benefits;

~~(2) apply to accept Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) benefits and, if approved, accept WIC benefits;~~

~~(3)~~ (2) allocate at least 30 percent of retail space for the sale of affordable, nutritious, and culturally appropriate foods, including fruits and vegetables, low-fat and nonfat dairy, fortified dairy substitute beverages such as soy-based or nut-based dairy substitute beverages, whole grain-rich staple foods, meats, poultry, fish, seafood, and other proteins, consistent with nutrition standards in national guidelines described in the current United States Department of Agriculture Dietary Guidelines for Americans;

~~(4)~~ (3) comply with all data collection and reporting requirements established by the commissioner; and

~~(5)~~ (4) promote the hiring, training, and retention of local or regional residents from low-income and moderate-income areas that reflect area demographics, including communities of color.

(c) A selected project that is a small food retailer is not subject to the allocation agreement under paragraph (b), clause ~~(3)~~ (2), and may use financing, grants, or other financial or technical assistance for refrigeration, displays, or onetime capital expenditures for the promotion and sale of perishable foods, including a combination of affordable, nutritious, and culturally appropriate fresh or frozen dairy, dairy substitute products, produce, meats, poultry, and fish, consistent with nutrition standards in national guidelines described in the current United States Department of Agriculture Dietary Guidelines for Americans.

Sec. 7. Minnesota Statutes 2020, section 17.116, subdivision 2, is amended to read:

Subd. 2. **Eligibility.** (a) Grants may only be made to farmers, educational institutions, individuals at educational institutions, or nonprofit organizations residing or located in the state for research or demonstrations on farms in the state.

(b) Grants may only be made for projects that show:

(1) the ability to maximize direct or indirect energy savings or production;

(2) a positive effect or reduced adverse effect on the environment; ~~and~~ or

(3) increased profitability for the individual farm by reducing costs or improving marketing opportunities.

Sec. 8. Minnesota Statutes 2020, section 18B.26, subdivision 3, is amended to read:

Subd. 3. **Registration application and gross sales fee.** (a) For an agricultural pesticide, a registrant shall pay an annual registration application fee for each agricultural pesticide of $350. The fee is due by December 31 preceding the year for which the application for registration is made. The fee is nonrefundable.

(b) For a nonagricultural pesticide, a registrant shall pay a minimum annual registration application fee for each nonagricultural pesticide of $350. The fee is due by December 31 preceding the year for which the application for registration is made. The fee is nonrefundable. If the registrant's annual gross sales of the nonagricultural pesticide exceeded $70,000 in the previous calendar year, the registrant shall pay, in addition to the $350 minimum fee, a fee equal to ~~0.5~~ 0.9 percent of that portion of the annual gross sales over $70,000. For purposes of this subdivision, gross sales includes both nonagricultural pesticide sold in the state and nonagricultural pesticide sold into the state for use in this state. No additional fee is required if the fee due amount based on percent of annual gross sales of a nonagricultural pesticide is less than $10. The registrant shall secure sufficient sales information of nonagricultural pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of nonagricultural pesticides in this state and sales of nonagricultural pesticides for use in this

state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under paragraph (g), and fees shall be paid by the registrant based upon those reported sales. Sales of nonagricultural pesticides in the state for use outside of the state are exempt from the gross sales fee in this paragraph if the registrant properly documents the sale location and distributors. A registrant paying more than the minimum fee shall pay the balance due by March 1 based on the gross sales of the nonagricultural pesticide by the registrant for the preceding calendar year. A pesticide determined by the commissioner to be a sanitizer or disinfectant is exempt from the gross sales fee.

(c) For agricultural pesticides, a licensed agricultural pesticide dealer or licensed pesticide dealer shall pay a gross sales fee of ~~0.55~~ 0.9 percent of annual gross sales of the agricultural pesticide in the state and the annual gross sales of the agricultural pesticide sold into the state for use in this state.

(d) In those cases where a registrant first sells an agricultural pesticide in or into the state to a pesticide end user, the registrant must first obtain an agricultural pesticide dealer license and is responsible for payment of the annual gross sales fee under paragraph (c), record keeping under paragraph (i), and all other requirements of section 18B.316.

~~(e) If the total annual revenue from fees collected in fiscal year 2011, 2012, or 2013, by the commissioner on the registration and sale of pesticides is less than $6,600,000, the commissioner, after a public hearing, may increase proportionally the pesticide sales and product registration fees under this chapter by the amount necessary to ensure this level of revenue is achieved. The authority under this section expires on June 30, 2014. The commissioner shall report any fee increases under this paragraph 60 days before the fee change is effective to the senate and house of representatives agriculture budget divisions.~~

~~(f)~~ (e) An additional fee of 50 percent of the registration application fee must be paid by the applicant for each pesticide to be registered if the application is a renewal application that is submitted after December 31.

~~(g)~~ (f) A registrant must annually report to the commissioner the amount, type and annual gross sales of each registered nonagricultural pesticide sold, offered for sale, or otherwise distributed in the state. The report shall be filed by March 1 for the previous year's registration. The commissioner shall specify the form of the report or approve the method for submittal of the report and may require additional information deemed necessary to determine the amount and type of nonagricultural pesticide annually distributed in the state. The information required shall include the brand name, United States Environmental Protection Agency registration number, and amount of each nonagricultural pesticide sold, offered for sale, or otherwise distributed in the state, but the information collected, if made public, shall be reported in a manner which does not identify a specific brand name in the report.

~~(h)~~ (g) A licensed agricultural pesticide dealer or licensed pesticide dealer must annually report to the commissioner the amount, type, and annual gross sales of each registered agricultural pesticide sold, offered for sale, or otherwise distributed in the state or into the state for use in the state. The report must be filed by January 31 for the previous year's sales. The commissioner shall specify the form, contents, and approved electronic method for submittal of the report and may require additional information deemed necessary to determine the amount and type of agricultural pesticide annually distributed within the state or into the state. The information required must include the brand name, United States Environmental Protection Agency registration number, and amount of each agricultural pesticide sold, offered for sale, or otherwise distributed in the state or into the state.

~~(i)~~ (h) A person who registers a pesticide with the commissioner under paragraph (b), or a registrant under paragraph (d), shall keep accurate records for five years detailing all distribution or sales transactions into the state or in the state and subject to a fee and surcharge under this section.

~~(j)~~ (i) The records are subject to inspection, copying, and audit by the commissioner and must clearly demonstrate proof of payment of all applicable fees and surcharges for each registered pesticide product sold for use in this state. A person who is located outside of this state must maintain and make available records required by this subdivision in this state or pay all costs incurred by the commissioner in the inspecting, copying, or auditing of the records.

~~(k)~~ (j) The commissioner may adopt by rule regulations that require persons subject to audit under this section to provide information determined by the commissioner to be necessary to enable the commissioner to perform the audit.

~~(l)~~ (k) A registrant who is required to pay more than the minimum fee for any pesticide under paragraph (b) must pay a late fee penalty of $100 for each pesticide application fee paid after March 1 in the year for which the license is to be issued.

Sec. 9. Minnesota Statutes 2020, section 21.82, subdivision 3, is amended to read:

Subd. 3. **Treated seed.** For all named agricultural, vegetable, flower, or wildflower seeds which are treated, for which a separate label may be used, the label must contain:

(1) a word or statement to indicate that the seed has been treated;

(2) the commonly accepted, coined, chemical, or abbreviated generic chemical name of the applied substance;

(3) the caution statement "Do not use for food, feed, or oil purposes" if the substance in the amount present with the seed is harmful to human or other vertebrate animals;

(4) in the case of mercurials or similarly toxic substances, a poison statement and symbol;

(5) a word or statement describing the process used when the treatment is not of pesticide origin; ~~and~~

(6) the date beyond which the inoculant is considered ineffective if the seed is treated with an inoculant. It must be listed on the label as "inoculant: expires (month and year)" or wording that conveys the same meaning~~.~~; and

(7) for corn or soybean seed treated with neonicotinoid pesticide, the following caution statement framed in a box and including a bee icon approved by the commissioner: "Planting seed treated with a neonicotinoid pesticide may negatively impact pollinator health. Please use care when handling and planting this seed. Do not use for food, feed, or oil purposes, or ethanol production."

Sec. 10. Minnesota Statutes 2020, 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; ~~or~~

(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 or coated with neonicotinoid pesticide.

Sec. 11. **[21.915] PROHIBITED DISPOSAL METHODS.**

A person must not dispose of seed treated or coated with neonicotinoid pesticide in a manner inconsistent with the product label, where applicable, or by:

(1) burial near a drinking water source or any creek, stream, river, lake, or other surface water;

(2) composting; or

(3) incinerating within a home or other dwelling.

Sec. 12. Minnesota Statutes 2020, section 28A.08, is amended by adding a subdivision to read:

Subd. 4. **Food handler license account; appropriation.** A food handler license account is established in the agricultural fund. Fees paid under subdivision 3 must be deposited in the account. Money in the account, including interest, is appropriated to the commissioner for expenses relating to licensing and inspecting food handlers under chapters 28 to 34A or rules adopted under one of those chapters.

Sec. 13. Minnesota Statutes 2020, section 28A.09, is amended by adding a subdivision to read:

Subd. 3. **Vending machine inspection account; appropriation.** A vending machine inspection account is established in the agricultural fund. Fees paid under subdivision 1 must be deposited in the account. Money in the account, including interest, is appropriated to the commissioner for expenses relating to identifying and inspecting food vending machines under chapters 28 to 34A or rules adopted under one of those chapters.

Sec. 14. Minnesota Statutes 2020, section 28A.152, subdivision 1, is amended to read:

Subdivision 1. **Licensing provisions applicability.** (a) The licensing provisions of sections 28A.01 to 28A.16 do not apply to the following:

(1) an individual who prepares and sells food that is not potentially hazardous food, as defined in Minnesota Rules, part 4626.0020, subpart 62, if the following requirements are met:

(i) the prepared food offered for sale under this clause is labeled to accurately reflect the name and the registration number or address of the individual preparing and selling the food, the date on which the food was prepared, and the ingredients and any possible allergens; and

(ii) the individual displays at the point of sale a clearly legible sign or placard stating: "These products are homemade and not subject to state inspection."; and

(2) an individual who prepares and sells home-processed and home-canned food products if the following requirements are met:

(i) the products are pickles, vegetables, or fruits having an equilibrium pH value of 4.6 or lower, or a water activity value of .85 or less;

(ii) the products are home-processed and home-canned in Minnesota;

(iii) the individual displays at the point of sale a clearly legible sign or placard stating: "These canned goods are homemade and not subject to state inspection."; and

(iv) each container of the product sold or offered for sale under this clause is accurately labeled to provide the name and the registration number or address of the individual who processed and canned the goods, the date on which the goods were processed and canned, and ingredients and any possible allergens.

(b) An individual who qualifies for an exemption under paragraph (a), clause (2), is also exempt from the provisions of sections 31.31 and 31.392.

(c) An individual who qualifies for an exemption under paragraph (a) may organize the individual's cottage food business as a business entity recognized by state law.

Sec. 15. Minnesota Statutes 2020, section 28A.152, subdivision 3, is amended to read:

Subd. 3. **Limitation on sales.** An individual selling exempt foods under this section is limited to total sales with gross receipts of ~~$18,000~~ $78,000 or less in a calendar year.

Sec. 16. Minnesota Statutes 2020, section 28A.152, subdivision 4, is amended to read:

Subd. 4. **Registration.** An individual who prepares and sells exempt food under subdivision 1 must register annually with the commissioner. The commissioner shall register an individual within 30 days of submitting a complete registration to the commissioner. A registration shall be deemed accepted after 30 days following an individual's complete registration to the commissioner. The annual registration fee is ~~$50~~ $25. An individual with $5,000 or less in annual gross receipts from the sale of exempt food under this section is not required to pay the registration fee. Beginning January 1, 2022, and every five years thereafter, the commissioner shall adjust the gross receipts amount of this fee exemption based on the consumer price index using 2015 as the index year for the $5,000 gross receipts exemption.

Sec. 17. Minnesota Statutes 2020, section 28A.152, subdivision 5, is amended to read:

Subd. 5. **Training.** ~~(a)~~ An individual ~~with gross receipts between $5,000 and $18,000 in a calendar year from the sale of exempt food~~ under this section must complete a safe food handling training course that is approved by the commissioner before registering under subdivision 4. The training shall not exceed eight hours and must be completed every three years while the individual is registered under subdivision 4.

~~(b) An individual with gross receipts of less than $5,000 in a calendar year from the sale of exempt food under this section must satisfactorily complete an online course and exam as approved by the commissioner before registering under subdivision 4. The commissioner shall offer the online course and exam under this paragraph at no cost to the individual.~~

Sec. 18. **[28A.153] WILD GAME PROCESSOR EXEMPTION.**

Subdivision 1. **Licensing provisions applicability.** The licensing provisions of sections 28A.01 to 28A.16 do not apply to an individual who processes wild game or fowl as described in section 31A.15, subdivision 1, clause (2), if the following requirements are met:

(1) the individual does not conduct another operation subject to the licensing provisions of sections 28A.01 to 28A.16;

(2) the individual's operation is limited to the handling of raw products, to include cutting, grinding, and packaging, and without further preparation of the wild game or fowl products;

(3) the individual does not add any additional ingredients to the wild game or fowl products;

(4) the wild game or fowl products are not donated; and

(5) all wild game or fowl products are packaged and labeled as "Not for Sale."

Subd. 2. **Sales limitation.** An individual processing wild game or fowl under this section is limited to total services with gross receipts of $20,000 or less in a calendar year.

Subd. 3. **Registration.** An individual processing wild game under this section must register annually with the commissioner. The commissioner must not assess a registration fee.

Subd. 4. **Permit exemption.** An individual processing wild game under this section is not required to obtain a custom processing permit under section 28A.04, subdivision 2.

Subd. 5. **Local ordinances.** This section does not preempt the application of any business licensing requirement or sanitation, public health, or zoning ordinance of a political subdivision.

Subd. 6. **Chronic wasting disease.** An individual processing wild game under this section must:

(1) ensure that each white-tailed deer processed by the individual and harvested from a chronic wasting disease management zone established by the commissioner of natural resources is tested for chronic wasting disease; and

(2) dispose of the carcass of each white-tailed deer under clause (1) through a chronic wasting disease adopt-a-dumpster program administered by the commissioner of natural resources.

Sec. 19. Minnesota Statutes 2020, section 35.02, subdivision 1, is amended to read:

Subdivision 1. **Members; officers.** The board has ~~five~~ seven members appointed by the governor ~~with the advice and consent of the senate~~, three of whom are producers of livestock in the state, ~~and two~~ three of whom are practicing veterinarians licensed in Minnesota at least one of whom is a small-animal veterinarian, and one of whom is a member of a federally recognized Tribe located in Minnesota with knowledge of animal health. The commissioners of agriculture, natural resources, and health, the dean of the College of Veterinary Medicine, and the director of the Veterinary Diagnostic Laboratory of the University of Minnesota ~~may~~ shall serve as consultants to the board without vote. Appointments to fill unexpired terms must be made from the classes to which the retiring members belong. The board shall elect a president and a vice-president from among its members ~~and~~. The governor shall appoint a veterinarian licensed in Minnesota who is not a member to be its executive director for a term of one year and until a successor qualifies. The board shall set the duties of the director.

EFFECTIVE DATE. This section is effective July 1, 2021, and the governor's duty to appoint the executive director of the Board of Animal Health begins with the appointment for state fiscal year 2023.

Sec. 20. Minnesota Statutes 2020, section 41A.16, subdivision 2, is amended to read:

Subd. 2. **Payment amounts; limits.** (a) The commissioner shall make payments to eligible producers of advanced biofuel. The amount of the payment for each eligible producer's annual production is $2.1053 per MMbtu for advanced biofuel production from cellulosic biomass, and $1.053 per MMbtu for advanced biofuel production from sugar, starch, oil, or animal fat at a specific location for ten years after the start of production.

(b) Total payments under this section to an eligible biofuel producer in a fiscal year may not exceed the amount necessary for 2,850,000 MMbtu of biofuel production. Total payments under this section to all eligible biofuel producers in a fiscal year may not exceed the amount necessary for 17,100,000 MMbtu of biofuel production. If the total amount for which all producers are eligible in a quarter exceeds the amount available for payments, the commissioner shall make the payments on a pro rata basis. An eligible producer may reapply for payment of the amount of the difference between the claim for payment filed under subdivision 6 and the pro rata amount received until the full amount of the original claim is paid.

(c) For purposes of this section, an entity that holds a controlling interest in more than one advanced biofuel facility is considered a single eligible producer.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2020, and applies to claims filed after January 1, 2020.

Sec. 21. Minnesota Statutes 2020, section 41A.16, subdivision 5, is amended to read:

Subd. 5. **Agricultural cellulosic biomass sourcing plan.** (a) An eligible producer who utilizes agricultural cellulosic biomass other than corn kernel fiber or biogas must submit a responsible biomass sourcing plan for approval by the commissioner prior to applying for payments under this section. The commissioner shall make the plan publicly available. The plan must:

(1) provide a detailed explanation of how agricultural cellulosic biomass will be produced and managed in a way that preserves soil quality, does not increase soil and nutrient runoff, avoids introduction of harmful invasive species, limits negative impacts on wildlife habitat, and reduces greenhouse gas emissions;

(2) include the producer's approach to verifying that biomass suppliers are following the plan;

(3) discuss how new technologies and practices that are not yet commercially viable may be encouraged and adopted during the life of the facility, and how the producer will encourage continuous improvement during the life of the project;

(4) include specific numeric goals and timelines for making progress;

(5) require agronomic practices that result in a positive Natural Resources Conservation Service Soil Conditioning Index score for acres from which biomass from corn stover will be harvested; and

(6) include biennial soil sampling to verify maintained or increased levels of soil organic matter.

(b) An eligible producer who utilizes agricultural cellulosic biomass and receives payments under this section shall submit an annual report on the producer's responsible biomass sourcing plan to the commissioner by January 15 each year. The report must include data on progress made by the producer in meeting specific goals laid out in the plan. The commissioner shall make the report publicly available. The commissioner shall perform an annual review of submitted reports and may make a determination that the producer is not following the plan based on the reports submitted. The commissioner may take appropriate steps, including reducing or ceasing payments, until the producer is in compliance with the plan.

Sec. 22. Minnesota Statutes 2020, section 41A.16, subdivision 6, is amended to read:

Subd. 6. **Claims.** (a) By the last day of October, January, April, and July, each eligible biofuel producer shall file a claim for payment for advanced biofuel production during the preceding three calendar months. An eligible biofuel producer that files a claim under this subdivision shall include a statement of the eligible biofuel producer's total advanced biofuel production in Minnesota during the quarter covered by the claim and certify that the eligible producer will not use payments received under this section to compensate a lobbyist who is required to register with the Campaign Finance and Public Disclosure Board under section 10A.03. For each claim and statement of total advanced biofuel production filed under this subdivision, the volume of advanced biofuel production must be examined by a CPA firm with a valid permit to practice under chapter 326A, in accordance with Statements on Standards for Attestation Engagements established by the American Institute of Certified Public Accountants.

(b) The commissioner must issue payments by November 15, February 15, May 15, and August 15. A separate payment must be made for each claim filed.

Sec. 23. Minnesota Statutes 2020, section 41A.17, subdivision 2, is amended to read:

Subd. 2. **Payment amounts; bonus; limits.** (a) The commissioner shall make payments to eligible producers of renewable chemicals located in the state. The amount of the payment for each producer's annual production is $0.03 per pound of sugar-derived renewable chemical, $0.03 per pound of cellulosic sugar, starch, oil, or animal fat, and $0.06 per pound of cellulosic-derived renewable chemical produced at a specific location for ten years after the start of production.

(b) An eligible facility producing renewable chemicals using agricultural cellulosic biomass is eligible for a 20 percent bonus payment for each pound produced from agricultural biomass that is derived from perennial crop or cover crop biomass.

(c) Total payments under this section to an eligible renewable chemical producer in a fiscal year may not exceed the amount necessary for 99,999,999 pounds of renewable chemical production. Total payments under this section to all eligible renewable chemical producers in a fiscal year may not exceed the amount necessary for 599,999,999 pounds of renewable chemical production. If the total amount for which all producers are eligible in a quarter exceeds the amount available for payments, the commissioner shall make the payments on a pro rata basis. An eligible producer may reapply for payment of the amount of the difference between the claim for payment filed under subdivision 5 and the pro rata amount received until the full amount of the original claim is paid.

(d) An eligible facility may blend renewable chemicals with other chemicals that are not renewable chemicals, but only the percentage attributable to renewable chemicals in the blended product is eligible to receive payment.

(e) For purposes of this section, an entity that holds a controlling interest in more than one renewable chemical production facility is considered a single eligible producer.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2020, and applies to claims filed after January 1, 2020.

Sec. 24. Minnesota Statutes 2020, section 41A.17, subdivision 4, is amended to read:

Subd. 4. **Agricultural cellulosic biomass sourcing plan.** (a) An eligible producer who utilizes agricultural cellulosic biomass other than corn kernel fiber or biogas must submit a responsible biomass sourcing plan to the commissioner prior to applying for payments under this section. The plan must:

(1) provide a detailed explanation of how agricultural cellulosic biomass will be produced and managed in a way that preserves soil quality, does not increase soil and nutrient runoff, avoids introduction of harmful invasive species, limits negative impacts on wildlife habitat, and reduces greenhouse gas emissions;

(2) include the producer's approach to verifying that biomass suppliers are following the plan;

(3) discuss how new technologies and practices that are not yet commercially viable may be encouraged and adopted during the life of the facility, and how the producer will encourage continuous improvement during the life of the project; and

(4) include specific numeric goals and timelines for making progress.

(b) An eligible producer who utilizes agricultural cellulosic biomass and receives payments under this section shall submit an annual report on the producer's responsible biomass sourcing plan to the commissioner by January 15 each year. The report must include data on progress made by the producer in meeting specific goals laid out in the plan. The commissioner shall make the report publicly available. The commissioner shall perform an annual review of submitted reports and may make a determination that the producer is not following the plan based on the reports submitted. The commissioner may take appropriate steps, including reducing or ceasing payments, until the producer is in compliance with the plan.

Sec. 25. Minnesota Statutes 2020, section 41A.17, subdivision 5, is amended to read:

Subd. 5. **Claims.** (a) By the last day of October, January, April, and July, each eligible renewable chemical producer shall file a claim for payment for renewable chemical production during the preceding three calendar months. An eligible renewable chemical producer that files a claim under this subdivision shall include a statement of the eligible producer's total renewable chemical production in Minnesota during the quarter covered by the claim and certify that the eligible producer will not use payments received under this section to compensate a lobbyist who is required to register with the Campaign Finance and Public Disclosure Board under section 10A.03. For each claim and statement of total renewable chemical production filed under this paragraph, the volume of renewable chemical production must be examined by a CPA firm with a valid permit to practice under chapter 326A, in accordance with Statements on Standards for Attestation Engagements established by the American Institute of Certified Public Accountants.

(b) The commissioner must issue payments by November 15, February 15, May 15, and August 15. A separate payment must be made for each claim filed.

Sec. 26. Minnesota Statutes 2020, section 41A.18, subdivision 2, is amended to read:

Subd. 2. **Payment amounts; bonus; limits; blending.** (a) The commissioner shall make payments to eligible producers of biomass thermal located in the state. The amount of the payment for each producer's annual production is $5.00 per MMbtu of biomass thermal production produced at a specific location for ten years after the start of production.

(b) An eligible facility producing biomass thermal using agricultural cellulosic biomass is eligible for a 20 percent bonus payment for each MMbtu produced from agricultural biomass that is derived from perennial crop or cover crop biomass.

(c) Total payments under this section to an eligible thermal producer in a fiscal year may not exceed the amount necessary for 30,000 MMbtu of thermal production. Total payments under this section to all eligible thermal producers in a fiscal year may not exceed the amount necessary for 150,000 MMbtu of total thermal production. If the total amount for which all producers are eligible in a quarter exceeds the amount available for payments, the commissioner shall make the payments on a pro rata basis. An eligible producer may reapply for payment of the amount of the difference between the claim for payment filed under subdivision 5 and the pro rata amount received until the full amount of the original claim is paid.

(d) An eligible facility may blend a cellulosic feedstock with other fuels in the biomass thermal production facility, but only the percentage attributable to biomass meeting the cellulosic forestry biomass requirements or agricultural cellulosic biomass sourcing plan is eligible to receive payment.

(e) When a facility is eligible due to adding production capacity or retrofitting existing capacity, the entire amount of biomass meeting the cellulosic forestry biomass requirements or agricultural cellulosic biomass sourcing plan is assumed to have been used for the biomass thermal production from the added or retrofitted production capacity.

(f) For purposes of this section, an entity that holds a controlling interest in more than one biomass thermal production facility is considered a single eligible producer.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2020, and applies to claims filed after January 1, 2020.

Sec. 27. Minnesota Statutes 2020, section 41A.18, subdivision 5, is amended to read:

Subd. 5. **Claims.** (a) By the last day of October, January, April, and July, each producer shall file a claim for payment for biomass thermal production during the preceding three calendar months. A producer that files a claim under this subdivision shall include a statement of the producer's total biomass thermal production in Minnesota during the quarter covered by the claim and certify that the eligible producer will not use payments received under this section to compensate a lobbyist who is required to register with the Campaign Finance and Public Disclosure Board under section 10A.03. For each claim and statement of total biomass thermal production filed under this paragraph, the volume of biomass thermal production must be examined by a CPA firm with a valid permit to practice under chapter 326A, in accordance with Statements on Standards for Attestation Engagements established by the American Institute of Certified Public Accountants.

(b) The commissioner must issue payments by November 15, February 15, May 15, and August 15. A separate payment shall be made for each claim filed.

Sec. 28. Minnesota Statutes 2020, section 41A.19, is amended to read:

41A.19 REPORT; INCENTIVE PROGRAMS.

By January 15 each year, the commissioner shall report on the incentive programs under sections 41A.16, 41A.17, and 41A.18 to the legislative committees with jurisdiction over environment policy and finance and agriculture policy and finance. The report shall include information on production and incentive expenditures under the programs~~.~~, as well as the following information that the commissioner must require of each producer who receives a payment during the reporting period:

(1) business structure of the producer;

(2) the name and address of the parent company of the producer, if any;

(3) a cumulative list of all financial assistance received from all 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;

(7) board member and executive compensation;

(8) evidence of compliance with environmental permits;

(9) the producer's intended and actual use of payments received from 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. 29. **[41A.25] BIOFUELS INFRASTRUCTURE FINANCIAL ASSISTANCE PROGRAM.**

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

(b) "Account" means the biofuels infrastructure financial assistance account established in subdivision 3.

(c) "Biofuel" has the meaning given in section 239.051.

(d) "Biodiesel blend" has the meaning given in section 239.77.

(e) "Biodiesel fuel" has the meaning given in section 239.77.

(f) "Biofuels Infrastructure Financial Assistance Program Advisory Committee" or "advisory committee" means the Biofuels Infrastructure Financial Assistance Program Advisory Committee under section 41A.26.

(g) "Commissioner" means the commissioner of agriculture.

(h) "Financing" means loans, including low-interest loans, zero-interest loans, forgivable loans, and other types of financial assistance other than grants.

(i) "Program" means the biofuels infrastructure financial assistance program established in this section.

(j) "Technical assistance" means individualized guidance, presentations, workshops, trainings, printed materials, or other guidance and resources on relevant topics.

(k) "Transportation fuel storage and dispensing infrastructure" means an underground storage tank or above-ground storage tank, as those terms are defined in section 116.46 and any rules adopted under that section. Transportation fuel storage and dispensing infrastructure includes any structures or appurtenances to an underground storage tank or above-ground storage tank.

Subd. 2. **Program established.** (a) A biofuels infrastructure financial assistance program is established within the Department of Agriculture to provide financing and financial assistance to owners of transportation fuel storage and dispensing infrastructure for the purpose of upgrading infrastructure to become compatible with blends of gasoline containing greater than ten percent biofuel by volume or biodiesel blends containing greater than 20 percent of biodiesel fuel by volume. The commissioner, in cooperation with public and private partners, must establish and implement the program as provided in this section.

(b) The biofuels infrastructure financial assistance program must be comprised of state or private grants, loans, or other types of financial and technical assistance for the purpose as provided in this subdivision.

(c) The commissioner's actions under this subdivision are not subject to chapter 14.

Subd. 3. **Biofuels infrastructure financial assistance account.** A biofuels infrastructure financial assistance account is established in the agricultural fund. The account consists of money appropriated to the commissioner and any other money donated, allotted, transferred, or otherwise provided to the account. Money in the account, including interest, is appropriated to the commissioner for the purposes of this section, and must be used, to the extent practicable, to leverage other forms of public and private financing or financial assistance for the projects.

Subd. 4. **Program administration.** (a) The commissioner is the administrator of the account for auditing purposes and must establish program requirements and a competitive process for projects applying for financial and technical assistance.

(b) The commissioner may receive money or other assets from any source, including but not limited to philanthropic foundations and financial investors, for deposit into the account.

(c) Through issuance of requests for proposals, the commissioner may contract with one or more qualified economic or community development financial institutions to manage the financing component of the program and with one or more qualified organizations or public agencies with financial or other program-related expertise to manage the provision of technical assistance to project grantees.

(d) Money in the account at the close of each fiscal year does not cancel. In each biennium, the commissioner must determine the appropriate proportion of money to be allocated to loans, grants, technical assistance, and any other types of financial assistance.

(e) To encourage public-private, cross-sector collaboration and investment in the account and program and to ensure that the program intent is maintained throughout implementation, the commissioner must convene and maintain the Biofuels Infrastructure Financial Assistance Program Advisory Committee.

(f) The commissioner, in cooperation with the Biofuels Infrastructure Financial Assistance Program Advisory Committee, must manage the program, establish program criteria, facilitate leveraging of additional public and private investment, and promote the program statewide.

(g) The commissioner, in cooperation with the Biofuels Infrastructure Financial Assistance Program Advisory Committee must establish annual monitoring and accountability mechanisms for all projects receiving financing or other financial or technical assistance through this program.

Subd. 5. **Eligible projects.** (a) The commissioner, in cooperation with the Biofuels Infrastructure Financial Assistance Program Advisory Committee, must establish project eligibility guidelines and application processes to be used to review and select project applicants for financing or other financial or technical assistance.

(b) Projects eligible for financing, financial assistance such as grants, or technical assistance, must fulfill the purpose as provided in subdivision 2.

Subd. 6. **Legislative report.** The commissioner, in cooperation with any economic or community development financial institution and any other entity with which it 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:

(1) the number and types of projects financed;

(2) the amount of dollars leveraged or matched per project;

(3) the geographic distribution of financed projects;

(4) the number and types of technical assistance recipients;

(5) any market expansion associated with upgraded infrastructure;

(6) the demographics of the areas served;

(7) the costs of the program; and

(8) the number of loans or grants to minority-owned or female-owned businesses.

Sec. 30. **[41A.26] BIOFUELS INFRASTRUCTURE FINANCIAL ASSISTANCE PROGRAM ADVISORY COMMITTEE.**

Subdivision 1. **Definitions.** As used in this section, the following terms have the meanings given:

(1) "commissioner" means the commissioner of agriculture; and

(2) "program" means the biofuels infrastructure financial assistance program under section 41A.25.

Subd. 2. **Creation.** The Biofuels Infrastructure Financial Assistance Program Advisory Committee consists of no more than 15 members appointed by the commissioner of agriculture, including but not limited to representatives of agriculture, the biofuels industry, and motor fuel retailers.

Subd. 3. **Duties.** The advisory committee must advise the commissioner of agriculture on managing the program, establishing program criteria, establishing project eligibility guidelines, establishing application processes and additional selection criteria, establishing annual monitoring and accountability mechanisms, facilitating leveraging of additional public and private investments, and promoting the program statewide.

Subd. 4. **Meetings.** The commissioner must convene the advisory committee at least two times per year to achieve the committee's duties.

Subd. 5. **Administrative support.** The commissioner of agriculture must provide staffing, meeting space, and administrative services for the advisory committee.

Subd. 6. **Chair.** The commissioner of agriculture or the commissioner's designee must serve as chair of the committee.

Subd. 7. **Compensation.** The public members of the advisory committee serve without compensation or payment of expenses.

Sec. 31. Minnesota Statutes 2020, section 41B.048, subdivision 2, is amended to read:

Subd. 2. **Establishment.** The authority shall establish and implement an agroforestry loan program to help finance the production of short rotation woody crops. ~~The authority may contract with a fiscal agent to provide an efficient delivery system for this program.~~

Sec. 32. Minnesota Statutes 2020, section 41B.048, subdivision 4, is amended to read:

Subd. 4. **Definitions.** (a) The definitions in this subdivision apply to this section.

~~(b) "Fiscal agent" means any lending institution or other organization of a for-profit or nonprofit nature that is in good standing with the state of Minnesota that has the appropriate business structure and trained personnel suitable to providing efficient disbursement of loan funds and the servicing and collection of loans over an extended period of time.~~

~~(c)~~ (b) "Growing cycle" means the number of years from planting to harvest.

~~(d)~~ (c) "Harvest" means the day that the crop arrives at the scale of the buyer of the crop.

~~(e)~~ (d) "Short rotation woody crops" or "crop" means hybrid poplar and other woody plants that are harvested for their fiber within 15 years of planting.

Sec. 33. Minnesota Statutes 2020, section 41B.048, subdivision 6, is amended to read:

Subd. 6. **Loans.** (a) The authority may ~~disburse loans through a fiscal agent~~ participate with eligible lenders in agroforestry loans to farmers and agricultural landowners who are eligible under subdivision 5. ~~The total accumulative loan principal must not exceed~~ The authority's participation is limited to 45 percent or $75,000 of total accumulative principal per loan.

(b) ~~The fiscal agent may impose a loan origination fee in the amount of one percent of the total approved loan. This fee is to be paid by the borrower to the fiscal agent at the time of loan closing~~ The interest rates and repayment terms of the authority's participation interest may differ from those of the lender's retained portion of the loan.

(c) The loan may be disbursed over a period not to exceed 12 years.

(d) A borrower may receive loans, depending on the availability of funds, for planted areas up to 160 acres for up to:

(1) the total amount necessary for establishment of the crop;

(2) the total amount of maintenance costs, including weed control, during the first three years; and

(3) 70 percent of the estimated value of one year's growth of the crop for years four through 12.

(e) Security for the loan must be the crop, a personal note executed by the borrower, ~~an interest in the land upon which the crop is growing,~~ and whatever other security is required by the ~~fiscal agent~~ eligible lender or the authority. ~~All recording fees must be paid by the borrower.~~

(f) The authority may prescribe forms and establish an application process for applicants to apply for a loan.

(g) The authority may impose a reasonable, nonrefundable application fee for each application for a loan under this program. The application fee is initially $50. Application fees received by the authority must be deposited in the Rural Finance Authority administrative account established in section 41B.03.

(h) Loans under the program must be made using money in the revolving loan account established under section 41B.06.

(i) All repayments of financial assistance granted under this section, including principal and interest, must be deposited into the revolving loan account established under section 41B.06.

(j) ~~The interest payable on loans made by the authority for the agroforestry loan program must, if funded by revenue bond proceeds, be at a rate not less than the rate on the revenue bonds, and may be established at a higher rate necessary to pay costs associated with the issuance of the revenue bonds and a proportionate share of the cost of administering the program.~~ The interest payable on loans for the agroforestry loan program ~~funded from sources other than revenue bond proceeds~~ must be at a rate determined by the authority.

(k) Loan principal balance outstanding plus all assessed interest must be repaid within 120 days of harvest, but no later than 15 years from planting.

Sec. 34. Minnesota Statutes 2020, section 583.215, is amended to read:

583.215 EXPIRATION.

Sections 336.9-601, subsections (h) and (i); 550.365; 559.209; 582.039; and 583.20 to 583.32, expire June 30, ~~2022~~ 2027.

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

Sec. 35. Minnesota Statutes 2020, section 583.26, subdivision 4, is amended to read:

Subd. 4. **Mediation proceeding notice.** (a) By ten days after receiving a mediation request, the director shall send: (1) a mediation proceeding notice to the debtor; (2) a mediation proceeding notice to all creditors listed by the debtor in the mediation request and any additional secured creditors identified by the director from the credit report obtained with the debtor's permission under subdivision 2; and (3) a claim form to all secured creditors stated by the debtor or identified by the director.

(b) The mediation proceeding notice must state:

(1) the name and address of the debtor;

(2) that the debtor has requested mediation under the Farmer-Lender Mediation Act;

(3) the time and place for the orientation session;

(4) the time and place for the initial mediation meeting;

(5) a list of the names of three mediators that may be assigned to the proceeding, along with background information on those mediators including biographical information, a summary of previous mediation experience, and the number of agreements signed by parties to previous mediation;

(6) that the debtor and the initiating creditor may each request the director to exclude one mediator by notifying the director within three days after receiving the notice;

(7) that in lieu of having a mediator assigned by the director, the debtor and any one or more of the creditors may agree to select and pay for a professional mediator that is approved by the director;

(8) that the Farmer-Lender Mediation Act prohibits the creditor from beginning or continuing a proceeding to enforce the debt against agricultural property for ~~90~~ 120 days after the debtor files a mediation request with the director unless otherwise allowed; and

(9) that the creditor must provide the debtor by the initial mediation meeting with copies of notes and contracts for debts subject to the Farmer-Lender Mediation Act and provide a statement of interest rates on the debts, delinquent payments, unpaid principal and interest balances, the creditor's value of the collateral, and debt restructuring programs available by the creditor.

(c) An initial mediation meeting must be held within 20 days of the notice.

(d) The initiating creditor and the debtor may each request the director to exclude one mediator from the list by sending the director a notice to exclude the mediator within three days after receiving the mediation proceeding notice.

(e) In lieu of the director assigning a mediator, the debtor and any one or more of the creditors may agree to select and pay for a professional mediator for the mediation proceeding. The director must approve the professional mediator before the professional mediator may be assigned to the mediation proceeding. The professional mediator may not be approved unless the professional mediator prepares and signs an affidavit:

(1) disclosing any biases, relationships, or previous associations with the debtor or creditors subject to the mediation proceedings;

(2) stating certifications, training, or qualifications as a professional mediator;

(3) disclosing fees to be charged or a rate schedule of fees for the mediation proceeding; and

(4) affirming to uphold the Farmer-Lender Mediation Act and faithfully discharge the duties of a mediator.

(f) After receiving a mediation proceeding notice, a secured creditor must return a claim form if the debt is not subject to the Farmer-Lender Mediation Act and specify why the debt is not subject to sections 583.20 to 583.32.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to mediation proceedings in progress on that date and mediation proceedings beginning after that date.

Sec. 36. Minnesota Statutes 2020, section 583.26, subdivision 5, is amended to read:

Subd. 5. **Effect of mediation proceeding notice.** (a) Except as provided in paragraphs (b), (c), and (d), if a creditor receives a mediation proceeding notice under subdivision 4 the creditor and the creditor's successors in interest may not begin or continue proceedings to enforce a debt subject to the Farmer-Lender Mediation Act against agricultural property of the debtor under chapter 580 or 581 or sections 336.9-501 to 336.9-508, to terminate a contract for deed to purchase agricultural property under section 559.21, or to garnish, levy on, execute on, seize, or attach agricultural property until ~~90~~ 120 days after the date the debtor files a mediation request with the director.

(b) Except as provided in paragraph (c), if a creditor is an agency of the United States and receives a mediation proceeding notice under subdivision 4, the creditor and the creditor's successors in interest may not begin or continue proceedings to enforce a debt against agricultural property of the debtor under chapter 580 or 581 or sections 336.9-501 to 336.9-508, to terminate a contract for deed to purchase agricultural property under section 559.21, or to garnish, levy on, execute on, seize, or attach agricultural property until ~~90~~ 120 days after the date the debtor files a mediation request with the director.

(c) Notwithstanding paragraphs (a) and (b) or subdivision 1, a creditor receiving a mediation proceeding notice may begin proceedings to enforce a debt against agricultural property of the debtor:

(1) at the time the creditor receives a mediator's affidavit of the debtor's lack of good faith under section 583.27; or

(2) five days after the date the debtor and creditor sign an agreement allowing the creditor to proceed to enforce the debt against agricultural property if the debtor has not rescinded the agreement within the five days.

(d) A creditor receiving a mediation proceeding notice must provide the debtor by the initial mediation meeting with copies of notes and contracts for debts subject to the Farmer-Lender Mediation Act and provide a statement of interest rates on the debts, delinquent payments, unpaid principal balance, a list of all collateral securing debts, a creditor's estimate of the value of the collateral, and debt restructuring programs available by the creditor.

(e) The provisions of this subdivision are subject to section 583.27, relating to extension or reduction in the period before a creditor may begin to enforce a debt and court-supervised mediation.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to mediation proceedings in progress on that date and mediation proceedings beginning after that date.

Sec. 37. Minnesota Statutes 2020, section 583.26, subdivision 8, is amended to read:

Subd. 8. **Mediation period.** The mediator may call mediation meetings during the mediation period, which is up to ~~60~~ 90 days after the initial mediation meeting.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to mediation proceedings in progress on that date and mediation proceedings beginning after that date.

Sec. 38. Minnesota Statutes 2020, section 583.27, subdivision 3, is amended to read:

Subd. 3. **Creditor's bad faith; court supervision.** If the mediator finds the creditor has not participated in mediation in good faith, the debtor may require court supervised mandatory mediation by filing the affidavit with the district court of the county of the debtor's residence with a request for court supervision of mediation and serving a copy of the request on the creditor. Upon request the court shall require both parties to mediate under the supervision of the court in good faith for a period of not more than ~~60~~ 90 days. All creditor remedies must be suspended during this period. The court may issue orders necessary to effect good faith mediation. Following the mediation period, if the court finds the creditor has not participated in mediation in good faith, the court shall by order suspend the creditor's remedies for an additional period of 180 days. A creditor found by the mediator not to have participated in good faith shall pay attorneys' fees and costs of the debtor requesting court-supervision of mediation or additional suspension of creditor's remedies.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to mediation proceedings in progress on that date and mediation proceedings beginning after that date.

Sec. 39. Laws 2020, chapter 71, article 2, section 19, is amended to read:

Sec. 19. **USES OF GENERAL-USE SANITIZERS AND DISINFECTANTS FOR TREATMENT OF COVID-19.**

(a) 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 Minnesota Statutes, section 18B.33.

(b) This section expires April 1, ~~2021~~ 2022, or 60 days after the peacetime emergency declared in response to the infectious disease known as COVID-19 expires or is terminated by the proper authority, whichever is later.

EFFECTIVE DATE. This section is effective retroactively from March 31, 2021.

Sec. 40. **REPEALER.**

Minnesota Statutes 2020, section 41B.048, subdivision 8, is repealed."

Delete the title and insert:

"A bill for an act relating to agriculture; establishing a budget for the Department of Agriculture, the Board of Animal Health, and the Agricultural Utilization Research Institute; making policy and technical changes to various agriculture provisions; modifying fees; creating accounts; creating a biofuels program and advisory committee; extending and modifying the Farmer-Lender Mediation Act; appropriating money; amending Minnesota Statutes 2020, sections 15.057; 17.055, subdivision 1, by adding a subdivision; 17.1017, subdivisions 5, 6; 17.116, subdivision 2; 18B.26, subdivision 3; 21.82, subdivision 3; 21.86, subdivision 2; 28A.08, by adding a subdivision; 28A.09, by adding a subdivision; 28A.152, subdivisions 1, 3, 4, 5; 35.02, subdivision 1; 41A.16, subdivisions 2, 5, 6; 41A.17, subdivisions 2, 4, 5; 41A.18, subdivisions 2, 5; 41A.19; 41B.048, subdivisions 2, 4, 6; 583.215; 583.26, subdivisions 4, 5, 8; 583.27, subdivision 3; Laws 2020, chapter 71, article 2, section 19; proposing coding for new law in Minnesota Statutes, chapters 17; 21; 28A; 41A; repealing Minnesota Statutes 2020, section 41B.048, subdivision 8."

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

The report was adopted.

Ecklund from the Committee on Labor, Industry, Veterans and Military Affairs Finance and Policy to which was referred:

H. F. No. 1670, A bill for an act relating to labor and industry; adopting agency policy provisions; classifying occupational safety and health data; classifying apprenticeship data on minors; modifying membership of the Construction Codes Advisory Council; amending Minnesota Statutes 2020, sections 13.7905, subdivision 6, by adding a subdivision; 178.012, subdivision 1; 182.66, by adding a subdivision; 326B.07, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 181A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
APPROPRIATIONS

Section 1. **LABOR AND INDUSTRY AND BUREAU OF MEDIATION SERVICES APPROPRIATIONS.**

(a) The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2022" and "2023" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively. "The first year" is fiscal year 2022. "The second year" is fiscal year 2023. "The biennium" is fiscal years 2022 and 2023.

(b) If an appropriation in this article is enacted more than once in the 2021 regular or special legislative session, the appropriation must be given effect only once.

	APPROPRIATIONS Available for the Year Ending June 30	
	2022	**2023**
Sec. 2. **DEPARTMENT OF LABOR AND INDUSTRY**		
Subdivision 1. **Total Appropriation**	**$32,558,000**	**$32,742,000**

Appropriations by Fund

	2022	2023
General	6,320,000	6,604,000
Workers' Compensation	22,991,000	22,991,000
Workforce Development	3,247,000	3,147,000

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

Subd. 2. **General Support**	6,515,000	6,515,000

Appropriations by Fund

General	476,000	476,000
Workers' Compensation	6,039,000	6,039,000

$476,000 each year is for system upgrades. This appropriation is available until June 30, 2023. The base amount in fiscal year 2024 is zero. This appropriation includes funds for information technology project services and support subject to Minnesota Statutes, section 16E.0466. Any ongoing information technology costs must be incorporated into the service level agreement and must be paid to the Office of MN.IT Services by the commissioner of labor and industry under the rates and mechanism specified in that agreement.

Subd. 3. **Labor Standards and Apprenticeship** 7,391,000 7,675,000

Appropriations by Fund

General	5,644,000	5,928,000
Workforce Development	1,747,000	1,747,000

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

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

(c) $1,271,000 each year is from the workforce development fund for the apprenticeship program under Minnesota Statutes, chapter 178.

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

(e) $225,000 each year is from the workforce development fund for grants to the Construction Careers Foundation for the Helmets to Hard Hats Minnesota initiative. Grant funds must be used to recruit, retain, assist, and support National Guard, reserve, and active duty military members' and veterans' participation into apprenticeship programs registered with the Department of Labor and Industry and connect them with career training and employment in the building and construction industry. The recruitment, selection, employment, and training must be without discrimination due to race, color, creed, religion, national origin, sex, sexual orientation, marital status, physical or mental disability, receipt of public assistance, or age. This is a onetime appropriation.

(f) $84,000 the first year and $34,000 the second year are for outreach and enforcement efforts related to changes to the parenting leave and accommodation law.

(g) $84,000 the first year and $34,000 the second year are for outreach and enforcement efforts related to changes to the Women's Economic Security Act.

(h) $1,306,000 the first year and $1,941,000 the second year are for earned sick and safe time compliance and enforcement efforts under Minnesota Statutes, sections 181.9445 to 181.9448, and chapter 177. The base amount in fiscal years 2024 and 2025 is $1,631,000.

(i) $300,000 each year is for earned sick and safe time grants to community organizations under Minnesota Statutes, section 177.50, subdivision 4.

(j) $131,000 the first year and $27,000 the second year are for purposes of implementing the Emergency Rehire and Retention Law. The base amount in fiscal year 2024 and after is zero.

(k) $344,000 the first year and $147,000 the second year are for the purposes of the Safe Workplaces for Meat and Poultry Processing Workers Act under Minnesota Statutes, sections 179.87 to 179.8757.

Subd. 4. **Workers' Compensation**	11,882,000	11,882,000

This appropriation is from the workers' compensation fund.

Subd. 5. **Workplace Safety**	5,070,000	5,070,000

This appropriation is from the workers' compensation fund.

Subd. 6. **Workforce Development Initiatives**	1,700,000	1,600,000

Appropriations by Fund

General	200,000	200,000
Workforce Development	1,500,000	1,400,000

(a) $200,000 each year is for identification of competency standards under Minnesota Statutes, section 175.45.

(b) $1,100,000 each year is from the workforce development fund for the youth skills training grants under Minnesota Statutes, section 175.46. Of this amount, $100,000 each year is for administration of the program.

(c) $300,000 each year is from the workforce development fund for the pipeline program.

(d) $100,000 the first year is from the workforce development fund for the Career Pathway Demonstration Program under article 2, section 30, for a grant to Independent School District No. 294, Houston, for the Minnesota Virtual Academy's career pathway program with Operating Engineers Local 49. The program may include up to five semesters of courses and must lead to eligibility

into the Operating Engineers Local 49 apprenticeship program. The grant may be used to encourage and support student participation in the career pathway program through additional academic, counseling, and other support services provided by the student's enrolling school district. The Minnesota Virtual Academy may contract with a student's enrolling school district to provide these services. The appropriation is available until June 30, 2023.

Sec. 3. **WORKERS' COMPENSATION COURT OF APPEALS** **$2,283,000** **$2,283,000**

This appropriation is from the workers' compensation fund.

Sec. 4. **BUREAU OF MEDIATION SERVICES** **$2,805,000** **$2,850,000**

(a) $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.

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

(c) $47,000 each year is for rulemaking, staffing, and other costs associated with peace officer grievance procedures.

Sec. 5. **MINNESOTA MANAGEMENT AND BUDGET** **$3,000** **$-0-**

$3,000 the first year is for printing costs associated with earned sick and safe time. This is a onetime appropriation.

Sec. 6. **ATTORNEY GENERAL** **$222,000** **$222,000**

$222,000 each year is for enforcement of the Safe Workplaces for Meat and Poultry Processing Workers Act under Minnesota Statutes, sections 179.87 to 179.8757.

Sec. 7. **CANCELLATION; FISCAL YEAR 2021.**

(a) $203,000 of the fiscal year 2021 general fund appropriation under Laws 2019, First Special Session chapter 7, article 1, section 3, subdivision 2, is canceled.

(b) $102,000 of the fiscal year 2021 general fund appropriation under Laws 2019, First Special Session chapter 7, article 1, section 5, is canceled.

Sec. 8. Laws 2019, First Special Session chapter 7, article 1, section 3, subdivision 4, is amended to read:

Subd. 4. **Workers' Compensation**	14,882,000	11,882,000

$3,000,000 the first year is from the workers' compensation fund for workers' compensation system upgrades. This amount is available until June 30, ~~2021~~ 2023. This is a onetime appropriation.

ARTICLE 2
LABOR AND INDUSTRY POLICY

Section 1. Minnesota Statutes 2020, section 13.7905, subdivision 6, is amended to read:

Subd. 6. **Occupational safety and health.** (a) Certain data gathered or prepared by the commissioner of labor and industry as part of occupational safety and health inspections or reports are classified under sections 182.659, subdivision 8, 182.663, subdivision 4, and 182.668, subdivision 2.

(b) Certain data gathered or prepared by the commissioner of labor and industry as part of occupational safety and health citations are classified under section 182.66, subdivision 4.

Sec. 2. Minnesota Statutes 2020, section 13.7905, is amended by adding a subdivision to read:

Subd. 8. **Data on individuals who are minors.** Disclosure of data on minors is governed by section 181A.112.

Sec. 3. Minnesota Statutes 2020, section 177.24, is amended by adding a subdivision to read:

Subd. 3a. **Gratuities; credit cards or charges.** (a) Gratuities received by an employee through a debit, charge, or credit card payment shall be credited to that pay period in which they are received by the employee.

(b) Where a gratuity is received by an employee through a debit, charge, or credit card payment, the full amount of gratuity indicated in the payment must be distributed to the employee for the pay period in which it is received and no later than the next scheduled pay period.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 4. Minnesota Statutes 2020, section 177.27, subdivision 4, is amended to read:

Subd. 4. **Compliance orders.** The commissioner may issue an order requiring an employer to comply with sections 177.21 to 177.435, 181.02, 181.03, 181.031, 181.032, 181.101, 181.11, 181.13, 181.14, 181.145, 181.15, 181.172, paragraph (a) or (d), 181.275, subdivision 2a, 181.722, 181.79, ~~and~~ 181.939 to 181.943, and 181.987, or with any rule promulgated under section 177.28. The commissioner shall issue an order requiring an employer to comply with sections 177.41 to 177.435 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 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. 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.

EFFECTIVE DATE. This section is effective October 15, 2021.

Sec. 5. Minnesota Statutes 2020, section 178.012, subdivision 1, is amended to read:

Subdivision 1. **Apprenticeship rules.** Federal regulations governing apprenticeship in effect on ~~July 1, 2013~~ January 18, 2017, as provided by Code of Federal Regulations, title 29, ~~part~~ parts 29, sections 29.1 to 29.6 and 29.11, and 30, are the apprenticeship rules in this state, subject to amendment by this chapter or by rule under section 178.041.

Sec. 6. Minnesota Statutes 2020, section 179A.10, subdivision 2, is amended to read:

Subd. 2. **State employees.** Unclassified employees, unless otherwise excluded, are included within the units which include the classifications to which they are assigned for purposes of compensation. Supervisory employees shall only be assigned to units 12 ~~and~~, 16, and 18. The following 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; ~~and~~

(17) public safety radio communications operator unit~~.~~; and

(18) law enforcement supervisors 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.

Sec. 7. Minnesota Statutes 2020, section 179A.10, subdivision 3, is amended to read:

Subd. 3. **State employee severance.** Each of the following groups of employees has the right, as specified in this subdivision, to separate from the general professional, health treatment, or general supervisory units provided for in subdivision 2: attorneys, physicians, and professional employees of the Minnesota Office of Higher Education who are compensated under section 43A.18, subdivision 4~~, State Patrol supervisors, enforcement supervisors employed by the Department of Natural Resources, and criminal apprehension investigative supervisors~~. This right must be exercised by petition during the 60-day period commencing 270 days prior to the termination of a contract covering the units. If one of these groups of employees exercises the right to separate from the units they have no right to meet and negotiate, but retain the right to meet and confer with the commissioner of management and budget and with the appropriate appointing authority on any matter of concern to them. 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 units 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 for the petitioner from the employees, the commissioner shall hold an election to ascertain the wishes of the majority with respect to the issue of remaining within or severing from the units provided in subdivision 2. This election must be conducted within 30 days of the close of the petition period. If a majority of votes cast endorse severance from the unit in favor of separate meet and confer status for any one of these groups of employees, the commissioner shall certify that result. This election, where not inconsistent with other provisions of this section, is governed by section 179A.12. If a group of employees elects to sever, the group may rejoin that unit by following the same procedures specified above for severance, but may only do so during the periods provided for severance.

Sec. 8. Minnesota Statutes 2020, section 181.53, is amended to read:

181.53 CONDITIONS PRECEDENT TO EMPLOYMENT NOT REQUIRED.

(a) No person, whether acting directly or through an agent, or as the agent or employee of another, shall require as a condition precedent to employment any written statement as to the participation of the applicant in a strike, or as to a personal record, for more than one year immediately preceding the date of application; nor shall any person, acting in any of these capacities, use or require blanks or forms of application for employment in contravention of this section. Nothing in this section precludes an employer from requesting or considering an applicant's criminal history pursuant to section 364.021 or other applicable law.

(b) Except as provided in paragraph (c), no person or employer, whether acting directly or through an agent, shall seek to obtain; require consent to a request for; or use an employee or prospective employee's credit information, including the employee or prospective employee's credit score, credit history, credit account balances, payment history, savings or checking account balances, or savings or checking account numbers:

(1) as a condition precedent to employment;

(2) as a basis for hiring, compensation, or any other term, privilege, or condition of employment; or

(3) as a basis for discharge or any other adverse employment action.

(c) Paragraph (b) does not apply if:

(1) the information sought is required by a state or federal law or regulation;

(2) the employer or prospective employer is a financial institution or a credit union;

(3) the employer or prospective employer has a bona fide business purpose for requesting the information that is substantially related to the employee or prospective employee's position; or

(4) the employee or prospective employee's position:

(i) is a managerial position that involves setting the financial direction or control of the employer or prospective employer;

(ii) involves routine access to confidential financial and personal information, other than information customarily provided in a routine retail transaction;

(iii) involves regular access to cash totaling $10,000 or more of the employer, the prospective employer, a customer, or a client;

(iv) is a peace officer; or

(v) requires a financial fiduciary responsibility to the employer, the prospective employer, a customer, or a client, including the authority to issue payments, collect debts, transfer money, or enter into contracts.

(d) In addition to any remedies otherwise provided by law, an employee or prospective employee injured by a violation of paragraph (b) may bring a civil action to recover any and all damages recoverable at law, together with costs and disbursements, including reasonable attorney fees, and may receive such injunctive and other equitable relief as determined by the court. If the district court determines that a violation of paragraph (b) occurred, the court may order any appropriate relief, including but not limited to reinstatement, back pay, restoration of lost service credit if appropriate, compensatory damages, and the expungement of any adverse records of an employee or prospective employee who was the subject of the alleged acts of misconduct.

Sec. 9. Minnesota Statutes 2020, section 181.939, is amended to read:

181.939 NURSING MOTHERS, LACTATING EMPLOYEES, AND PREGNANCY ACCOMMODATIONS.

Subdivision 1. **Nursing mothers.** (a) An employer must provide reasonable ~~unpaid~~ break ~~time~~ times each day to an employee who needs to express breast milk ~~for her infant child~~. The break ~~time must, if possible,~~ times may run concurrently with any break ~~time~~ times already provided to the employee. ~~An employer is not required to provide break time under this section if to do so would unduly disrupt the operations of the employer.~~ An employer shall not reduce an employee's compensation for time used for the purpose of expressing milk.

(b) The employer must make reasonable efforts to provide a room or other location, in close proximity to the work area, other than a bathroom or a toilet stall, that is shielded from view and free from intrusion from coworkers and the public and that includes access to an electrical outlet, where the employee can express ~~her~~ milk in privacy. The employer would be held harmless if reasonable effort has been made.

Subd. 2. **Pregnancy accommodations.** (a) An employer must provide reasonable accommodations to an employee for health conditions related to pregnancy or childbirth upon request, with the advice of a licensed health care provider or certified doula, unless the employer demonstrates that the accommodation would impose an undue hardship on the operation of the employer's business. A pregnant employee is not required to obtain the advice of a licensed health care provider or certified doula, nor may an employer claim undue hardship for the following accommodations: (1) more frequent restroom, food, and water breaks; (2) seating; and (3) limits on lifting over 20 pounds. The employee and employer shall engage in an interactive process with respect to an employee's request for a reasonable accommodation. Reasonable accommodation may include but is not limited to temporary transfer to a less strenuous or hazardous position, seating, frequent restroom breaks, and limits to heavy lifting. Notwithstanding any other provision of this subdivision, an employer is not required to create a new or additional position in order to accommodate an employee pursuant to this subdivision and is not required to discharge an employee, transfer another employee with greater seniority, or promote an employee.

(b) Nothing in this subdivision shall be construed to affect any other provision of law relating to sex discrimination or pregnancy or in any way diminish the coverage of pregnancy, childbirth, or health conditions related to pregnancy or childbirth under any other provisions of any other law.

(c) An employer shall not require an employee to take a leave or accept an accommodation.

Subd. 3. **Employer.** ~~(c)~~ For the purposes of this section, "employer" means a person or entity that employs one or more employees and includes the state and its political subdivisions.

Subd. 4. **No employer retribution.** ~~(d)~~ An employer ~~may~~ shall not retaliate against an employee for asserting rights or remedies under this section.

Sec. 10. Minnesota Statutes 2020, section 181.940, subdivision 2, is amended to read:

Subd. 2. **Employee.** "Employee" means a person who performs services for hire for an employer from whom a leave is requested under sections 181.940 to 181.944 for:

(1) at least ~~12 months~~ 90 days preceding the request; and

(2) for an average number of hours per week equal to one-half the full-time equivalent position in the employee's job classification as defined by the employer's personnel policies or practices or pursuant to the provisions of a collective bargaining agreement, during the ~~12 month~~ 90-day period immediately preceding the leave.

Employee includes all individuals employed at any site owned or operated by the employer but does not include an independent contractor.

Sec. 11. Minnesota Statutes 2020, section 181.940, subdivision 3, is amended to read:

Subd. 3. **Employer.** "Employer" means a person or entity that employs ~~21~~ one or more employees ~~at at least one site, except that, for purposes of the school leave allowed under section 181.9412, employer means a person or entity that employs one or more employees in Minnesota. The term~~ and includes an individual, corporation, partnership, association, nonprofit organization, group of persons, state, county, town, city, school district, or other governmental subdivision.

Sec. 12. **[181.987] USE OF SKILLED AND TRAINED CONTRACTOR WORKFORCES AT OIL REFINERIES.**

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

(b) "Contractor" means a vendor that enters into or seeks to enter into a contract with an owner or operator of an oil refinery to perform construction, alteration, demolition, installation, repair, maintenance, or hazardous material handling work at the site of the oil refinery. Contractor includes all contractors or subcontractors of any tier performing work as described in this paragraph at the site of the oil refinery. Contractor does not include employees of the owner or operator of an oil refinery.

(c) "Registered apprenticeship program" means an apprenticeship program registered with the Department of Labor and Industry under chapter 178 or with the United States Department of Labor Office of Apprenticeship or a recognized state apprenticeship agency under Code of Federal Regulations, title 29, parts 29 and 30.

(d) "Skilled and trained workforce" means a workforce in which a minimum of 85 percent of the employees of the contractor or subcontractor of any tier working at the site of the oil refinery meet one of the following criteria:

(1) are currently registered as apprentices in a registered apprenticeship program in the applicable trade;

(2) have graduated from a registered apprenticeship program in the applicable trade; or

(3) have completed all of the classroom training and work hour requirements needed to graduate from the registered apprenticeship program their employer participates in.

Subd. 2. **Use of contractors by owner, operator; requirement.** (a) An owner or operator of an oil refinery shall, when contracting with contractors for the performance of construction, alteration, demolition, installation, repair, maintenance, or hazardous material handling work at the site of the oil refinery, require that the contractors performing that work, and any subcontractors of any tier, use a skilled and trained workforce when performing all work at the site of the oil refinery.

(b) The requirement under this subdivision applies only when each contractor and subcontractor of any tier is performing work at the site of the oil refinery.

Subd. 3. **Penalties.** The Division of Labor Standards shall receive complaints of violations of this section. The commissioner of labor and industry shall fine an owner, operator, contractor, or subcontractor of any tier not less than $5,000 nor more than $10,000 for each violation of the requirements in this section. Each shift on which a violation of this section occurs shall be considered a separate violation. This penalty is in addition to any penalties provided under section 177.27, subdivision 7. In determining the amount of a civil penalty under this subdivision, the appropriateness of the penalty to the size of the violator's business and the gravity of the violation shall be considered.

Subd. 4. **Civil actions.** A person injured by a violation of this section may bring a civil action for damages against an owner or operator of an oil refinery. The court may award to a prevailing plaintiff under this subdivision damages, attorney fees, costs, disbursements, and any other appropriate relief as otherwise provided by law.

EFFECTIVE DATE. This section is effective October 15, 2021.

Sec. 13. **[181A.112] DATA ON INDIVIDUALS WHO ARE MINORS.**

(a) When the commissioner collects, creates, receives, maintains, or disseminates the following data on individuals who the commissioner knows are minors, the data are considered private data on individuals, as defined in section 13.02, subdivision 12, except for data classified as public data according to section 13.43:

(1) name;

(2) date of birth;

(3) Social Security number;

(4) telephone number;

(5) e-mail address;

(6) physical or mailing address;

(7) location data;

(8) online account access information; and

(9) other data that would identify participants who have registered for events, programs, or classes sponsored by the Department of Labor and Industry.

(b) Data about minors classified under this section maintain their classification as private data on individuals after the individual is no longer a minor.

Sec. 14. Minnesota Statutes 2020, section 182.66, is amended by adding a subdivision to read:

Subd. 4. **Classification of citation data.** Notwithstanding section 13.39, subdivision 2, the data in a written citation is classified as public as soon as the commissioner has received confirmation that the employer has received the citation. All data in the citation is public, including but not limited to the employer's name; the employer's address; the address of the worksite; the date or dates of inspection; the date the citation was issued; the provision of the act, standard, rule, or order alleged to have been violated; the severity level of the citation; the description of the nature of the violation; the proposed abatement date; the proposed penalty; and any abatement guidelines.

Sec. 15. Minnesota Statutes 2020, section 182.666, subdivision 1, is amended to read:

Subdivision 1. **Willful or repeated violations.** Any employer who willfully or repeatedly violates the requirements of section 182.653, or any standard, rule, or order adopted under the authority of the commissioner as provided in this chapter, may be assessed a fine not to exceed ~~$70,000~~ $136,532 for each violation. The minimum fine for a willful violation is ~~$5,000~~ $9,753.

Sec. 16. Minnesota Statutes 2020, section 182.666, subdivision 2, is amended to read:

Subd. 2. **Serious violations.** Any employer who has received a citation for a serious violation of its duties under section 182.653, or any standard, rule, or order adopted under the authority of the commissioner as provided in this chapter, shall be assessed a fine not to exceed ~~$7,000~~ $13,653 for each violation. If a serious violation under section 182.653, subdivision 2, causes or contributes to the death of an employee, the employer shall be assessed a fine of up to $25,000 for each violation.

Sec. 17. Minnesota Statutes 2020, section 182.666, subdivision 3, is amended to read:

Subd. 3. **Nonserious violations.** Any employer who has received a citation for a violation of its duties under section 182.653, subdivisions 2 to 4, where the violation is specifically determined not to be of a serious nature as provided in section 182.651, subdivision 12, may be assessed a fine of up to ~~$7,000~~ $13,653 for each violation.

Sec. 18. Minnesota Statutes 2020, section 182.666, subdivision 4, is amended to read:

Subd. 4. **Failure to correct a violation.** Any employer who fails to correct a violation for which a citation has been issued under section 182.66 within the period permitted for its correction, which period shall not begin to run until the date of the final order of the commissioner in the case of any review proceedings under this chapter initiated by the employer in good faith and not solely for delay or avoidance of penalties, may be assessed a fine of not more than ~~$7,000~~ $13,653 for each day during which the failure or violation continues.

Sec. 19. Minnesota Statutes 2020, section 182.666, subdivision 5, is amended to read:

Subd. 5. **Posting violations.** Any employer who violates any of the posting requirements, as prescribed under this chapter, except those prescribed under section 182.661, subdivision 3a, shall be assessed a fine of up to ~~$7,000~~ $13,653 for each violation.

Sec. 20. Minnesota Statutes 2020, section 182.666, is amended by adding a subdivision to read:

Subd. 6a. **Increases for inflation.** (a) Each year, beginning in 2022, the commissioner shall determine the percentage change in the Minneapolis-St. Paul-Bloomington, MN-WI, Consumer Price Index for All Urban Consumers (CPI-U) from the month of October in the preceding calendar year to the month of October in the current calendar year.

(b) The commissioner shall increase the fines in subdivisions 1 to 5, except for the fine for a serious violation under section 182.653, subdivision 2, that causes or contributes to the death of an employee, by the percentage change determined by the commissioner under paragraph (a), if the percentage change is greater than zero. The fines shall be increased to the nearest dollar.

(c) If the percentage change determined by the commissioner under paragraph (a) is not greater than zero, the commissioner shall not change any of the fines in subdivisions 1 to 5.

(d) A fine increase under this subdivision takes effect on the next January 1 after the commissioner determines the percentage change under paragraph (a) and the increase applies to all fines assessed on or after the next January 1.

(e) No later than December 1 of each year, the commissioner shall give notice in the State Register of any increase to the fines in subdivisions 1, 2, 3, 4, and 5.

Sec. 21. **[299F.48] AUTOMATIC SPRINKLER SYSTEMS IN EXISTING HIGH-RISE BUILDINGS.**

Subdivision 1. **Requirements.** This section applies to an existing building in which at least one story used for human occupancy is 75 feet or more above the lowest level of fire department vehicle access. An automatic sprinkler system must be installed in those portions of the entire existing building in which an automatic sprinkler system would be required if the building were constructed on the effective date of this section. The automatic sprinkler system must comply with standards in the State Fire Code and the State Building Code and must be fully operational by August 1, 2033.

Subd. 2. **Exemptions.** (a) Subdivision 1 does not apply to:

(1) a monument or war memorial that is included in the National Register of Historic Places or the state register of historic places;

(2) an airport control tower or control room;

(3) an open parking structure;

(4) a building used for agricultural purposes;

(5) a residential building in which at least 70 percent of the dwelling units are owner occupied;

(6) elevator equipment rooms and elevator shafts;

(7) electric generation and distribution facilities operated by a public utility, a municipal utility, or a cooperative electric association;

(8) areas utilized for surgery, surgical recovery, emergency backup power systems, and electrical closets within facilities licensed by the Department of Health; or

(9) a manufacturing facility that is required to meet the fire safety standards adopted by the Occupational Safety and Health Administration in Code of Federal Regulations, title 29, part 1910, subpart L.

(b) Subdivision 1 does not apply to an area used exclusively for telecommunications equipment and associated generator and power equipment and under exclusive control of a telecommunications provider if:

(1) the area is separated from the remainder of the building by construction equivalent to a one-hour fire resistant wall and two-hour floor and ceiling assemblies; and

(2) the area has an automatic fire detection and alarm system that complies with standards in the State Fire Code and State Building Code.

Subd. 3. **Reporting.** By August 1, 2023, the owner of a building subject to subdivision 1 shall submit to the state fire marshal a letter stating the owner's intent to comply with this section and a plan for achieving compliance by the deadline in subdivision 1.

Subd. 4. **Extensions.** The commissioner, or the state fire marshal as the commissioner's designee, may grant extensions to the deadline for reporting under subdivision 3 or the deadline for compliance under subdivision 1. Any extension must observe the spirit and intent of this section and be tailored to ensure public welfare and safety. To be eligible for an extension, the building owner must apply to the commissioner and demonstrate a genuine inability to comply within the time prescribed despite appropriate effort to do so.

Subd. 5. **Rules.** The commissioner may adopt rules to implement this section.

Subd. 6. **Working group.** The commissioner may appoint a working group to advise the commissioner on the implementation of this section, including the adoption of rules, and to advise the commissioner on applications for extensions. If appointed, a working group must include a representative from: the state fire marshal's office, the Department of Administration, the Minnesota State Fire Chiefs Association, a chapter of the Minnesota Building Owners and Managers Association, the Minneapolis Public Housing Authority, the Minnesota Multi Housing Association, the Minnesota Hotel and Motel Association, the Fire Marshals Association of Minnesota, professional engineers or licensed architects, a municipal water authority of a city of the first class, a national association of fire sprinkler contractors, and a resident of a building subject to subdivision 1.

Subd. 7. **Effect on other laws.** This section does not supersede the State Building Code or State Fire Code.

Sec. 22. Minnesota Statutes 2020, section 326B.07, subdivision 1, is amended to read:

Subdivision 1. **Membership.** (a) The Construction Codes Advisory Council consists of the following members:

(1) the commissioner or the commissioner's designee representing the department's Construction Codes and Licensing Division;

(2) the commissioner of public safety or the commissioner of public safety's designee representing the Department of Public Safety's State Fire Marshal Division;

(3) one member, appointed by the commissioner, engaged in each of the following occupations or industries:

(i) certified building officials;

(ii) fire chiefs or fire marshals;

(iii) licensed architects;

(iv) licensed professional engineers;

(v) commercial building owners and managers;

(vi) the licensed residential building industry;

(vii) the commercial building industry;

(viii) the heating and ventilation industry;

(ix) a member of the Plumbing Board;

(x) a member of the Board of Electricity;

(xi) a member of the Board of High Pressure Piping Systems;

(xii) the boiler industry;

(xiii) the manufactured housing industry;

(xiv) public utility suppliers;

(xv) the Minnesota Building and Construction Trades Council; ~~and~~

(xvi) local units of government~~.~~;

(xvii) the energy conservation industry; and

(xviii) a building accessibility advocate.

(b) The commissioner or the commissioner's designee representing the department's Construction Codes and Licensing Division shall serve as chair of the advisory council. For members who are not state officials or employees, compensation and removal of members of the advisory council are governed by section 15.059. The terms of the members of the advisory council shall be four years. The terms of eight of the appointed members shall be coterminous with the governor and the terms of the remaining nine appointed members shall end on the first Monday in January one year after the terms of the other appointed members expire. An appointed member may be reappointed. Each council member shall appoint an alternate to serve in their absence.

Sec. 23. Minnesota Statutes 2020, section 326B.092, subdivision 7, is amended to read:

Subd. 7. **License fees and license renewal fees.** (a) The license fee for each license is the base license fee plus any applicable board fee, continuing education fee, and contractor recovery fund fee and additional assessment, as set forth in this subdivision.

(b) For purposes of this section, "license duration" means the number of years for which the license is issued except that if the initial license is not issued for a whole number of years, the license duration shall be rounded up to the next whole number.

(c) If there is a continuing education requirement for renewal of the license, then a continuing education fee must be included in the renewal license fee. The continuing education fee for all license classifications is $5.

~~(c)~~ (d) The base license fee shall depend on whether the license is classified as an entry level, master, journeyworker, or business license, and on the license duration. The base license fee shall be:

	License Duration	
License Classification	1 year	2 years
Entry level	$10	$20
Journeyworker	$20	$40
Master	$40	$80
Business		$180

~~(d) If there is a continuing education requirement for renewal of the license, then a continuing education fee must be included in the renewal license fee. The continuing education fee for all license classifications shall be: $10 if the renewal license duration is one year; and $20 if the renewal license duration is two years.~~

(e) If the license is issued under sections 326B.31 to 326B.59 or 326B.90 to 326B.925, then a board fee must be included in the license fee and the renewal license fee. The board fee for all license classifications shall be: $4 if the license duration is one year; and $8 if the license duration is two years.

(f) If the application is for the renewal of a license issued under sections 326B.802 to 326B.885, then the contractor recovery fund fee required under section 326B.89, subdivision 3, and any additional assessment required under section 326B.89, subdivision 16, must be included in the license renewal fee.

(g) Notwithstanding the fee amounts described in paragraphs ~~(c)~~ (d) to (f), for the period ~~July 1, 2017~~ October 1, 2021, through September 30, ~~2021~~ 2023, the following fees apply:

	License Duration	
License Classification	1 year	2 years
Entry level	$10	$20
Journeyworker	$15	$30
Master	$30	$60
Business		$120

~~If there is a continuing education requirement for renewal of the license, then a continuing education fee must be included in the renewal license fee. The continuing education fee for all license classifications shall be $5.~~

Sec. 24. Minnesota Statutes 2020, section 326B.0981, subdivision 4, is amended to read:

Subd. 4. **Internet continuing education.** (a) The design and delivery of an Internet continuing education course must be approved by the International Distance Education Certification Center (IDECC) or the International Association for Continuing Education and Training (IACET) before the course is submitted for the commissioner's approval. The approval must accompany the course submitted.

(b) Paragraphs (a) and (c) do not apply to approval of an Internet continuing education course for manufactured home installers. An Internet continuing education course for manufactured home installers must be approved by the United States Department of Housing and Urban Development or by the commissioner of labor and industry. The approval must accompany the course completion certificate issued to each student by the course sponsor.

(c) An Internet continuing education course must:

(1) specify the minimum computer system requirements;

(2) provide encryption that ensures that all personal information, including the student's name, address, and credit card number, cannot be read as it passes across the Internet;

(3) include technology to guarantee seat time;

(4) include a high level of interactivity;

(5) include graphics that reinforce the content;

(6) include the ability for the student to contact an instructor or course sponsor within a reasonable amount of time;

(7) include the ability for the student to get technical support within a reasonable amount of time;

(8) include a statement that the student's information will not be sold or distributed to any third party without prior written consent of the student. Taking the course does not constitute consent;

(9) be available 24 hours a day, seven days a week, excluding minimal downtime for updating and administration, except that this provision does not apply to live courses taught by an actual instructor and delivered over the Internet;

(10) provide viewing access to the online course at all times to the commissioner, excluding minimal downtime for updating and administration;

(11) include a process to authenticate the student's identity;

(12) inform the student and the commissioner how long after its purchase a course will be accessible;

(13) inform the student that license education credit will not be awarded for taking the course after it loses its status as an approved course;

(14) provide clear instructions on how to navigate through the course;

(15) provide automatic bookmarking at any point in the course;

(16) provide questions after each unit or chapter that must be answered before the student can proceed to the next unit or chapter;

(17) include a reinforcement response when a quiz question is answered correctly;

(18) include a response when a quiz question is answered incorrectly;

(19) include a final examination in which the student must correctly answer 70 percent of the questions;

(20) allow the student to go back and review any unit at any time, except during the final examination;

(21) provide a course evaluation at the end of the course. At a minimum, the evaluation must ask the student to report any difficulties caused by the online education delivery method;

(22) provide a completion certificate when the course and exam have been completed and the provider has verified the completion. Electronic certificates are sufficient and shall include the name of the provider, date and location of the course, educational program identification that was provided by the department, hours of instruction or continuing education hours, and licensee's or attendee's name and license, certification, or registration number or the last four digits of the licensee's or attendee's Social Security number; and

(23) allow the commissioner the ability to electronically review the class to determine if credit can be approved.

~~(c)~~ (d) The final examination must be either an encrypted online examination or a paper examination that is monitored by a proctor who certifies that the student took the examination.

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

Sec. 25. Minnesota Statutes 2020, 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. Beginning in 2022, 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, and amending it as necessary to achieve a minimum of eight percent energy efficiency with each edition, as measured against energy consumption by an average building in each applicable building sector in 2003. These amendments must achieve a net zero energy standard for new commercial buildings by 2036 and thereafter. 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.

Sec. 26. Minnesota Statutes 2020, 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.

(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.

Sec. 27. Minnesota Statutes 2020, 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 per licensee. The commissioner shall not pay compensation from the fund to owners and lessees in an amount that totals more than ~~$300,000~~ $800,000 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.

Sec. 28. Minnesota Statutes 2020, section 326B.89, subdivision 9, is amended to read:

Subd. 9. **Satisfaction of applications for compensation.** The commissioner shall pay compensation from the fund to an owner or a lessee pursuant to the terms of an agreement that has been entered into under subdivision 7, clause (1), or pursuant to a final order that has been issued under subdivision 7, clause (2), or subdivision 8 by December ~~1 of the fiscal year following the fiscal year during which the agreement was entered into or during which the order became final, subject to the limitations of this section. At the end of each fiscal year the commissioner shall calculate the amount of compensation to be paid from the fund pursuant to agreements that have been entered into under subdivision 7, clause (1), and final orders that have been issued under subdivision 7, clause (2), or subdivision 8. If the calculated amount exceeds the amount available for payment, then the commissioner shall allocate the amount available among the owners and the lessees in the ratio that the amount agreed to or ordered to be paid to each owner or lessee bears to the amount calculated. The commissioner shall mail notice of the allocation to all owners and lessees not less than 45 days following the end of the fiscal year.~~ 31 for applications submitted by July 1 or June 30 for applications submitted by January 1 of the fiscal year. The commissioner shall not pay compensation to owners or lessees that totals more than $400,000 per licensee during Cycle One of a fiscal year nor shall the commissioner pay out during Cycle One if the payout will result in the exhaustion of a licensee's fund. If compensation paid to owners or lessees in Cycle One would total more than $400,000 or would result in exhaustion of a licensee's fund in Cycle One, the commissioner shall not make a final determination of compensation for claims against the licensee until the completion of Cycle Two. If the claims against a licensee for the fiscal year result in the exhaustion of a licensee's fund or the fund as a whole, the commissioner must prorate the amount available among the owners and lessees based on the amount agreed to or ordered to be paid to each owner or lessee. The commissioner shall mail notice of the proration to all owners and lessees no later than March 31 of the current fiscal year. Any compensation paid by the commissioner in accordance with this subdivision shall be deemed to satisfy and extinguish any right to compensation from the fund based upon the verified application of the owner or lessee.

Sec. 29. **LAW ENFORCEMENT SUPERVISORS TRANSITION.**

(a) Until a negotiated collective bargaining agreement with an exclusive representative of the law enforcement supervisors unit established under Minnesota Statutes, section 179A.10, subdivision 2, clause (18), is approved under Minnesota Statutes, section 3.855:

(1) state patrol supervisors and enforcement supervisors employed by the Department of Natural Resources shall remain in the commissioner's plan;

(2) criminal apprehension investigative supervisors and other law enforcement supervisor positions currently in the general supervisory employees unit shall remain in the general supervisory employees unit represented by the Middle Management Association; and

(3) employees in positions to be included in the law enforcement supervisors unit shall be authorized to participate in certification elections for the law enforcement supervisors unit and any negotiation and collective bargaining activities of the law enforcement supervisors unit.

(b) In assigning positions included in the law enforcement supervisors unit, employees in positions under paragraph (a), clause (2), shall have the right to remain in the general supervisory employees unit represented by the Middle Management Association. If a group of employees exercises this right, the appropriate unit for such employees shall be the general supervisory employees unit represented by the Middle Management Association, and the commissioner shall assign them to such unit.

Sec. 30. **CAREER PATHWAY DEMONSTRATION PROGRAM.**

Subdivision 1. **Demonstration program.** A career pathway demonstration program is created to encourage, support, and continue student participation in a structured career pathway program.

Subd. 2. **Report.** On January 15, 2024, Independent School District No. 294, Houston, must submit a written report to the legislative committees having jurisdiction over education and workforce development describing students' experiences with the program. The report must document the program's spending, list the number of students participating in the program and entering the apprenticeship program, and make recommendations for improving support of career pathway programs statewide.

Sec. 31. **REPEALER.**

(a) Minnesota Statutes 2020, section 181.9414, is repealed.

(b) Minnesota Rules, part 5200.0080, subpart 7, is repealed effective August 1, 2021.

ARTICLE 3
EARNED SICK AND SAFE TIME

Section 1. Minnesota Statutes 2020, section 181.942, subdivision 1, is amended to read:

Subdivision 1. **Comparable position.** (a) An employee returning from a leave of absence under section 181.941 is entitled to return to employment in the employee's former position or in a position of comparable duties, number of hours, and pay. An employee returning from a leave of absence longer than one month must notify a supervisor at least two weeks prior to return from leave. An employee returning from a leave under section 181.9412 or ~~181.9413~~ sections 181.9445 to 181.9448 is entitled to return to employment in the employee's former position.

(b) If, during a leave under sections 181.940 to 181.944, the employer experiences a layoff and the employee would have lost a position had the employee not been on leave, pursuant to the good faith operation of a bona fide layoff and recall system, including a system under a collective bargaining agreement, the employee is not entitled to reinstatement in the former or comparable position. In such circumstances, the employee retains all rights under the layoff and recall system, including a system under a collective bargaining agreement, as if the employee had not taken the leave.

Sec. 2. **[181.9445] DEFINITIONS.**

Subdivision 1. **Definitions.** For the purposes of section 177.50 and sections 181.9445 to 181.9447, the terms defined in this section have the meanings given them.

Subd. 2. **Commissioner.** "Commissioner" means the commissioner of labor and industry or authorized designee or representative.

Subd. 3. **Domestic abuse.** "Domestic abuse" has the meaning given in section 518B.01.

Subd. 4. **Earned sick and safe time.** "Earned sick and safe time" means leave, including paid time off and other paid leave systems, that is paid at the same hourly rate as an employee earns from employment that may be used for the same purposes and under the same conditions as provided under section 181.9447.

Subd. 5. **Employee.** "Employee" means any person who is employed by an employer, including temporary and part-time employees, who performs work for at least 80 hours in a year for that employer in Minnesota. Employee does not include:

(1) an independent contractor; or

(2) an individual employed by an air carrier as a flight deck or cabin crew member who is subject to United States Code, title 45, sections 181 to 188, and who is provided with paid leave equal to or exceeding the amounts in section 181.9446.

Subd. 6. **Employer.** "Employer" means a person who has one or more employees. Employer includes an individual, a corporation, a partnership, an association, a business trust, a nonprofit organization, a group of persons, a state, county, town, city, school district, or other governmental subdivision. In the event that a temporary employee is supplied by a staffing agency, absent a contractual agreement stating otherwise, that individual shall be an employee of the staffing agency for all purposes of section 177.50 and sections 181.9445 to 181.9448.

Subd. 7. **Family member.** "Family member" means:

(1) an employee's:

(i) child, foster child, adult child, legal ward, or child for whom the employee is legal guardian;

(ii) spouse or registered domestic partner;

(iii) sibling, stepsibling, or foster sibling;

(iv) parent or stepparent;

(v) grandchild, foster grandchild, or stepgrandchild; or

(vi) grandparent or stepgrandparent;

(2) any of the family members listed in clause (1) of a spouse or registered domestic partner;

(3) any individual related by blood or affinity whose close association with the employee is the equivalent of a family relationship; and

(4) up to one individual annually designated by the employee.

Subd. 8. **Health care professional.** "Health care professional" means any person licensed under federal or state law to provide medical or emergency services, including doctors, physician assistants, nurses, and emergency room personnel.

Subd. 9. **Prevailing wage rate.** "Prevailing wage rate" has the meaning given in section 177.42 and as calculated by the Department of Labor and Industry.

Subd. 10. **Retaliatory personnel action.** "Retaliatory personnel action" means:

(1) any form of intimidation, threat, reprisal, harassment, discrimination, or adverse employment action, including discipline, discharge, suspension, transfer, or reassignment to a lesser position in terms of job classification, job security, or other condition of employment; reduction in pay or hours or denial of additional hours; the accumulation of points under an attendance point system; informing another employer that the person has engaged in activities protected by this chapter; or reporting or threatening to report the actual or suspected citizenship or immigration status of an employee, former employee, or family member of an employee to a federal, state, or local agency; and

(2) interference with or punishment for participating in any manner in an investigation, proceeding, or hearing under this chapter.

Subd. 11. **Sexual assault.** "Sexual assault" means an act that constitutes a violation under sections 609.342 to 609.3453 or 609.352.

Subd. 12. **Stalking.** "Stalking" has the meaning given in section 609.749.

Subd. 13. **Year.** "Year" means a regular and consecutive 12-month period, as determined by an employer and clearly communicated to each employee of that employer.

Sec. 3. **[181.9446] ACCRUAL OF EARNED SICK AND SAFE TIME.**

(a) An employee accrues a minimum of one hour of earned sick and safe time for every 30 hours worked up to a maximum of 48 hours of earned sick and safe time in a year. Employees may not accrue more than 48 hours of earned sick and safe time in a year unless the employer agrees to a higher amount.

(b) Employers must permit an employee to carry over accrued but unused sick and safe time into the following year. The total amount of accrued but unused earned sick and safe time for an employee must not exceed 80 hours at any time, unless an employer agrees to a higher amount.

(c) Employees who are exempt from overtime requirements under United States Code, title 29, section 213(a)(1), as amended through the effective date of this section, are deemed to work 40 hours in each workweek for purposes of accruing earned sick and safe time, except that an employee whose normal workweek is less than 40 hours will accrue earned sick and safe time based on the normal workweek.

(d) Earned sick and safe time under this section begins to accrue at the commencement of employment of the employee.

(e) Employees may use accrued earned sick and safe time beginning 90 calendar days after the day their employment commenced. After 90 days from the day employment commenced, employees may use earned sick and safe time as it is accrued. The 90-calendar-day period under this paragraph includes both days worked and days not worked.

Sec. 4. **[181.9447] USE OF EARNED SICK AND SAFE TIME.**

Subdivision 1. **Eligible use.** An employee may use accrued earned sick and safe time for:

(1) an employee's:

(i) mental or physical illness, injury, or other health condition;

(ii) need for medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; or

(iii) need for preventive medical or health care;

(2) care of a family member:

(i) with a mental or physical illness, injury, or other health condition;

(ii) who needs medical diagnosis, care, or treatment of a mental or physical illness, injury, or other health condition; or

(iii) who needs preventive medical or health care;

(3) absence due to domestic abuse, sexual assault, or stalking of the employee or employee's family member, provided the absence is to:

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

(ii) obtain services from a victim services organization;

(iii) obtain psychological or other counseling;

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

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

(4) closure of the employee's place of business due to weather or other public emergency or an employee's need to care for a family member whose school or place of care has been closed due to weather or other public emergency; and

(5) when it has been determined by the health authorities having jurisdiction or by a health care professional that the presence of the employee or family member of the employee in the community would jeopardize the health of others because of the exposure of the employee or family member of the employee to a communicable disease, whether or not the employee or family member has actually contracted the communicable disease.

Subd. 2. **Notice.** An employer may require notice of the need for use of earned sick and safe time as provided in this paragraph. If the need for use is foreseeable, an employer may require advance notice of the intention to use earned sick and safe time but must not require more than seven days' advance notice. If the need is unforeseeable, an employer may require an employee to give notice of the need for earned sick and safe time as soon as practicable.

Subd. 3. **Documentation.** When an employee uses earned sick and safe time for more than three consecutive days, an employer may require reasonable documentation that the earned sick and safe time is covered by subdivision 1. For earned sick and safe time under subdivision 1, clauses (1) and (2), reasonable documentation may include a signed statement by a health care professional indicating the need for use of earned sick and safe time. For earned sick and safe time under subdivision 1, clause (3), an employer must accept a court record or documentation signed by a volunteer or employee of a victims services organization, an attorney, a police officer, or an antiviolence counselor as reasonable documentation. An employer must not require disclosure of details relating to domestic abuse, sexual assault, or stalking or the details of an employee's or an employee's family member's medical condition as related to an employee's request to use earned sick and safe time under this section.

Subd. 4. **Replacement worker.** An employer may not require, as a condition of an employee using earned sick and safe time, that the employee seek or find a replacement worker to cover the hours the employee uses as earned sick and safe time.

Subd. 5. **Increment of time used.** Earned sick and safe time may be used in the smallest increment of time tracked by the employer's payroll system, provided such increment is not more than four hours.

Subd. 6. **Retaliation prohibited.** An employer shall not take retaliatory personnel action against an employee because the employee has requested earned sick and safe time, used earned sick and safe time, requested a statement of accrued sick and safe time, or made a complaint or filed an action to enforce a right to earned sick and safe time under this section.

Subd. 7. **Reinstatement to comparable position after leave.** An employee returning from a leave under this section is entitled to return to employment in a comparable position. If, during a leave under this section, the employer experiences a layoff and the employee would have lost a position had the employee not been on leave, pursuant to the good faith operation of a bona fide layoff and recall system, including a system under a collective bargaining agreement, the employee is not entitled to reinstatement in the former or comparable position. In such circumstances, the employee retains all rights under the layoff and recall system, including a system under a collective bargaining agreement, as if the employee had not taken the leave.

Subd. 8. **Pay and benefits after leave.** An employee returning from a leave under this section is entitled to return to employment at the same rate of pay the employee had been receiving when the leave commenced, plus any automatic adjustments in the employee's pay scale that occurred during the leave period. The employee returning from a leave is entitled to retain all accrued preleave benefits of employment and seniority as if there had been no interruption in service, provided that nothing under this section prevents the accrual of benefits or seniority during the leave pursuant to a collective bargaining or other agreement between the employer and employees.

Subd. 9. **Part-time return from leave.** An employee, by agreement with the employer, may return to work part time during the leave period without forfeiting the right to return to employment at the end of the leave, as provided under this section.

Subd. 10. **Notice and posting by employer.** (a) Employers must give notice to all employees that they are entitled to earned sick and safe time, including the amount of earned sick and safe time, the accrual year for the employee, and the terms of its use under this section; that retaliation against employees who request or use earned sick and safe time is prohibited; and that each employee has the right to file a complaint or bring a civil action if earned sick and safe time is denied by the employer or the employee is retaliated against for requesting or using earned sick and safe time.

(b) Employers must supply employees with a notice in English and other appropriate languages that contains the information required in paragraph (a) at commencement of employment or the effective date of this section, whichever is later.

(c) The means used by the employer must be at least as effective as the following options for providing notice:

(1) posting a copy of the notice at each location where employees perform work and where the notice must be readily observed and easily reviewed by all employees performing work; or

(2) providing a paper or electronic copy of the notice to employees.

The notice must contain all information required under paragraph (a). The commissioner shall create and make available to employers a poster and a model notice that contains the information required under paragraph (a) for their use in complying with this section.

(d) An employer that provides an employee handbook to its employees must include in the handbook notice of employee rights and remedies under this section.

Subd. 11. **Required statement to employee.** (a) Upon request of the employee, the employer must provide, in writing or electronically, current information stating the employee's amount of:

(1) earned sick and safe time available to the employee; and

(2) used earned sick and safe time.

(b) Employers may choose a reasonable system for providing the information in paragraph (a), including but not limited to listing information on each pay stub or developing an online system where employees can access their own information.

Subd. 12. **Employer records.** (a) Employers shall retain accurate records documenting hours worked by employees and earned sick and safe time taken and comply with all requirements under section 177.30.

(b) An employer must allow an employee to inspect records required by this section and relating to that employee at a reasonable time and place.

Subd. 13. **Confidentiality and nondisclosure.** (a) If, in conjunction with this section, an employer possesses:

(1) health or medical information regarding an employee or an employee's family member;

(2) information pertaining to domestic abuse, sexual assault, or stalking;

(3) information that the employee has requested or obtained leave under this section; or

(4) any written or oral statement, documentation, record, or corroborating evidence provided by the employee or an employee's family member, the employer must treat such information as confidential.

Information given by an employee may only be disclosed by an employer if the disclosure is requested or consented to by the employee, when ordered by a court or administrative agency, or when otherwise required by federal or state law.

(b) Records and documents relating to medical certifications, recertifications, or medical histories of employees or family members of employees created for purposes of section 177.50 or sections 181.9445 to 181.9448 must be maintained as confidential medical records separate from the usual personnel files. At the request of the employee, the employer must destroy or return the records required by sections 181.9445 to 181.9448 that are older than three years prior to the current calendar year.

(c) Employers must not discriminate against any employee based on records created for the purposes of section 177.50 or sections 181.9445 to 181.9448.

Sec. 5. **[181.9448] EFFECT ON OTHER LAW OR POLICY.**

Subdivision 1. **No effect on more generous sick and safe time policies.** (a) Nothing in sections 181.9445 to 181.9448 shall be construed to discourage employers from adopting or retaining earned sick and safe time policies that meet or exceed, and do not otherwise conflict with, the minimum standards and requirements provided in sections 181.9445 to 181.9447.

(b) Nothing in sections 181.9445 to 181.9447 shall be construed to limit the right of parties to a collective bargaining agreement to bargain and agree with respect to earned sick and safe time policies or to diminish the obligation of an employer to comply with any contract, collective bargaining agreement, or any employment benefit program or plan that meets or exceeds, and does not otherwise conflict with, the minimum standards and requirements provided in this section.

(c) Employers who provide earned sick and safe time to their employees under a paid time off policy or other paid leave policy that meets or exceeds, and does not otherwise conflict with, the minimum standards and requirements provided in sections 181.9445 to 181.9448 are not required to provide additional earned sick and safe time.

(d) An employer may opt to satisfy the requirements of sections 181.9445 to 181.9448 for construction industry employees by:

(1) paying at least the prevailing wage rate as defined by section 177.42 and as calculated by the Department of Labor and Industry; or

(2) paying at least the required rate established in a registered apprenticeship agreement for apprentices registered with the Department of Labor and Industry.

An employer electing this option is deemed to be in compliance with sections 181.9445 to 181.9448 for construction industry employees who receive either at least the prevailing wage rate or the rate required in the applicable apprenticeship agreement regardless of whether the employees are working on private or public projects.

(e) Sections 181.9445 to 181.9448 do not prohibit an employer from establishing a policy whereby employees may donate unused accrued sick and safe time to another employee.

(f) Sections 181.9445 to 181.9448 do not prohibit an employer from advancing sick and safe time to an employee before accrual by the employee.

Subd. 2. **Termination; separation; transfer.** Sections 181.9445 to 181.9448 do not require financial or other reimbursement to an employee from an employer upon the employee's termination, resignation, retirement, or other separation from employment for accrued earned sick and safe time that has not been used. If an employee is transferred to a separate division, entity, or location, but remains employed by the same employer, the employee is entitled to all earned sick and safe time accrued at the prior division, entity, or location and is entitled to use all earned sick and safe time as provided in sections 181.9445 to 181.9448. When there is a separation from employment and the employee is rehired within 180 days of separation by the same employer, previously accrued earned sick and safe time that had not been used must be reinstated. An employee is entitled to use accrued earned sick and safe time and accrue additional earned sick and safe time at the commencement of reemployment.

Subd. 3. **Employer succession.** (a) When a different employer succeeds or takes the place of an existing employer, all employees of the original employer who remain employed by the successor employer are entitled to all earned sick and safe time accrued but not used when employed by the original employer, and are entitled to use all earned sick and safe time previously accrued but not used.

(b) If, at the time of transfer of the business, employees are terminated by the original employer and hired within 30 days by the successor employer following the transfer, those employees are entitled to all earned sick and safe time accrued but not used when employed by the original employer, and are entitled to use all earned sick and safe time previously accrued but not used.

Sec. 6. **REPEALER.**

Minnesota Statutes 2020, section 181.9413, is repealed.

Sec. 7. **EFFECTIVE DATE.**

This article is effective 180 days following final enactment.

ARTICLE 4
EARNED SICK AND SAFE TIME ENFORCEMENT

Section 1. Minnesota Statutes 2020, section 177.27, subdivision 2, is amended to read:

Subd. 2. **Submission of records; penalty.** The commissioner may require the employer of employees working in the state to submit to the commissioner photocopies, certified copies, or, if necessary, the originals of employment records which the commissioner deems necessary or appropriate. The records which may be required include full and correct statements in writing, including sworn statements by the employer, containing information relating to wages, hours, names, addresses, and any other information pertaining to the employer's employees and the conditions of their employment as the commissioner deems necessary or appropriate.

The commissioner may require the records to be submitted by certified mail delivery or, if necessary, by personal delivery by the employer or a representative of the employer, as authorized by the employer in writing.

The commissioner may fine the employer up to ~~$1,000~~ $10,000 for each failure to submit or deliver records as required by this section~~, and up to $5,000 for each repeated failure~~. This penalty is in addition to any penalties provided under section 177.32, subdivision 1. In determining the amount of a civil penalty under this subdivision, the appropriateness of such penalty to the size of the employer's business and the gravity of the violation shall be considered.

Sec. 2. Minnesota Statutes 2020, section 177.27, subdivision 4, is amended to read:

Subd. 4. **Compliance orders.** The commissioner may issue an order requiring an employer to comply with sections 177.21 to 177.435, 181.02, 181.03, 181.031, 181.032, 181.101, 181.11, 181.13, 181.14, 181.145, 181.15, 181.172, paragraph (a) or (d), 181.275, subdivision 2a, 181.722, 181.79, ~~and~~ 181.939 to 181.943, and 181.9445 to 181.9448, or with any rule promulgated under section 177.28. The commissioner shall issue an order requiring an employer to comply with sections 177.41 to 177.435 if the violation is repeated. For purposes of this subdivision only, a violation is repeated if at any time during the two years that preceded the date of violation, the commissioner issued an order to the employer for violation of sections 177.41 to 177.435 and the order is final or the commissioner and the employer have entered into a settlement agreement that required the employer to pay back wages that were required by sections 177.41 to 177.435. The department shall serve the order upon the employer or the employer's authorized representative in person or by certified mail at the employer's place of business. An employer who wishes to contest the order must file written notice of objection to the order with the commissioner within 15 calendar days after being served with the order. A contested case proceeding must then be held in accordance with sections 14.57 to 14.69. If, within 15 calendar days after being served with the order, the employer fails to file a written notice of objection with the commissioner, the order becomes a final order of the commissioner.

Sec. 3. Minnesota Statutes 2020, section 177.27, subdivision 7, is amended to read:

Subd. 7. **Employer liability.** If an employer is found by the commissioner to have violated a section identified in subdivision 4, or any rule adopted under section 177.28, and the commissioner issues an order to comply, the commissioner shall order the employer to cease and desist from engaging in the violative practice and to take such affirmative steps that in the judgment of the commissioner will effectuate the purposes of the section or rule violated. The commissioner shall order the employer to pay to the aggrieved parties back pay, gratuities, and compensatory damages, less any amount actually paid to the employee by the employer, and for an additional equal

amount as liquidated damages. Any employer who is found by the commissioner to have repeatedly or willfully violated a section or sections identified in subdivision 4 shall be subject to a civil penalty of up to ~~$1,000~~ $10,000 for each violation for each employee. In determining the amount of a civil penalty under this subdivision, the appropriateness of such penalty to the size of the employer's business and the gravity of the violation shall be considered. In addition, the commissioner may order the employer to reimburse the department and the attorney general for all appropriate litigation and hearing costs expended in preparation for and in conducting the contested case proceeding, unless payment of costs would impose extreme financial hardship on the employer. If the employer is able to establish extreme financial hardship, then the commissioner may order the employer to pay a percentage of the total costs that will not cause extreme financial hardship. Costs include but are not limited to the costs of services rendered by the attorney general, private attorneys if engaged by the department, administrative law judges, court reporters, and expert witnesses as well as the cost of transcripts. Interest shall accrue on, and be added to, the unpaid balance of a commissioner's order from the date the order is signed by the commissioner until it is paid, at an annual rate provided in section 549.09, subdivision 1, paragraph (c). The commissioner may establish escrow accounts for purposes of distributing damages.

Sec. 4. **[177.50] EARNED SICK AND SAFE TIME ENFORCEMENT.**

Subdivision 1. **Definitions.** The definitions in section 181.9445 apply to this section.

Subd. 2. **Rulemaking authority.** The commissioner may adopt rules to carry out the purposes of this section and sections 181.9445 to 181.9448.

Subd. 3. **Individual remedies.** In addition to any other remedies provided by law, a person injured by a violation of sections 181.9445 to 181.9448 may bring a civil action to recover general and special damages, along with costs, fees, and reasonable attorney fees, and may receive injunctive and other equitable relief as determined by a court. An action to recover damages under this subdivision must be commenced within three years of the violation of sections 181.9445 to 181.9448 that caused the injury to the employee.

Subd. 4. **Grants to community organizations.** The commissioner may make grants to community organizations for the purpose of outreach to and education for employees regarding their rights under sections 181.9445 to 181.9448. The community-based organizations must be selected based on their experience, capacity, and relationships in high-violation industries. The work under such a grant may include the creation and administration of a statewide worker hotline.

Subd. 5. **Report to legislature.** (a) The commissioner must submit an annual report to the legislature, including to the chairs and ranking minority members of any relevant legislative committee. The report must include, but is not limited to:

(1) a list of all violations of sections 181.9445 to 181.9448, including the employer involved, and the nature of any violations; and

(2) an analysis of noncompliance with sections 181.9445 to 181.9448, including any patterns by employer, industry, or county.

(b) A report under this section must not include an employee's name or other identifying information, any health or medical information regarding an employee or an employee's family member, or any information pertaining to domestic abuse, sexual assault, or stalking of an employee or an employee's family member.

Subd. 6. **Contract for labor or services.** It is the responsibility of all employers to not enter into any contract or agreement for labor or services where the employer has any actual knowledge or knowledge arising from familiarity with the normal facts and circumstances of the business activity engaged in, or has any additional facts or

information that, taken together, would make a reasonably prudent person undertake to inquire whether, taken together, the contractor is not complying or has failed to comply with this section. For purposes of this subdivision, "actual knowledge" means information obtained by the employer that the contractor has violated this section within the past two years and has failed to present the employer with credible evidence that such noncompliance has been cured going forward.

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

ARTICLE 5
EMERGENCY REHIRE AND RETENTION

Section 1. **DEFINITIONS.**

Subdivision 1. **Applicability.** For the purposes of sections 1 to 4, the following terms have the meanings given.

Subd. 2. **Air carrier.** "Air carrier" means a person undertaking by any means, directly or indirectly, to provide air transportation of persons, property, or mail.

Subd. 3. **Aircraft.** "Aircraft" means any contrivance invented, used, or designed for navigation of or flight in the air, but excluding parachutes.

Subd. 4. **Airport.** "Airport" means any area of land or water, except a restricted landing area, which is designed for the landing and takeoff of aircraft, whether or not facilities are provided for the shelter, surfacing, or repair of aircraft, or for receiving or discharging passengers or cargo, and all appurtenant areas used or suitable for airport buildings or other airport facilities, and all appurtenant rights-of-way, whether heretofore or hereafter established.

Subd. 5. **Airport authority.** "Airport authority" means an authority created pursuant to Minnesota Statutes, section 360.0426.

Subd. 6. **Airport facility management.** "Airport facility management" means a person directing or supervising airport management activities, including but not limited to:

(1) information management;

(2) building and property management;

(3) civil services;

(4) procurement and logistics management; and

(5) legal services.

Subd. 7. **Airport hospitality operation.** (a) "Airport hospitality operation" means a business that:

(1) prepares, delivers, inspects, or provides any other service in connection with the preparation of food or beverage for aircraft crew or passengers at an airport; or

(2) provides food and beverage, retail, or other consumer goods or services to the public at an airport.

(b) Airport hospitality operation does not include an air carrier certificated by the Federal Aviation Administration.

Subd. 8. **Airport service provider.** (a) "Airport service provider" means a business that performs, under contract with a passenger air carrier, airport facility management, or airport authority, functions on the property of the airport that are directly related to the air transportation of persons, property, or mail, including but not limited to:

(1) the loading and unloading of property on aircraft;

(2) assistance to passengers under Code of Federal Regulations, title 14, part 382;

(3) security;

(4) airport ticketing and check-in functions;

(5) ground-handling of aircraft;

(6) aircraft cleaning and sanitization functions; or

(7) airport authority.

(b) Airport service provider does not include an air carrier certificated by the Federal Aviation Administration.

Subd. 9. **Building service.** "Building service" means janitorial, building maintenance, or security services.

Subd. 10. **Business day.** "Business day" means Monday through Friday, excluding any holidays as defined in Minnesota Statutes, section 645.44.

Subd. 11. **Change in control.** "Change in control" means any sale, assignment, transfer, contribution, or other disposition of all or substantially all of the assets used in the operation of an enterprise or a discrete portion of the enterprise that continues in operation as an enterprise, or a controlling interest, including by consolidation, merger, or reorganization, of the incumbent employer or any person who controls the incumbent employer.

Subd. 12. **Declared emergency.** "Declared emergency" means a national security or peacetime emergency declared by the governor under Minnesota Statutes, section 12.31, a local emergency declared by the mayor of a municipality or the chair of a county board of commissioners under Minnesota Statutes, section 12.29, a federal public health emergency declared by the secretary of the federal Department of Health and Human Services, or a major disaster or national emergency declared by the president.

Subd. 13. **Eligible employee.** (a) "Eligible employee" means an individual:

(1) whose primary place of employment is at an enterprise subject to a change in control;

(2) who is employed directly by the incumbent employer, or by an employer who has contracted with the incumbent employer to provide services at the enterprise subject to a change in control; and

(3) who has worked for the incumbent employer for at least one month prior to the execution of the transfer document.

(b) Eligible employee does not include a managerial, supervisory, or confidential employee.

Subd. 14. **Employee.** "Employee" means an individual who performs services for hire for at least two hours in a particular week for an employer.

Subd. 15. **Employer.** "Employer" means any person who directly, indirectly, or through an agent or any other person, including through the services of a temporary service or staffing agency or similar entity, owns or operates an enterprise and employs one or more employees.

Subd. 16. **Enterprise.** "Enterprise" means a hotel, event center, airport hospitality operation, airport service provider, or the provision of building service to office, retail, or other commercial buildings.

Subd. 17. **Event center.** (a) "Event center" means a publicly or privately owned structure of more than 50,000 square feet or 2,000 seats that is used for the purposes of public performances, sporting events, business meetings, or similar events, and includes concert halls, stadiums, sports arenas, racetracks, coliseums, and convention centers.

(b) Event center also includes any contracted, leased, or sublet premises connected to or operated in conjunction with the event center's purpose, including food preparation facilities, concessions, retail stores, restaurants, bars, and structured parking facilities.

Subd. 18. **Hotel.** (a) "Hotel" means a building, structure, enclosure, or any part thereof:

(1) used as, maintained as, advertised as, or held out to be a place where sleeping accommodations, lodging, and other related services are furnished to the public; and

(2) containing 75 or more guest rooms, or suites of rooms, except adjoining rooms do not constitute a suite of rooms. The number of guest rooms, or suites of rooms, shall be calculated based on the room count on the opening of the hotel or on December 31, 2019, whichever is greater.

(b) Hotel also includes any contracted, leased, or sublet premises connected to or operated in conjunction with the hotel's purpose, or providing services thereat.

Subd. 19. **Incumbent employer.** "Incumbent employer" means a person who owns or operates an enterprise subject to a change in control prior to the change in control.

Subd. 20. **Laid-off employee.** "Laid-off employee" means any employee who was employed by the employer for six months or more in the 12 months preceding January 31, 2020, and whose most recent separation from actively performing services for hire occurred after January 31, 2020, and was due to a public health directive, government shutdown order, lack of business, a reduction in force, or other economic, nondisciplinary reason related to the declared emergency.

Subd. 21. **Length of service.** "Length of service" means the total of all periods of time during which an employee has actively been performing services for hire with the employer, including periods of time when the employee was on leave or on vacation.

Subd. 22. **Person.** "Person" means an individual, corporation, partnership, limited partnership, limited liability partnership, limited liability company, business trust, estate, trust, association, joint venture, agency, instrumentality, or any other legal or commercial entity, whether domestic or foreign.

Subd. 23. **Successor employer.** "Successor employer" means a person that owns or operates an enterprise subject to a change in control after the change in control.

Subd. 24. **Transfer document.** "Transfer document" means the purchase agreement or other documents creating a binding agreement to effect the change in control.

Sec. 2. **EMERGENCY REHIRE AND RETENTION OF LAID-OFF EMPLOYEES.**

Subdivision 1. **Rehire and recall requirements.** (a) An employer shall offer its laid-off employees in writing, to their last known physical address, and by e-mail and text message to the extent the employer possesses such information, all job positions that become available after the effective date of this section for which the laid-off employees are qualified. A laid-off employee is qualified for a position if the employee either:

(1) held the same or similar position at the enterprise at the time of the employee's most recent separation from actively performing services for hire with the employer; or

(2) is or can be qualified for the position with the same training that would be provided to a new employee hired into that position.

(b) The employer shall offer positions to laid-off employees in an order of preference corresponding to paragraph (a), clauses (1) and (2). If more than one employee is entitled to preference for a position, the employer shall offer the position to the laid-off employee with the greatest length of service for the enterprise.

(c) A laid-off employee who is offered a position pursuant to this section shall be given at least five business days in which to accept or decline the offer. An employer may make simultaneous conditional offers of employment to laid-off employees, with a final offer of employment conditioned on application of the priority system in paragraph (b).

(d) An employer that declines to recall a laid-off employee on the grounds of lack of qualifications and instead hires someone other than a laid-off employee shall provide the laid-off employee a written notice within 30 days identifying those hired in lieu of that recall, along with all reasons for the decision.

(e) This section also applies in any of the following circumstances:

(1) the ownership of the employer changed after the separation from employment of a laid-off employee but the enterprise is conducting the same or similar operations as before the declared emergency;

(2) the form of organization of the employer changed after the declared emergency;

(3) substantially all of the assets of the employer were acquired by another entity which conducts the same or similar operations using substantially the same assets; or

(4) the employer relocates the operations at which a laid-off employee was employed before the declared emergency to a different location.

Subd. 2. **Successor employer and retention requirements.** (a)(1) The incumbent employer shall, within 15 days after the execution of a transfer document, provide to the successor employer the name, address, date of hire, and employment occupation classification of each eligible employee.

(2) The successor employer shall maintain a preferential hiring list of eligible employees identified by the incumbent employer under clause (1), and shall be required to hire from that list for a period beginning upon the execution of the transfer document and continuing for six months after the enterprise is open to the public under the successor employer.

(3) If the successor employer extends an offer of employment to an eligible employee, the successor employer shall retain written verification of that offer for at least three years from the date the offer was made. The verification shall include the name, address, date of hire, and employment occupation classification of each eligible employee.

(b)(1) A successor employer shall retain each eligible employee hired pursuant to this subdivision for no fewer than 90 days following the eligible employee's employment commencement date. During this 90-day transition employment period, eligible employees shall be employed under the terms and conditions established by the successor employer or as required by law. The successor employer shall provide eligible employees with a written offer of employment. This offer shall remain open for at least five business days from the date of the offer. A successor employer may make simultaneous conditional offers of employment to eligible employees, with a final offer of employment conditioned on application of the priority system set forth in clause (2).

(2) If, within the period established in paragraph (a), clause (2), the successor employer determines that it requires fewer eligible employees than were required by the incumbent employer, the successor employer shall retain eligible employees by seniority within each job classification to the extent that comparable job classifications exist.

(3) During the 90-day transition employment period, the successor employer shall not discharge without cause an eligible employee retained pursuant to this subdivision.

(4) At the end of the 90-day transition employment period, the successor employer shall perform a written performance evaluation for each eligible employee retained pursuant to this section. If the eligible employee's performance during the 90-day transition employment period is satisfactory, the successor employer shall consider offering the eligible employee continued employment under the terms and conditions established by the successor employer or as required by law. The successor employer shall retain a record of the written performance evaluation for a period of no fewer than three years.

(c)(1) The incumbent employer shall post written notice of the change in control at the location of the affected enterprise within five business days following the execution of the transfer document. Notice shall remain posted during any closure of the enterprise and for six months after the enterprise is open to the public under the successor employer.

(2) Notice shall include but not be limited to the name of the incumbent employer and its contact information, the name of the successor employer and its contact information, and the effective date of the change in control.

(3) Notice shall be posted in a conspicuous place at the enterprise so as to be readily viewed by eligible employees, other employees, and applicants for employment.

Subd. 3. **Employment protections.** No employer shall refuse to employ, terminate, reduce in compensation, or otherwise take any adverse action against any employee for seeking to enforce their rights under sections 1 to 4, by any lawful means, for participating in proceedings related to these sections, opposing any practice prescribed by these sections, or otherwise asserting rights under these sections. This subdivision also applies to any employee who mistakenly, but in good faith, alleges noncompliance with these sections.

Subd. 4. **Collective bargaining rights.** (a) All of the provisions in sections 1 to 4 may be waived in a valid collective bargaining agreement, but only if the waiver is explicitly set forth in that agreement in clear and unambiguous terms. Unilateral implementation of terms and conditions of employment by either party to a collective bargaining relationship shall not constitute or be permitted as a waiver of all or any part of the provisions of sections 1 to 4.

(b) Nothing in sections 1 to 4 limits the right of employees to bargain collectively with their employers through representatives of their own choosing to establish retention or rehiring conditions more favorable to the employees than those required by these sections.

Sec. 3. **ENFORCEMENT AND COMPLIANCE.**

Subdivision 1. **Enforcement.** (a) An employee, including any eligible employee, may file an action in the Minnesota District Court, or may file a complaint with the Department of Labor and Industry, Labor Standards and Apprenticeship Division, against the employer, or in the case of a violation of section 2, subdivision 2, incumbent employer or the successor employer, for violations of section 2, and may be awarded any or all of the following, as appropriate:

(1) hiring and reinstatement rights pursuant to section 2, with the 90-day transition employment period not commencing until the eligible employee's employment commencement date with the successor employer;

(2) front pay or back pay for each day during which the violation continues, which shall be calculated at a rate of compensation not less than the highest of any of the following rates:

(i) the average regular rate of pay received by the employee or eligible employee during the last three years of that employee's employment in the same occupation classification;

(ii) the most recent regular rate received by the employee or eligible employee while employed by the employer, incumbent employer, or successor employer; or

(iii) the regular rate received by the individual in the position during the time that the employee or eligible employee should have been employed;

(3) value of the benefits the employee or eligible employee would have received under the employer or successor employer's benefit plan; or

(4) in an action brought in the district court, a prevailing employee shall be awarded reasonable attorneys' fees and costs.

(b) The Labor Standards and Apprenticeship Division shall investigate complaints filed under this section, and if an employer, incumbent employer, or successor employer is found to have violated section 2, the division shall determine and issue an award to an employee pursuant to paragraph (a).

(c) No criminal penalties shall be imposed for a violation of section 2.

(d) This subdivision shall not be construed to limit a discharged employee or eligible employee's right to pursue any other remedies available to an employee in law or equity.

Subd. 2. **Compliance.** The commissioner of labor and industry may issue a compliance order under Minnesota Statutes, section 177.27, subdivision 4, requiring an employer to comply with section 2.

Subd. 3. **Interaction with local law.** Nothing in this section shall prohibit a local government agency from enacting ordinances that impose greater standards than, or establish additional enforcement provisions to, those prescribed by this section.

Sec. 4. **CITATION.**

Sections 1 to 4 may be cited as the "Emergency Rehire and Retention Law."

Sec. 5. **EFFECTIVE DATES.**

Sections 1 to 4 are effective the day following final enactment and expire December 31, 2022.

ARTICLE 6
ESSENTIAL WORKERS EMERGENCY LEAVE

Section 1. **ESSENTIAL WORKERS EMERGENCY LEAVE.**

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

(b) "Airport service provider" means a business other than an air carrier certificated by the Federal Aviation Administration, that performs, under contract with a passenger air carrier, airport facility management, or airport authority, functions on the property of the airport that are directly related to the air transportation of persons, property, or mail, including but not limited to:

(1) the loading and unloading of property on aircraft;

(2) assistance to passengers under Code of Federal Regulations, title 14, part 382;

(3) security;

(4) airport ticketing and check-in functions;

(5) ground-handling of aircraft;

(6) aircraft cleaning and sanitization functions; or

(7) airport authority.

(c) "Child" means a biological, adopted, or foster child, stepchild, legal ward, or child for whom the essential worker is a legal guardian.

(d) "Emergency paid sick leave" means paid leave time provided under this section for a reason provided in subdivision 2 that is not:

(1) fully compensated through workers' compensation benefits or unemployment insurance benefits; or

(2) guaranteed to essential workers through other paid sick leave benefits under state law or federal law or an executive order related to COVID-19.

(e) "Essential worker" means a person who performs services for hire for an employer for one day or more, and who:

(1) is an emergency responder or health care provider as defined in Code of Federal Regulations, title 29, section 826.30(c), including but not limited to nurses, peace officers, firefighters, correctional institution personnel, emergency medical services personnel, and social workers;

(2) is a licensed or unlicensed employee employed by or under contract with:

(i) a hospital, boarding care home, or outpatient surgical center licensed under Minnesota Statutes, sections 144.50 to 144.56;

(ii) a nursing home licensed under Minnesota Statutes, sections 144A.01 to 144A.162;

(iii) a housing with services establishment registered under Minnesota Statutes, section 144D.02, and operating under Minnesota Statutes, sections 144G.01 to 144G.07;

(iv) the arranged home care provider of an establishment specified in item (iii);

(v) an unlicensed health care clinic; or

(vi) an unlicensed office of a physician or advanced practice registered nurse;

(3) is a public school employee;

(4) works for an airport service provider; or

(5) works for a private employer performing work in the following sectors:

(i) building service, including janitorial, building maintenance, and security services;

(ii) child care;

(iii) food service, including food manufacture, production, processing, preparation, sale, and delivery;

(iv) hotel accommodations;

(v) manufacturing; or

(vi) retail, including but not limited to sales, fulfillment, distribution, and delivery.

(f) "Employer" means a person who employs one or more essential workers, including but not limited to a corporation, partnership, limited liability company, association, group of persons, hospital, state, county, town, city, school district, or governmental subdivision, excluding the federal government.

(g) "Retaliatory personnel action" means any form of intimidation, threat, reprisal, harassment, discrimination, or adverse employment action, including discipline, discharge, suspension, transfer, or reassignment to a lesser position in terms of job classification, job security, or other condition of employment; reduction in pay or hours or denial of additional hours; the accumulation of points under an attendance point system; informing another employer that the person has engaged in activities protected by this section; or reporting or threatening to report the actual or suspected citizenship or immigration status of an employee, former employee, or family member of an employee to a federal, state, or local agency.

Subd. 2. **Emergency paid sick leave.** An employer shall provide emergency paid sick leave to an essential worker who is unable to work or telework due to any of the following reasons:

(1) the essential worker is subject to a federal, state, or local quarantine or isolation order related to COVID-19;

(2) the essential worker has been advised by a health care provider to self-quarantine due to concerns related to COVID-19;

(3) the essential worker is experiencing symptoms of COVID-19 and seeking a medical diagnosis;

(4) the essential worker is seeking or awaiting the results of a diagnostic test for, or a medical diagnosis of, COVID-19 and the essential worker has been exposed to COVID-19 or the essential worker's employer has requested a test or diagnosis;

(5) the essential worker is obtaining an immunization related to COVID-19 or recovering from an injury, disability, illness, or condition related to the immunization;

(6) the essential worker is caring for an individual who is subject to an order as described in clause (1) or has been advised as described in clause (2); or

(7) the essential worker is caring for a child of the essential worker if the school or place of care of the child has been closed, or the child care provider of the child is unavailable due to COVID-19 precautions.

Subd. 3. **Duration and use of leave.** (a) An essential worker is entitled to emergency paid sick leave as provided under this section for the following number of hours through March 31, 2021, and an equal number of hours for the period beginning April 1, 2021:

(1) up to 80 hours for an essential worker who:

(i) the employer considers to work full time;

(ii) works or was scheduled to work on average what are considered full-time hours by the employer, including pursuant to any applicable collective bargaining agreement; or

(iii) works or was scheduled to work at least 40 hours per week for the employer on average over a two-week period;

(2) a number of hours equal to the number of hours that an essential worker works for the employer on average over a two-week period for any essential worker who:

(i) the employer considers to work part time;

(ii) works or was scheduled to work on average what are considered part-time hours by the employer, including pursuant to any applicable collective bargaining agreement; or

(iii) works or was scheduled to work fewer than 40 hours per week for the employer on average over a two-week period; or

(3) 14 times the average number of hours an essential worker worked per day for the employer for the previous six months, or for the entire period the essential worker has worked for the employer, whichever is shorter, for an essential worker who works variable hours and who is not covered by clause (1) or (2).

(b) Leave under this section is available for use by an essential worker for a reason listed in subdivision 2 beginning the day following final enactment and may be used intermittently, provided that any amount of leave taken under this section ends with the essential worker's next scheduled work shift immediately following the termination of the essential worker's need for leave under a reason provided in subdivision 2.

(c) After the first workday or portion thereof that an essential worker receives leave under this section, an employer may require the essential worker to follow reasonable notice procedures to continue receiving leave.

(d) Leave under this section expires 30 days after a peacetime emergency declared by the governor in an executive order that relates to the infectious disease known as COVID-19 is terminated or rescinded.

Subd. 4. **Amount of compensation.** (a) An essential worker shall receive compensation for each hour of emergency paid sick leave received under this section in an amount that is the greater of:

(1) the essential worker's regular rate of pay for the essential worker's last pay period, including pursuant to any collective bargaining agreement that applies;

(2) the state minimum wage in effect under Minnesota Statutes, section 177.24; or

(3) the local minimum wage to which the essential worker is entitled.

(b) In no event shall emergency paid sick time provided under this section exceed $511 per day, nor shall emergency paid sick time provided under this section exceed $5,110 in the aggregate for the period ending March 31, 2021, or $5,110 in the aggregate for the period beginning April 1, 2021.

(c) Unused or remaining leave under this section shall not carry over past the expiration of this section.

(d) Nothing in this section shall be construed to require financial or other reimbursement to an essential worker from an employer upon the essential worker's termination, resignation, retirement, or other separation from employment for emergency paid sick time under this section that has not been used by the essential worker.

Subd. 5. **Relationship to other leave.** (a) Except as provided in paragraph (c), emergency paid sick leave under this section is in addition to any paid or unpaid leave provided to an essential worker by an employer under a collective bargaining agreement, negotiated agreement, contract, or any other employment policy.

(b) An essential worker may use leave provided under this section first, and except as provided in paragraph (c), an employer shall not require an essential worker to use other paid or unpaid leave provided by the employer before the essential worker uses the leave provided under this section or in lieu of the leave provided under this section.

(c) Notwithstanding paragraphs (a) and (b), if an employer has already provided an essential worker with additional paid leave for any reason provided in subdivision 2, and the leave was in addition to the regular amount of paid leave provided by the employer and compensated the essential worker in an amount equal to or greater than the amount of compensation provided under this section, the employer may credit the other additional paid leave toward the total number of hours of emergency paid sick leave required under this section; provided, however, that if the other paid leave compensated the essential worker at an amount less than the amount of compensation provided under this section, the employer is required to comply with this section to the extent of the deficiency to receive the credit under this paragraph.

(d) An employer shall provide notice to essential workers of the requirements for emergency paid sick leave provided under this section.

(e) Nothing in this section is deemed:

(1) to limit the rights of an essential worker or employer under any law, rule, regulation, or collectively negotiated agreement, or the rights and benefits that accrue to essential workers through collective bargaining agreements, or the rights of essential workers with respect to any other employment benefits; or

(2) to prohibit any personnel action that otherwise would have been taken regardless of a request to use, or use of, any leave provided by this section.

(f) Nothing in this section shall prevent an employer from providing, or the parties to a collective bargaining agreement from agreeing to, leave benefits that meet or exceed and do not otherwise conflict with the requirements for emergency paid sick leave under this section.

Subd. 6. **Nursing home reimbursement for emergency paid sick leave benefits.** Nursing homes reimbursed under Minnesota Statutes, chapter 256R, may apply for reimbursement for emergency paid sick leave costs described in this section from the commissioner of human services under Minnesota Statutes, section 12A.10, subdivision 1, for expenses incurred. The emergency paid sick leave expenses under this section are not allowable costs under Minnesota Statutes, chapter 256R.

Subd. 7. **Requirements and enforcement.** (a) An employer shall not take any retaliatory personnel action against an essential worker for requesting or obtaining emergency paid sick leave under this section or for bringing a complaint related to this section, including a proceeding that seeks enforcement of this section.

(b) The Department of Labor and Industry shall enforce this section. The commissioner has the authority provided under Minnesota Statutes, section 177.27, subdivision 4, including the authority to issue an order requiring an employer to comply with this section. The commissioner may investigate complaints of violations of this section as necessary to determine whether a violation has occurred. If the commissioner finds that an employer has violated this section, the commissioner shall fine the employer up to $1,000 for each willful violation for each essential worker.

EFFECTIVE DATE. This section is effective:

(1) the day following final enactment for essential workers hired by an employer on or after the day following final enactment of this section; and

(2) retroactively from March 13, 2020, for essential workers who were employed on or after March 13, 2020, and are currently employed as of the day following final enactment or May 17, 2021, whichever is earlier.

Subdivisions 1 to 6 sunset on September 30, 2021, or 30 days after a peacetime emergency declared by the governor in an executive order that relates to the infectious disease known as COVID-19 is terminated or rescinded, whichever is later. Subdivision 7 sunsets June 30, 2023.

ARTICLE 7
SAFE WORKPLACES FOR MEAT AND POULTRY
PROCESSING WORKERS

Section 1. **[179.87] TITLE.**

Sections 179.87 to 179.8757 may be titled the Safe Workplaces for Meat and Poultry Processing Workers Act.

Sec. 2. **[179.871] DEFINITIONS.**

Subdivision 1. **Definitions.** For purposes of sections 179.87 to 179.8757, the terms in this section have the meanings given.

Subd. 2. **Authorized employee representative.** "Authorized employee representative" has the meaning given in section 182.651, subdivision 22.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of labor and industry or the commissioner's designee.

Subd. 4. **Coordinator.** "Coordinator" means the meatpacking industry worker rights coordinator or the coordinator's designee.

Subd. 5. **Meat-processing worker.** "Meat-processing worker" or "worker" means any individual who a meat-processing employer suffers or permits to work directly in contact with raw meatpacking products in a meatpacking operation, including independent contractors and persons performing work for an employer through a temporary service or staffing agency.

Subd. 6. **Meatpacking operation.** "Meatpacking operation" or "meat-processing employer" means a business in which slaughtering, butchering, meat canning, meatpacking, meat manufacturing, poultry canning, poultry packing, poultry manufacturing, pet food manufacturing, egg production, processing of meatpacking products, or rendering occurs. Meatpacking operation or meat-processing employer does not mean a grocery store, deli, restaurant, or other business preparing meat or poultry products for immediate consumption.

Subd. 7. **Meatpacking products.** "Meatpacking products" means meat food products and poultry food products as defined in section 31A.02, subdivision 10.

Subd. 8. **Public health emergency.** "Public health emergency" means a peacetime emergency declared by the governor under section 12.31, a federal public health emergency declared by the secretary of the Department of Health and Human Services, or a national emergency declared by the president due to infectious disease or another significant threat to public health.

Sec. 3. **[179.8715] WORKER RIGHTS COORDINATOR.**

(a) The commissioner must appoint a meatpacking industry worker rights coordinator in the Department of Labor and Industry and provide the coordinator with necessary office space, furniture, equipment, supplies, and assistance.

(b) The coordinator must enforce sections 179.87 to 179.8757, including inspecting, reviewing, and recommending improvements to the practices and procedures of meatpacking operations in Minnesota. A meat-processing employer must grant the coordinator full access to all meatpacking operations in this state at any time that meatpacking products are being processed or meat-processing workers are on the job.

(c) No later than December 1 each year, the coordinator must submit a report to the governor and the chairs and ranking minority members of the legislative committees with jurisdiction over labor. The report must include recommendations to promote better treatment of meat-processing workers. The coordinator shall also post the report on the Department of Labor and Industry's website.

Sec. 4. **[179.872] REFUSAL TO WORK UNDER DANGEROUS CONDITIONS.**

(a) A meat-processing worker has a right to refuse to work under conditions that the worker reasonably believes would expose the worker, other workers, or the public to an unreasonable risk of illness or injury, or exposure to illness or injury, including the infectious disease known as COVID-19.

(b) A meat-processing employer must not discriminate or take adverse action against any worker for a good faith refusal to work if the worker has requested that the employer correct a hazardous condition and that condition remains uncorrected.

(c) A meat-processing worker who has refused in good faith to work under paragraph (a) or (b) and who has not been reassigned to other work by the meat-processing employer must, in addition to retaining a right to continued employment, continue to be paid by the employer for the hours that would have been worked until such time as the meat-processing employer can demonstrate that the condition has been remedied.

Sec. 5. **[179.874] UNEMPLOYMENT INSURANCE; DANGEROUS MEAT PACKING CONDITIONS.**

(a) Notwithstanding any law to the contrary, the provisions of this section govern unemployment insurance claims for meat-processing workers.

(b) An individual who left employment because a meat-processing employer failed to cure a working condition that made the work environment unsuitable for health or safety reasons has good cause for leaving employment.

(c) During a public health emergency, an individual must not be required to prove that a working condition that made the environment unsuitable for health or safety reasons was unique to the worker or that the risk was not customary to the worker's occupation.

(d) An individual must be deemed to have exhausted reasonable alternatives to leaving if the individual, authorized employee representative, or another employee notified the meat-processing employer of the unsafe or unhealthy working condition and the employer did not cure it or if the employer knew or should have had reason to know that the condition made the work environment unsuitable and did not cure it.

(e) During a public health emergency, an individual has good cause to leave employment if the individual leaves to care for a seriously ill or quarantined family or household member.

(f) An individual has good cause to refuse an offer of employment or reemployment if the meat-processing employer has not cured a working condition that makes the work environment unsuitable for health or safety reasons, including any condition that required the workplace to close or reduce operations pursuant to a state or federal executive order issued during a public health emergency.

(g) An individual has good cause to refuse an offer of employment or reemployment from a meat-processing employer if the conditions of work would require the individual to violate government public health guidance or to assume an unreasonable health risk.

(h) An individual has good cause to refuse an offer of employment or reemployment from a meat-processing employer if the individual is required to care for a child whose school is closed due to a public health emergency or if the individual is required to otherwise care for a family or household member during a public health emergency.

Sec. 6. **[179.875] ENFORCEMENT AND COMPLIANCE.**

Subdivision 1. **Administrative enforcement.** The coordinator, either on the coordinator's initiative or in response to a complaint, may inspect a meatpacking operation and subpoena records and witnesses. If a meat-processing employer does not comply with the coordinator's inspection, the coordinator may seek relief as provided in this section.

Subd. 2. **Compliance authority.** The commissioner of labor and industry may issue a compliance order under section 177.27, subdivision 4, requiring an employer to comply with sections 179.87 to 179.8757.

Subd. 3. **Private civil action.** If a meat-processing employer does not comply with a provision in sections 179.87 to 179.8757, an aggrieved worker, authorized employee representative, or other person may bring a civil action in a court of competent jurisdiction within three years of an alleged violation and, upon prevailing, must be awarded the relief provided in this section. Pursuing administrative relief is not a prerequisite for bringing a civil action.

Subd. 4. **Other government enforcement.** The attorney general may enforce sections 179.87 to 179.8757 under section 8.31. A city or county attorney may also enforce these sections. Such law enforcement agencies may inspect meatpacking operations and subpoena records and witnesses and, where such agencies determine that a violation has occurred, may bring a civil action as provided in this section.

Subd. 5. **Relief.** (a) In a civil action or administrative proceeding brought to enforce sections 179.87 to 179.8757, the court or coordinator must order relief as provided in this subdivision.

(b) For any violation of sections 179.87 to 179.8757:

(1) an injunction to order compliance and restrain continued violations, including through a stop work order or business closure;

(2) payment to a prevailing worker by a meat-processing employer of reasonable costs, disbursements, and attorney fees; and

(3) a civil penalty payable to the state of not less than $100 per day per worker affected by the meat-processing employer's noncompliance with sections 179.87 to 179.8757.

(c) For any violation of section 179.872:

(1) reinstatement of the worker to the same position held before any adverse personnel action or to an equivalent position, reinstatement of full fringe benefits and seniority rights, and compensation for unpaid wages, benefits and other remuneration, or front pay in lieu of reinstatement; and

(2) compensatory damages payable to the aggrieved worker equal to the greater of $5,000 or twice the actual damages, including unpaid wages, benefits and other remuneration, and punitive damages.

Subd. 6. **Whistleblower enforcement; penalty distribution.** (a) The relief provided in this section may be recovered through a private civil action brought on behalf of the commissioner in a court of competent jurisdiction by another individual, including an authorized employee representative, pursuant to this subdivision.

(b) The individual must give written notice to the coordinator of the specific provision or provisions of sections 179.87 to 179.8757 alleged to have been violated. The individual or representative organization may commence a civil action under this subdivision if no enforcement action is taken by the coordinator within 30 days.

(c) Civil penalties recovered pursuant to this subdivision must be distributed as follows:

(1) 70 percent to the commissioner for enforcement of sections 179.87 to 179.8757; and

(2) 30 percent to the individual or authorized employee representative.

(d) The right to bring an action under this subdivision shall not be impaired by private contract. A public enforcement action must be tried promptly, without regard to concurrent adjudication of a private claim for the same alleged violation.

Sec. 7. **[179.8755] RETALIATION AGAINST EMPLOYEES AND WHISTLEBLOWERS PROHIBITED.**

(a) No meat-processing employer or other person may discriminate or take adverse action against any worker or other person who raises a concern about meatpacking operation health and safety practices or hazards to the employer, the employer's agent, other workers, a government agency, or to the public, including through print, online, social, or any other media.

(b) If an employer or other person takes adverse action against a worker or other person within 90 days of the worker's or person's engagement or attempt to engage in activities protected by sections 179.87 to 179.8757, such conduct raises a presumption that the action is retaliatory. The presumption may be rebutted by clear and convincing evidence that the action was taken for other permissible reasons.

(c) No meat-processing employer or other person may attempt to require any worker to sign a contract or other agreement that would limit or prevent the worker from disclosing information about workplace health and safety practices or hazards, or to otherwise abide by a workplace policy that would limit or prevent such disclosures. Any such agreements or policies are hereby void and unenforceable as contrary to the public policy of this state. An employer's attempt to impose such a contract, agreement, or policy shall constitute an adverse action enforceable under sections 179.87 to 179.8757.

(d) Reporting or threatening to report a meat-processing worker's suspected citizenship or immigration status, or the suspected citizenship or immigration status of a family member of the worker, to a federal, state, or local agency because the worker exercises a right under sections 179.87 to 179.8757 constitutes an adverse action for purposes of establishing a violation of that worker's rights. For purposes of this paragraph, "family member" means a spouse, parent, sibling, child, uncle, aunt, niece, nephew, cousin, grandparent, or grandchild related by blood, adoption, marriage, or domestic partnership.

(e) Any worker who brings a complaint under sections 179.87 to 179.8757 and suffers retaliation is entitled to treble damages in addition to lost pay and recovery of attorney fees and costs.

(f) Any company who is found to have retaliated against a food processing worker must pay a fine of up to $5,000 to the commissioner.

Sec. 8. **[179.8756] MEATPACKING WORKER CHRONIC INJURIES AND WORKPLACE SAFETY.**

Subdivision 1. **Safe worker program required; facility committee.** (a) Meat-processing employers must adopt a safe worker program as part of the employer's work accident and injury reduction program to minimize and prevent musculoskeletal disorders. For purposes of this section, "musculoskeletal disorders" includes carpal tunnel syndrome, tendinitis, rotator cuff injuries, trigger finger, epicondylitis, muscle strains, and lower back injuries.

(b) The meat-processing employer's safe worker program must be developed and implemented by a committee of individuals who are knowledgeable of the tasks and work processes performed by workers at the employer's facility. The committee must include:

(1) a certified professional ergonomist;

(2) a licensed, board-certified physician, with preference given to a physician who has specialized experience and training in occupational medicine, or if it is not practicable for a physician to be a member of the committee, the employer must ensure that its safe worker program is reviewed and approved by a licensed, board-certified physician, with preference given to a physician who has specialized experience and training in occupational medicine; and

(3) at least three workers employed in the employer's facility who have completed a general industry outreach course approved by the commissioner, one of whom must be an authorized employee representative if the employer is party to a collective bargaining agreement.

Subd. 2. **Program elements.** (a) The committee must establish written procedures to identify ergonomic hazards and contributing risk factors, which must include:

(1) the ergonomic assessment tools used to measure ergonomic hazards;

(2) all jobs where the committee has an indication or knowledge that ergonomic hazards may exist; and

(3) workers who perform the same job or a sample of workers in that job who have the greatest exposure to the ergonomic hazard.

(b) The committee must conduct ergonomic assessments to identify hazards and contributing risk factors; review all surveillance data at least quarterly to identify ergonomic hazards and contributing risk factors; and maintain records of the hazard identification process, which, at a minimum, must include the completed ergonomic assessment tools, the results of the ergonomic assessments including the jobs and workers evaluated, and the assessment dates.

(c) The committee must implement a written ergonomic hazard prevention and control plan to identify and select methods to eliminate, prevent, or control the ergonomic hazards and contributing risk factors. The plan must:

(1) set goals, priorities, and a timeline to eliminate, prevent, or control the ergonomic hazards and contributing risk factors identified;

(2) identify the person or persons responsible for ergonomic hazard assessments and implementation of controls;

(3) rely upon the surveillance data and the ergonomic risk assessment results; and

(4) take into consideration the severity of the risk, the numbers of workers at risk, and the likelihood that the intervention will reduce the risk.

(d) A meat-processing employer must control, reduce, or eliminate ergonomic hazards which lead to musculoskeletal disorders to the extent feasible by using engineering, work practice, and administrative controls.

(e) The committee must monitor at least annually the implementation of the plan including the effectiveness of controls and evaluate progress in meeting program goals.

Subd. 3. **New employee training.** (a) A meat-processing employer must work with the committee to provide each new employee with information regarding:

(1) the committee and its members;

(2) the facility's hazard prevention and control plan;

(3) early signs and symptoms of musculoskeletal injuries and the procedures for reporting them;

(4) procedures for reporting other injuries and hazards;

(5) engineering and administrative hazard controls implemented in the workplace, including ergonomic hazard controls; and

(6) the availability and use of personal protective equipment.

(b) A meat-processing employer must work with the committee and ensure that new workers receive safety training prior to staring a job that the worker has not performed before. The employer must provide the safety training during working hours and compensate the new employee at the employee's standard rate of pay. The employer also must give a new employee an opportunity within 30 days of the employee's hire date to receive a refresher training on the topics covered in the new worker safety training. The employer must provide new employee training in a language and with vocabulary that the employee can understand.

Subd. 4. **New task and annual safety training.** (a) Meat-processing employers must provide every worker who is assigned a new task if the worker has no previous work experience with training on how to safely perform the task, the ergonomic and other hazards associated with the task, and training on the early signs and symptoms of musculoskeletal injuries and the procedures for reporting them. The employer must give a worker an opportunity within 30 days of receiving the new task training to receive refresher training on the topics covered in the new task training. The employer must provide this training in a language and with vocabulary that the employee can understand.

(b) Meat-processing employers must provide each worker with no less than eight hours of safety training each year. This annual training must address health and safety topics that are relevant to the establishment, such as cuts, lacerations, amputations, machine guarding, biological hazards, lockout/tagout, hazard communication, ergonomic hazards, and personal protective equipment. At least two of the eight hours of annual training must be on topics related to the facility's ergonomic injury prevention program, including the assessment of surveillance data, the ergonomic hazard prevention and control plan, and the early signs and symptoms of musculoskeletal disorders and the procedures for reporting them. The employer must provide this training in a language and with vocabulary that the employee can understand.

Subd. 5. **Attestation and record keeping.** Meat-processing employers must maintain a written attestation dated and signed by each person who provides training and each employee who receives training pursuant to this section. This attestation must certify that the employer has provided training consistent with the requirements of this section. The employer must ensure that these records are up to date and available to the commissioner, the coordinator, and the authorized employee representative upon request.

Subd. 6. **Medical services and qualifications.** (a) Meat-processing employers must ensure that:

(1) all first-aid providers, medical assistants, nurses, and physicians engaged by the employer are licensed and perform their duties within the scope of their licensed practice;

(2) medical management of musculoskeletal disorders is under direct supervision of a licensed physician specializing in occupational medicine who will advise on best practices for management and prevention of work-related musculoskeletal disorders; and

(3) medical management of musculoskeletal injuries follows the most current version of the American College of Occupational and Environmental Medicine practice guidelines.

(b) Meat-processing employers must make a record of all worker visits to medical or first aid personnel, regardless of severity or type of illness or injury, and make these records available to the coordinator and the authorized employee representative.

(c) Meat-processing employers must maintain records of all ergonomic injuries suffered by workers for at least five years.

(d) The coordinator may compile, analyze, and publish annually, either in summary or detailed form, all reports or information obtained under sections 179.87 to 179.8757, including information about safe worker programs, and may cooperate with the United States Department of Labor in obtaining national summaries of occupational deaths, injuries, and illnesses. The coordinator must preserve the anonymity of each employee with respect to whom medical reports or information is obtained.

(e) Meat-processing employers must not institute or maintain any program, policy, or practice that discourages employees from reporting injuries, hazards, or safety standard violations.

Subd. 7. **Rulemaking required.** The commissioner must adopt rules requiring employers to maintain accurate records of meat-processing worker exposure to ergonomic hazards.

Subd. 8. **Pandemic protections.** (a) This subdivision applies during a peacetime public health emergency declared under section 12.31, subdivision 2.

(b) Meat-processing employers must maintain at least a six-foot radius of space around and between each worker. An employer may accomplish such distancing by increasing physical space between workstations, slowing production speeds, staggering shifts and breaks, adjusting shift size, or a combination thereof. The employer must

reconfigure common or congregate spaces to allow for such distancing, including lunch rooms, break rooms, and locker rooms. The coordinator must reinforce social distancing by allowing workers to maintain six feet of distance along with the use of plastic barriers.

(c) Meat-processing employers must provide employees with face masks and must make face shields available on request. Face masks, including replacement face masks, and face shields must be provided at no cost to the employee. All persons present at the meatpacking operation must wear face masks in the facility except in those parts of the facility where infection risk is low because workers work in isolation.

(d) Meat-processing employers must provide all meat-processing workers with the ability to frequently and routinely sanitize their hands with either hand-washing or hand-sanitizing stations. The employer must ensure that restrooms have running hot and cold water and paper towels and are in sanitary condition. The employer must provide gloves to those who request them.

(e) Meat-processing employers must clean and regularly disinfect all frequently touched surfaces in the workplace, such as workstations, training rooms, machinery controls, tools, protective garments, eating surfaces, bathrooms, showers, and other similar areas. Employers must install and maintain ventilation systems that ensure unidirectional air flow, outdoor air, and filtration in both production areas and common areas such as cafeterias and locker rooms.

(f) Meat-processing employers must disseminate all required communications, notices, and any published materials regarding these protections in English, Spanish, and other languages as required for employees to understand the communication.

(g) Meat-processing employers must provide adequate break time for workers to use the bathroom, wash their hands, and don and doff protective equipment.

(h) Meat-processing employers must provide sufficient personal protective equipment for each employee for each shift, plus replacements, at no cost to the employee. Meat-processing employers must provide training in proper use of personal protective equipment, safety procedures, and sanitation.

(i) As part of the meat-processing employer's accident, injury, and illness reduction program, the employer must create a health and safety committee consisting of equal parts company management, employees, and authorized employee representatives. The health and safety committee must meet at least twice a year and present results to the commissioner. If the meatpacking operation has no collective bargaining agreement, a local labor representative must be appointed.

(j) Meat-processing employers must record all injuries and illnesses in the facility and make these records available upon request to the health and safety committee. The employer also must make its records available to the commissioner, and where there is a collective bargaining agreement, to the authorized bargaining representative.

(k) Meat-processing employers must provide paid sick time for workers to recuperate from illness or injury or to care for ill family members. For purposes of this paragraph, "family member" includes:

(1) biological, adopted, or foster children, stepchildren, children of domestic partners or spouses, and legal wards of workers;

(2) biological parents, stepparents, foster parents, adoptive parents, or legal guardians of a worker or a worker's spouse or domestic partner;

(3) a worker's legally married spouse or domestic partner as registered under the laws of any state or political subdivision;

(4) a worker's grandparent, whether from a biological, step-, foster, or adoptive relationship;

(5) a worker's grandchild, whether from a biological, step-, foster, or adoptive relationship;

(6) a worker's sibling, whether from a biological, step-, foster, or adoptive relationship; and

(7) any other individual related by blood or affinity to the worker whose association with the worker is the equal of a family relationship.

(l) All meat-processing workers must accrue at least one hour of paid sick time for every 30 hours worked. For purposes of this paragraph, paid sick time means time that is compensated at the same hourly rate, including the same benefits, as is normally earned by the worker.

(m) Meat-processing employers may provide all paid sick time a worker is expected to accrue at the beginning of the year or at the start of the worker's employment.

(n) Meat-processing employers must carry an employee's earned paid sick time over into the following calendar year. If a worker does not wish to carry over sick time, the meat-processing employer must pay the worker for accrued sick time. If a worker chooses to receive pay in lieu of carried-over sick time, the employer must provide the worker with an amount of paid sick time that meets or exceeds the requirements of sections 179.87 to 179.8757, to be available for the worker's immediate use at the start of the following calendar year.

(o) Meat-processing employers must maintain records for at least three years showing hours worked and paid sick time accrued and used by workers. Employers must allow the commissioner and coordinator access to these records in order to ensure compliance with the requirements of sections 179.87 to 179.8757.

(p) If a meat-processing employer transfers a worker to another division or location of the same meat-processing employer, the worker is entitled to all earned paid sick time accrued in the worker's previous position. If a worker is separated from employment and rehired within one year by the same meat-processing employer, the meat-processing employer must reinstate the worker's earned sick time to the level accrued by the worker as of the date of separation.

(q) If a meat-processing employer is succeeded by a different employer, all workers of the original employer are entitled to all earned paid sick time they accrued when employed by the original employer.

(r) Meat-processing employers must not require workers to find or search for a replacement worker to take the place of the worker as a condition of the worker using paid sick time.

(s) Meat-processing employers must not require workers to disclose details of private matters as a condition of using paid sick time, including details of a worker or family member's illness, domestic violence, sexual abuse or assault, or stalking and harassment. If the employer does possess such information, it must be treated as confidential and not disclosed without the express permission of the worker.

(t) Meat-processing employers must provide workers written notice of their rights and the employer's requirements under this section at the time the worker begins employment. This notice must be provided in English, Spanish, or the employee's language of fluency. The amount of paid sick time a worker has accrued, the amount of paid sick time a worker has used during the current year, and the amount of pay the worker has received as paid sick time must be recorded on or attached to the worker's paycheck. Meat-processing employers must display a poster in a conspicuous location in each facility where workers are employed that displays the information required under this paragraph. The poster must be displayed in English and any language of fluency that is read or spoken by at least five percent of the employer's workers.

(u) Nothing in this subdivision shall be construed to:

(1) prohibit or discourage an employer from adopting or retaining a paid sick time policy that is more generous than the one provided in this subdivision;

(2) diminish the obligation of an employer to comply with a collective bargaining agreement, or any other contract that provides more generous paid sick time to a worker than provided for in this subdivision; or

(3) override any provision of local law that provides greater rights for paid sick time than is provided for in this subdivision.

Subd. 9. **Small processor exemption.** Meat-processing operations having 50 or fewer employees are exempt from the requirements of this section.

Sec. 9. **[179.8757] NOTIFICATION REQUIRED.**

(a) Meat-processing employers must provide written information and notifications about employee rights under section 179.86 and sections 179.87 to 179.8757 to workers in their language of fluency at least annually. If a worker is unable to understand written information and notifications, the employer must provide such information and notices orally in the worker's language of fluency.

(b) The coordinator must notify covered employers of the provisions of sections 179.87 to 179.8757 and any recent updates at least annually.

(c) The coordinator must place information explaining sections 179.87 to 179.8757 on the Department of Labor and Industry's website in at least English, Spanish, and any other language that at least ten percent of meat-processing workers communicate in fluently. The coordinator must also make the information accessible to persons with impaired visual acuity."

Delete the title and insert:

"A bill for an act relating to labor and industry; appropriating money for labor and industry and the Bureau of Mediation Services; making policy changes to labor and industry programs; providing earned sick and safe time leave; providing emergency leave for essential workers; establishing an emergency rehire and retention program; establishing safe workplaces for meat and poultry processing workers; providing penalties; authorizing rulemaking; classifying data; requiring reports; amending Minnesota Statutes 2020, sections 13.7905, subdivision 6, by adding a subdivision; 177.24, by adding a subdivision; 177.27, subdivisions 2, 4, 7; 178.012, subdivision 1; 179A.10, subdivisions 2, 3; 181.53; 181.939; 181.940, subdivisions 2, 3; 181.942, subdivision 1; 182.66, by adding a subdivision; 182.666, subdivisions 1, 2, 3, 4, 5, by adding a subdivision; 326B.07, subdivision 1; 326B.092, subdivision 7; 326B.0981, subdivision 4; 326B.106, subdivision 1; 326B.89, subdivisions 1, 5, 9; Laws 2019, First Special Session chapter 7, article 1, section 3, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 177; 179; 181; 181A; 299F; repealing Minnesota Statutes 2020, sections 181.9413; 181.9414; Minnesota Rules, part 5200.0080, subpart 7."

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

The report was adopted.

Marquart from the Committee on Taxes to which was referred:

H. F. No. 1684, A bill for an act relating to transportation; establishing a budget for transportation; appropriating money for transportation purposes, including Department of Transportation, Metropolitan Council, and Department of Public Safety activities; authorizing the sale and issuance of state bonds; modifying prior appropriations; modifying various fees and surcharges; modifying various transportation-related tax provisions; establishing a transit sales and use tax; providing for noncompliant drivers' licenses and identification cards; establishing advisory committees; establishing accounts; modifying various provisions governing transportation policy and finance; making technical changes; requiring reports; amending Minnesota Statutes 2020, sections 13.6905, by adding a subdivision; 16A.88, subdivision 1a; 84.787, subdivision 7; 84.797, subdivision 7; 84.92, subdivision 8; 97A.055, subdivision 2; 117.075, subdivisions 2, 3; 160.02, subdivision 1a; 160.262, subdivision 3; 160.266, subdivisions 1b, as amended, 6, by adding a subdivision; 161.115, subdivision 27; 161.14, by adding subdivisions; 161.23, subdivisions 2, 2a; 161.44, subdivisions 6a, 6b; 162.145, subdivision 3; 163.07, subdivision 2; 168.002, subdivisions 10, 18; 168.013, subdivisions 1a, 1m; 168.12, subdivision 1; 168.183; 168.301, subdivision 1; 168.31, subdivision 4; 168.327, subdivisions 1, 6, by adding subdivisions; 168A.11, subdivisions 1, 2; 169.011, subdivisions 5, 9, 27, 42, by adding subdivisions; 169.035, subdivision 3; 169.09, subdivision 13; 169.18, subdivisions 3, 10; 169.222, subdivisions 1, 4, 6a, by adding a subdivision; 169.451, subdivision 3, by adding a subdivision; 169.522, subdivision 1; 169.58, by adding a subdivision; 169.812, subdivision 2; 169.92, subdivision 4; 171.04, subdivision 5; 171.06, subdivisions 2a, 3, by adding subdivisions; 171.07, subdivisions 1, 3, 15; 171.071, by adding a subdivision; 171.12, subdivisions 7a, 7b, 9, by adding a subdivision; 171.13, subdivisions 1, 6, 9; 171.16, subdivisions 2, 3, by adding a subdivision; 171.18, subdivision 1; 171.20, subdivision 4; 171.27; 171.29, subdivision 2; 174.01, by adding a subdivision; 174.03, subdivisions 1c, 12; 174.185, subdivision 3; 174.24, subdivision 7; 174.285, subdivision 5; 174.40, subdivision 5; 174.42, subdivision 2; 174.50, subdivisions 6d, 7, by adding a subdivision; 174.56, subdivision 1; 219.015, subdivisions 1, 2; 219.1651; 296A.07, subdivision 3; 296A.08, subdivision 2; 296A.083, subdivision 2; 297A.64, subdivision 5; 297A.94; 297A.99, subdivision 1; 297B.02, subdivision 1; 299A.55, subdivision 3, by adding a subdivision; 299D.03, subdivision 5; 325E.15; 360.012, by adding a subdivision; 360.013, by adding subdivisions; 360.55, by adding a subdivision; 360.59, subdivision 10; 473.39, by adding a subdivision; 473.391, by adding a subdivision; 480.15, by adding a subdivision; 609.855, subdivisions 1, 7, by adding a subdivision; Laws 2012, chapter 287, article 3, sections 2; 3; 4; Laws 2013, chapter 143, article 9, section 20; Laws 2019, First Special Session chapter 3, article 1, section 4, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 161; 168; 169; 171; 174; 297A; 345; 473; repealing Minnesota Statutes 2020, sections 168.327, subdivision 5; 169.09, subdivision 7; 171.015, subdivision 7; Minnesota Rules, parts 7410.2610, subparts 1, 2, 3, 3a, 5a, 5b, 6; 7414.1490; 7470.0300; 7470.0400; 7470.0500; 7470.0600; 7470.0700.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Ways and Means.

The report was adopted.

Long from the Committee on Climate and Energy Finance and Policy to which was referred:

H. F. No. 2110, A bill for an act relating to energy; modifying a public utility reporting requirement; amending Minnesota Statutes 2020, section 216B.1691, subdivision 2f.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
ENERGY CONSERVATION AND STORAGE

Section 1. Minnesota Statutes 2020, section 16B.86, is amended to read:

16B.86 ~~PRODUCTIVITY~~ STATE BUILDING ENERGY CONSERVATION IMPROVEMENT REVOLVING LOAN ACCOUNT.

Subdivision 1. **Definitions.** (a) For purposes of this section and section 16B.87, the following terms have the meanings given.

(b) "Energy conservation" has the meaning given in section 216B.241, subdivision 1, paragraph (d).

(c) "Energy conservation improvement" has the meaning given in section 216B.241, subdivision 1, paragraph (e).

(d) "Energy efficiency" has the meaning given in section 216B.241, subdivision 1, paragraph (f).

(e) "Project" means the energy conservation improvements financed by a loan made under this section.

(f) "State building" means an existing building owned by the state of Minnesota.

Subd. 2. **Account established.** The ~~productivity~~ state building energy conservation improvement revolving loan account is established as a ~~special~~ separate account in the state treasury. The commissioner shall manage the account and shall credit to the account investment income, repayments of principal and interest, and any other earnings arising from assets of the account. Money in the account is appropriated to the commissioner of administration to make loans to ~~finance agency projects that will result in either reduced operating costs or increased revenues, or both, for a state agency~~ state agencies to implement energy conservation and energy efficiency improvements in state buildings under section 16B.87.

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

Sec. 2. Minnesota Statutes 2020, section 16B.87, is amended to read:

16B.87 AWARD AND REPAYMENT OF ~~PRODUCTIVITY~~ STATE BUILDING ENERGY IMPROVEMENT CONSERVATION LOANS.

Subdivision 1. **Committee.** The ~~Productivity~~ State Building Energy Conservation Improvement Loan Committee consists of the commissioners of administration, management and budget, and ~~revenue~~ commerce. The commissioner of administration serves as chair of the committee. The members serve without compensation or reimbursement for expenses.

Subd. 2. **Award and terms of loans.** (a) An agency shall apply for a loan on a form ~~provided~~ developed by the commissioner of administration~~.~~ that requires an applicant to submit the following information:

(1) a description of the proposed project, including existing equipment, structural elements, operating characteristics, and other conditions affecting energy use that the energy conservation improvements financed by the loan modify or replace;

(2) the total estimated project cost and the loan amount sought;

(3) a detailed project budget;

(4) projections of the proposed project's expected energy and monetary savings;

(5) information demonstrating the agency's ability to repay the loan;

(6) a description of the energy conservation programs offered by the utility providing service to the state building from which the applicant seeks additional funding for the project; and

(7) any additional information requested by the commissioner.

(b) The committee shall review applications for loans and shall award a loan based upon criteria adopted by the committee. ~~The committee shall determine the amount, interest, and other terms of the loan. The time for repayment of a loan may not exceed five years.~~ A loan made under this section must:

(1) be at or below the market rate of interest, including a zero interest loan; and

(2) have a term no longer than seven years.

(c) In making awards, the committee shall give preference to:

(1) applicants that have sought funding for the project through energy conservation projects offered by the utility serving the state building that is the subject of the application; and

(2) to the extent feasible, applications for state buildings located within the electric retail service area of the utility that is subject to section 116C.779.

Subd. 3. **Repayment.** An agency receiving a loan under this section shall repay the loan according to the terms of the loan agreement. The principal and interest must be paid to the commissioner of administration, who shall deposit it in the ~~productivity~~ state building energy conservation improvement revolving loan ~~fund~~ account. Payments of loan principal and interest must begin no later than one year after the project is completed.

Sec. 3. **[216B.1698] INNOVATIVE CLEAN TECHNOLOGIES.**

(a) For purposes of this section, "innovative clean technology" means advanced energy technology that is:

(1) environmentally superior to technologies currently in use;

(2) expected to offer energy-related, environmental, or economic benefits; and

(3) not widely deployed by the utility industry.

(b) A public utility may petition the commission for authorization to invest in a project or projects to deploy one or more innovative clean technologies to further the development, commercialization, and deployment of innovative clean technologies that benefit the public utility's customers.

(c) The commission may approve a petition under paragraph (b) if it finds:

(1) the technologies proposed are innovative clean technologies;

(2) the investment in an innovative clean energy technology is likely to provide benefits to customers that exceed the technology's cost;

(3) the public utility is meeting its energy conservation goals under section 216B.241; and

(4) the project complies with the spending limits under paragraph (d).

(d) Over any three consecutive years, a public utility must not spend more on innovative clean technologies under this section than:

(1) for a public utility providing service to 200,000 or more retail Minnesota customers, $6,000,000; or

(2) for a public utility providing service to fewer than 200,000 retail Minnesota customers, $3,000,000.

(e) The commission may authorize a public utility to file a rate schedule containing provisions that automatically adjust charges for public utility service in direct relation to changes in prudent costs incurred by a public utility under this section, up to the amounts allowed under paragraph (d). To the extent the public utility investment under this section is for a capital asset, the utility may request that the asset be included in the utility's rate base.

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

Sec. 4. Minnesota Statutes 2020, section 216B.2401, is amended to read:

216B.2401 ENERGY SAVINGS AND OPTIMIZATION POLICY GOAL.

(a) The legislature finds that energy savings are an energy resource, and that cost-effective energy savings are preferred over all other energy resources. In addition, the legislature finds that optimizing the timing and method used by energy consumers to manage energy use provides significant benefits to the consumers and to the utility system as a whole. The legislature further finds that cost-effective energy savings and load management programs should be procured systematically and aggressively in order to reduce utility costs for businesses and residents, improve the competitiveness and profitability of businesses, create more energy-related jobs, reduce the economic burden of fuel imports, and reduce pollution and emissions that cause climate change. Therefore, it is the energy policy of the state of Minnesota to achieve annual energy savings ~~equal~~ equivalent to at least ~~1.5~~ 2.5 percent of annual retail energy sales of electricity and natural gas through ~~cost-effective energy conservation improvement programs and rate design, energy efficiency achieved by energy consumers without direct utility involvement, energy codes and appliance standards, programs designed to transform the market or change consumer behavior, energy savings resulting from efficiency improvements to the utility infrastructure and system, and other efforts to promote energy efficiency and energy conservation.~~ multiple measures, including but not limited to:

(1) cost-effective energy conservation improvement programs and efficient fuel-switching utility programs under sections 216B.2402 to 216B.241;

(2) rate design;

(3) energy efficiency achieved by energy consumers without direct utility involvement;

(4) advancements in statewide energy codes and cost-effective appliance and equipment standards;

(5) programs designed to transform the market or change consumer behavior;

(6) energy savings resulting from efficiency improvements to the utility infrastructure and system; and

(7) other efforts to promote energy efficiency and energy conservation.

(b) A utility is encouraged to design and offer to customers load management programs that enable: (1) customers to maximize the economic value gained from the energy purchased from the customer's utility service provider; and (2) utilities to optimize the infrastructure and generation capacity needed to effectively serve customers and facilitate the integration of renewable energy into the energy system.

(c) The commissioner must provide a reasonable estimate of progress made toward the statewide energy-savings goal under paragraph (a) in the annual report required under section 216B.241, subdivision 1c, and make recommendations for administrative or legislative initiatives to increase energy savings toward that goal. The commissioner must annually report on the energy productivity of the state's economy by estimating the ratio of economic output produced in the most recently completed calendar year to the primary energy inputs used in that year.

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

Sec. 5. **[216B.2402] DEFINITIONS.**

Subdivision 1. **Definitions.** For the purposes of section 216B.16, subdivision 6b, and sections 216B.2401 to 216B.241, the following terms have the meanings given them.

Subd. 2. **Consumer-owned utility.** "Consumer-owned utility" means a municipal gas utility, a municipal electric utility, or a cooperative electric association.

Subd. 3. **Cumulative lifetime savings.** "Cumulative lifetime savings" means the total electric energy or natural gas savings in a given year from energy conservation improvements installed in that given year and energy conservation improvements installed in previous years that are still in operation.

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 it results in a net reduction in electricity or natural gas consumption.

Subd. 5. **Energy conservation.** "Energy conservation" means an action that results in a net reduction in electricity or natural gas consumption. Energy conservation does not include an efficient fuel-switching improvement.

Subd. 6. **Energy conservation improvement.** "Energy conservation improvement" means a project that results in energy efficiency or energy conservation. Energy conservation improvement may include waste heat that is recovered and converted into electricity or used as thermal energy, but does not include electric utility infrastructure projects approved by the commission under section 216B.1636.

Subd. 7. **Energy efficiency.** "Energy efficiency" means measures or programs, including energy conservation measures or programs, that: (1) target consumer behavior, equipment, processes, or devices; (2) are designed to reduce the consumption of electricity or natural gas on either an absolute or per unit of production basis; and (3) do not reduce the quality or level of service provided to an energy consumer.

Subd. 8. **Fuel.** "Fuel" means energy, including electricity, propane, natural gas, heating oil, gasoline, diesel fuel, or steam, consumed by a retail utility customer.

Subd. 9. **Fuel neutral.** "Fuel neutral" means an approach that compares the use of various fuels for a given end use, using a common metric.

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; or

(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 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

(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 utility's gross annual retail sales.

Subd. 11. **Investments and expenses of a public utility.** "Investments and expenses of a public utility" means the investments and expenses incurred by a public utility in connection with an energy conservation improvement.

Subd. 12. **Large customer facility.** "Large customer facility" means all buildings, structures, equipment, and installations at a single site that in aggregate: (1) impose a peak electrical demand on an electric utility's system of at least 20,000 kilowatts, measured in the same manner as the utility that serves the customer facility measures electric demand for billing purposes; or (2) consume at least 500,000,000 cubic feet of natural gas annually. When calculating peak electrical demand, a large customer facility may include demand offset by on-site cogeneration facilities and, if engaged in mineral extraction, may include peak energy demand from the large customer facility's mining processing operations.

Subd. 13. **Large energy facility.** "Large energy facility" has the meaning given in section 216B.2421, subdivision 2, clause (1).

Subd. 14. **Lifetime energy savings.** "Lifetime energy savings" means the amount of savings a particular energy conservation improvement is projected to produce over the improvement's effective useful lifetime.

Subd. 15. **Load management.** "Load management" means an activity, service, or technology that changes the timing or the efficiency of a customer's use of energy that allows a utility or a customer to: (1) respond to local and regional energy system conditions; or (2) reduce peak demand for electricity or natural gas. Load management that reduces a customer's net annual energy consumption is also energy conservation.

Subd. 16. **Low-income household.** "Low-income household" means a household whose household income is 60 percent or less of the state median household income.

Subd. 17. **Low-income programs.** "Low-income programs" means energy conservation improvement programs that directly serve the needs of low-income households, including low-income renters.

Subd. 18. **Member.** "Member" has the meaning given in section 308B.005, subdivision 15.

Subd. 19. **Multifamily building.** "Multifamily building" means a residential building containing five or more dwelling units.

Subd. 20. **Preweatherization measure.** "Preweatherization measure" means an improvement that is necessary to allow energy conservation improvements to be installed in a home.

Subd. 21. **Qualifying utility.** "Qualifying utility" means a utility that supplies a customer with energy that enables the customer to qualify as a large customer facility.

Subd. 22. **Waste heat recovered and used as thermal energy.** "Waste heat recovered and used as thermal energy" means the capture of heat energy that would otherwise be exhausted or dissipated to the environment from machinery, buildings, or industrial processes, and productively using the recovered thermal energy where it was captured or distributing it as thermal energy to other locations where it is used to reduce demand-side consumption of natural gas, electric energy, or both.

Subd. 23. **Waste heat recovery converted into electricity.** "Waste heat recovery converted into electricity" means an energy recovery process that converts to electricity energy from the heat of exhaust stacks or pipes used for engines or manufacturing or industrial processes, or from the reduction of high pressure in water or gas pipelines, that would otherwise be lost.

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

Sec. 6. **[216B.2403] CONSUMER-OWNED UTILITIES; ENERGY CONSERVATION AND OPTIMIZATION.**

Subdivision 1. **Applicability.** This section applies to:

(1) a cooperative electric association that provides retail service to more than 5,000 members;

(2) a municipality that provides electric service to more than 1,000 retail customers; and

(3) a municipality with more than 1,000,000,000 cubic feet in annual throughput sales to natural gas retail customers.

Subd. 2. **Consumer-owned utility; energy-savings goal.** (a) Each individual consumer-owned utility subject to this section has an annual energy-savings goal equivalent to 1.5 percent of gross annual retail energy sales, which must be met with a minimum of energy savings from energy conservation improvements equivalent to at least one percent of the consumer-owned utility's gross annual retail energy sales. The balance of energy savings toward the annual energy-savings goal 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; 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.

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 program, including an energy conservation program suggested by an outside source, including but not limited to 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 improvements on research and development projects that meet the definition of energy conservation 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 under this subdivision for the 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 the consumer-owned utility is required to 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 one percent per year over the consecutive years of the plan's duration, including the year the minimum energy savings goal is adjusted.

Subd. 4. **Consumer-owned utility; energy savings investment.** (a) Except as otherwise provided, a consumer-owned utility that the commissioner determines falls short of the minimum energy savings goal from energy conservation improvements established in subdivision 2, paragraph (a), for three consecutive years during which the utility has annually spent on energy conservation improvements less than 1.5 percent of gross operating revenues for an electric utility, or less than 0.5 percent of gross operating revenues for a natural gas utility, must spend no less than the following amounts for energy conservation improvements:

(1) for a municipality, 0.5 percent of gross operating revenues from the sale of gas and 1.5 percent of gross operating revenues from the sale of electricity, excluding gross operating revenues from electric and gas service provided in Minnesota to large electric customer facilities; and

(2) for a cooperative electric association, 1.5 percent of gross operating revenues from service provided in Minnesota, excluding gross operating revenues from service provided in Minnesota to large electric customers facilities indirectly through a distribution cooperative electric association.

(b) The commissioner must not impose the spending requirement under this subdivision if the commissioner has determined that the utility has followed the commissioner's recommendations, if any, provided under subdivision 3, paragraph (d).

(c) Upon request of a consumer-owned utility, the commissioner may reduce the amount or duration of the spending requirement imposed under this subdivision, or both, if the commissioner determines that the consumer-owned utility's failure to maintain the minimum energy savings goal is the result of:

(1) a natural disaster or other emergency that is declared by the executive branch through an emergency executive order that affects the consumer-owned utility's service area;

(2) a unique load distribution experienced by the consumer-owned utility; or

(3) other factors that the commissioner determines justifies a reduction.

(d) Unless the commissioner reduces the duration of the spending requirement under paragraph (c), the spending requirement under this subdivision remains in effect until the consumer-owned utility has met the minimum energy savings goal for three consecutive years.

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 made 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 July 1, 2022, 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.

Subd. 6. **Recovery of expenses.** The commission must allow a cooperative electric association subject to rate regulation under section 216B.026 to recover expenses resulting from: (1) a plan under this section; and (2) assessments and contributions to the energy and conservation account under section 216B.241, subdivision 2a.

Subd. 7. **Ownership of preweatherization measure or energy conservation improvement.** (a) A preweatherization measure or energy conservation improvement installed in a building under this section, excluding a system owned by a consumer-owned utility that is designed to turn off, limit, or vary the delivery of energy, is the exclusive property of the building owner, except to the extent that the improvement is subject to a security interest in favor of the consumer-owned utility in case of a loan to the building owner for the improvement.

(b) A consumer-owned utility has no liability for loss, damage, or injury directly or indirectly caused by a preweatherization measure or energy conservation improvement, unless a consumer-owned utility is determined to have been negligent in purchasing, installing, or modifying a preweatherization measure or energy conservation improvement.

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 (b), 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;

(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;

(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.

Subd. 9. **Manner of filing and service.** (a) A consumer-owned utility must submit the filings required under this section to the department using the department's electronic filing system. The commissioner may approve an exemption from this requirement if a consumer-owned utility is unable to submit filings via the department's electronic filing system. All other interested parties must submit filings to the department via the department's electronic filing system whenever practicable but may also file by personal delivery or by mail.

(b) The submission of a document to the department's electronic filing system constitutes service on the department. If a department rule requires service of a notice, order, or other document by the department, a consumer-owned utility, or an interested party upon persons on a service list maintained by the department, service may be made by personal delivery, mail, or electronic service. Electronic service may be made only to persons on the service list that have previously agreed in writing to accept electronic service at an e-mail address provided to the department for electronic service purposes.

Subd. 10. **Assessment.** The commission or department may assess consumer-owned utilities subject to this section to carry out the purposes of section 216B.241, subdivisions 1d, 1e, and 1f. An assessment under this subdivision must be proportionate to a consumer-owned utility's gross operating revenue from sales of gas or electric service in Minnesota during the previous calendar year, as applicable. Assessments under this subdivision are not subject to the cap on assessments under section 216B.62 or any other law.

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

Sec. 7. Minnesota Statutes 2020, section 216B.241, subdivision 1a, is amended to read:

Subd. 1a. ~~**Investment, expenditure, and contribution; public utility**~~ **Large customer facility.** ~~(a) For purposes of this subdivision and subdivision 2, "public utility" has the meaning given it in section 216B.02, subdivision 4. Each public utility shall spend and invest for energy conservation improvements under this subdivision and subdivision 2 the following amounts:~~

~~(1) for a utility that furnishes gas service, 0.5 percent of its gross operating revenues from service provided in the state;~~

~~(2) for a utility that furnishes electric service, 1.5 percent of its gross operating revenues from service provided in the state; and~~

~~(3) for a utility that furnishes electric service and that operates a nuclear-powered electric generating plant within the state, two percent of its gross operating revenues from service provided in the state.~~

~~For purposes of this paragraph (a), "gross operating revenues" do not include revenues from large customer facilities exempted under paragraph (b), or from commercial gas customers that are exempted under paragraph (c) or (e).~~

~~(b)~~ (a) The owner of a large customer facility may petition the commissioner to exempt both electric and gas utilities serving the large customer facility from ~~the investment and expenditure requirements of paragraph (a)~~ contributing to investments and expenditures made under an energy and conservation optimization plan filed under subdivision 2 or section 216B.2403, subdivision 3, with respect to retail revenues attributable to the large customer facility. The filing must include a discussion of the competitive or economic pressures facing the owner of the facility and the efforts taken by the owner to identify, evaluate, and implement energy conservation and efficiency improvements. A filing submitted on or before October 1 of any year must be approved within 90 days and become effective January 1 of the year following the filing, unless the commissioner finds that the owner of the large customer facility has failed to take reasonable measures to identify, evaluate, and implement energy conservation and efficiency improvements. If a facility qualifies as a large customer facility solely due to its peak electrical demand or annual natural gas usage, the exemption may be limited to the qualifying utility if the commissioner finds that the owner of the large customer facility has failed to take reasonable measures to identify, evaluate, and implement energy conservation and efficiency improvements with respect to the nonqualifying utility. Once an exemption is approved, the commissioner may request the owner of a large customer facility to submit, not more often than once every five years, a report demonstrating the large customer facility's ongoing commitment to energy conservation and efficiency improvement after the exemption filing. The commissioner may request such reports for up to ten years after the effective date of the exemption, unless the majority ownership of the large customer facility changes, in which case the commissioner may request additional reports for up to ten years after the change in ownership occurs. The commissioner may, within 180 days of receiving a report submitted under this paragraph, rescind any exemption granted under this paragraph upon a determination that the large customer facility is not continuing to make reasonable efforts to identify, evaluate, and implement energy conservation improvements. A large customer facility that is, under an order from the commissioner, exempt from the investment and expenditure requirements of paragraph (a) as of December 31, 2010, is not required to submit a report to retain its exempt status, except as otherwise provided in this paragraph with respect to ownership changes. No exempt large customer facility may participate in a utility conservation improvement program unless the owner of the facility submits a filing with the commissioner to withdraw its exemption.

~~(c)~~ (b) A commercial gas customer that is not a large customer facility and that purchases or acquires natural gas from a public utility having fewer than 600,000 natural gas customers in Minnesota may petition the commissioner to exempt gas utilities serving the commercial gas customer from ~~the investment and expenditure requirements of paragraph (a)~~ contributing to investments and expenditures made under an energy and conservation optimization plan filed under subdivision 2 or section 216B.2403, subdivision 3, with respect to retail revenues attributable to the commercial gas customer. The petition must be supported by evidence demonstrating that the commercial gas

customer has acquired or can reasonably acquire the capability to bypass use of the utility's gas distribution system by obtaining natural gas directly from a supplier not regulated by the commission. The commissioner shall grant the exemption if the commissioner finds that the petitioner has made the demonstration required by this paragraph.

~~(d) The commissioner may require investments or spending greater than the amounts required under this subdivision for a public utility whose most recent advance forecast required under section 216B.2422 or 216C.17 projects a peak demand deficit of 100 megawatts or greater within five years under midrange forecast assumptions.~~

~~(e)~~ (c) A public utility, consumer-owned utility, or owner of a large customer facility may appeal a decision of the commissioner under paragraph (a) or (b)~~, (c), or (d)~~ to the commission under subdivision 2. In reviewing a decision of the commissioner under paragraph (a) or (b), ~~(c), or (d),~~ the commission shall rescind the decision if it finds ~~that the required investments or spending will:~~

~~(1) not result in cost-effective energy conservation improvements; or~~

~~(2) otherwise~~ the decision is not ~~be~~ in the public interest.

(d) A public utility is prohibited from spending for or investing in energy conservation improvements that directly benefit a large energy facility or a large electric customer facility to which the commissioner has issued an exemption under this section.

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

Sec. 8. Minnesota Statutes 2020, section 216B.241, subdivision 1c, is amended to read:

Subd. 1c. **Public utility; energy-saving goals.** (a) The commissioner shall establish energy-saving goals for energy conservation ~~improvement expenditures~~ improvements and shall evaluate an energy conservation improvement program on how well it meets the goals set.

(b) ~~Each individual~~ A public utility ~~and association shall have~~ providing electric service has an annual energy-savings goal equivalent to ~~1.5~~ 1.75 percent of gross annual retail energy sales unless modified by the commissioner under paragraph ~~(d).~~ (c). A public utility providing natural gas service has an annual energy-savings goal equivalent to one percent of gross annual retail energy sales, which must not be lowered by the commissioner. The savings goals must be calculated based on the most recent three-year weather-normalized average. A public utility ~~or association~~ providing electric service may elect to carry forward energy savings in excess of ~~1.5~~ 1.75 percent for a year to the succeeding three calendar years, except that savings from electric utility infrastructure projects allowed under paragraph (d) may be carried forward for five years. A public utility providing natural gas service may elect to carry forward energy savings in excess of one percent for a year to the succeeding three calendar years. A particular energy savings can only be used ~~only for~~ to meet one year's goal.

~~(c) The commissioner must adopt a filing schedule that is designed to have all utilities and associations operating under an energy-savings plan by calendar year 2010.~~

~~(d)~~ (c) In its energy conservation ~~improvement~~ and optimization plan filing, a public utility ~~or association~~ may request the commissioner to adjust its annual energy-savings percentage goal based on its historical conservation investment experience, customer class makeup, load growth, a conservation potential study, or other factors the commissioner determines warrants an adjustment.

(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.

~~A utility or association may include in its energy conservation plan energy savings from~~ 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 ~~waste heat recovery converted into electricity projects that may count as energy savings in addition to a minimum energy savings goal of at least one percent for energy conservation improvements. Energy savings from electric utility infrastructure projects, as defined in section 216B.1636, may be included in the energy conservation plan of a municipal utility or cooperative electric association. Electric utility infrastructure projects must result in increased energy efficiency greater than that which would have occurred through normal maintenance activity~~

(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) An energy savings goal is not satisfied by attaining the revenue expenditure requirements of subdivisions 1a and 1b, but can only be satisfied by meeting the energy savings goal established in this subdivision.~~

~~(f) An association or~~ (e) A public utility is not required to make energy conservation investments to attain the energy-savings goals of this subdivision that are not cost-effective even if the investment is necessary to attain the energy-savings goals. For the purpose of this paragraph, in determining cost-effectiveness, the commissioner shall consider: (1) the costs and benefits to ratepayers, the utility, participants, and society~~. In addition, the commissioner shall consider~~; (2) the rate at which ~~an association or municipal~~ 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.

~~(g)~~ (f) On an annual basis, the commissioner shall produce and make publicly available a report on the annual energy and capacity savings and estimated carbon dioxide reductions achieved by the ~~energy conservation improvement~~ programs under this section and section 216B.2403 for the two most recent years for which data is available. The report must also include information regarding any annual energy sales or generation capacity increases resulting from efficient fuel-switching improvements. The commissioner shall report on program performance both in the aggregate and for each entity filing an energy conservation improvement plan for approval or review by the commissioner, and must estimate progress made toward the statewide energy-savings goal under section 216B.2401.

~~(h) By January 15, 2010, the commissioner shall report to the legislature whether the spending requirements under subdivisions 1a and 1b are necessary to achieve the energy savings goals established in this subdivision.~~

~~(i) This subdivision does not apply to:~~

~~(1) a cooperative electric association with fewer than 5,000 members;~~

~~(2) a municipal utility with fewer than 1,000 retail electric customers; or~~

~~(3) a municipal utility with less than 1,000,000,000 cubic feet in annual throughput sales to retail natural gas customers.~~

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

Sec. 9. Minnesota Statutes 2020, section 216B.241, subdivision 1d, is amended to read:

Subd. 1d. **Technical assistance.** (a) The commissioner shall evaluate energy conservation improvement programs filed under this section and section 216B.2403 on the basis of cost-effectiveness and the reliability of the technologies employed. The commissioner shall, by order, establish, maintain, and update energy-savings assumptions that must be used by utilities when filing energy conservation improvement programs. The department must track a public utility's or consumer-owned utility's lifetime energy savings and cumulative lifetime energy savings reported in plans submitted under this section and section 216B.2403.

(b) The commissioner shall establish an inventory of the most effective energy conservation programs, techniques, and technologies, and encourage all Minnesota utilities to implement them, where appropriate~~, in their service territories~~. The commissioner shall describe these programs in sufficient detail to provide a utility reasonable guidance concerning implementation. The commissioner shall prioritize the opportunities in order of potential energy savings and in order of cost-effectiveness.

(c) The commissioner may contract with a third party to carry out any of the commissioner's duties under this subdivision, and to obtain technical assistance to evaluate the effectiveness of any conservation improvement program.

(d) The commissioner may assess up to $850,000 annually for the purposes of this subdivision. The assessments must be deposited in the state treasury and credited to the energy and conservation account created under subdivision 2a. An assessment made under this subdivision is not subject to the cap on assessments provided by section 216B.62, or any other law.

~~(b) Of the assessment authorized under paragraph (a), the commissioner may expend up to $400,000 annually for the purpose of developing, operating, maintaining, and providing technical support for a uniform electronic data reporting and tracking system available to all utilities subject to this section, in order to enable accurate measurement of the cost and energy savings of the energy conservation improvements required by this section. This paragraph expires June 30, 2018.~~

(e) The commissioner must work with stakeholders to develop technical guidelines that public utilities and consumer-owned utilities must use to:

(1) determine whether deployment of a fuel-switching improvement meets the criteria established in subdivision 11, paragraph (e), or section 216B.2403, subdivision 8, as applicable; and

(2) calculate the amount of energy saved by deploying a fuel-switching improvement.

The guidelines under this paragraph must be issued by the commissioner by order no later than March 15, 2022, and must be updated as the commissioner determines is necessary.

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

Sec. 10. Minnesota Statutes 2020, section 216B.241, subdivision 1f, is amended to read:

Subd. 1f. **Facilities energy efficiency.** (a) The commissioner of administration and the commissioner of commerce shall maintain and, as needed, revise the sustainable building design guidelines developed under section 16B.325.

(b) The commissioner of administration and the commissioner of commerce shall maintain and update the benchmarking tool developed under Laws 2001, chapter 212, article 1, section 3, so that all public buildings can use the benchmarking tool to maintain energy use information for the purposes of establishing energy efficiency benchmarks, tracking building performance, and measuring the results of energy efficiency and conservation improvements.

(c) The commissioner shall require that utilities include in their conservation improvement plans programs that facilitate professional engineering verification to qualify a building as Energy Star-labeled, Leadership in Energy and Environmental Design (LEED) certified, or Green Globes-certified. ~~The state goal is to achieve certification of 1,000 commercial buildings as Energy Star-labeled, and 100 commercial buildings as LEED-certified or Green Globes-certified by December 31, 2010.~~

(d) The commissioner may assess up to $500,000 annually for the purposes of this subdivision. The assessments must be deposited in the state treasury and credited to the energy and conservation account created under subdivision 2a. An assessment made under this subdivision is not subject to the cap on assessments provided by section 216B.62, or any other law.

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

Sec. 11. Minnesota Statutes 2020, section 216B.241, subdivision 1g, is amended to read:

Subd. 1g. **Manner of filing and service.** (a) A public utility~~, generation and transmission cooperative electric association, municipal power agency, cooperative electric association, and municipal utility~~ shall submit filings to the department via the department's electronic filing system. The commissioner may approve an exemption from this requirement in the event ~~an affected~~ a public utility ~~or association~~ is unable to submit filings via the department's electronic filing system. All other interested parties shall submit filings to the department via the department's electronic filing system whenever practicable but may also file by personal delivery or by mail.

(b) Submission of a document to the department's electronic filing system constitutes service on the department. Where department rule requires service of a notice, order, or other document by the department, public utility, ~~association,~~ or interested party upon persons on a service list maintained by the department, service may be made by personal delivery, mail, or electronic service, except that electronic service may only be made upon persons on the service list who have previously agreed in writing to accept electronic service at an electronic address provided to the department for electronic service purposes.

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

Sec. 12. Minnesota Statutes 2020, section 216B.241, subdivision 2, is amended to read:

Subd. 2. ~~**Programs**~~ **Public utility; energy conservation and optimization plans.** (a) The commissioner may require a public ~~utilities~~ 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. ~~The required programs must cover no more than a three-year period.~~

(b) A public ~~utilities~~ utility shall file an energy conservation ~~improvement plans~~ and optimization plan by June 1, on a schedule determined by order of the commissioner, but at least every three years. ~~Plans received~~ 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 ~~program~~ 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 ~~the~~ 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.

~~(b)~~ (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. ~~The commissioner shall nevertheless ensure that every public utility operate one or more programs under periodic review by the department.~~

~~(c)~~ (e) Each public utility subject to this subdivision ~~1a~~ may spend and invest annually up to ten percent of the total amount ~~required to be~~ spent and invested on energy conservation improvements under this section by the public utility on research and development projects that meet the definition of energy conservation improvement ~~in subdivision 1 and that are funded directly by the public utility~~.

~~(d) A public utility may not spend for or invest in energy conservation improvements that directly benefit a large energy facility or a large electric customer facility for which the commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b).~~

(f) The commissioner shall consider and may require a public utility to undertake ~~a~~ an energy conservation program suggested by an outside source, including a political subdivision, a nonprofit corporation, or community organization.

~~(e)~~ (g) A public utility, a political subdivision, or a nonprofit or community organization that has suggested ~~a~~ an energy conservation program, the attorney general acting on behalf of consumers and small business interests, or a public utility customer that has suggested ~~a~~ 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 ~~a~~ an energy conservation program is not in the public interest.

~~(f)~~ (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.

~~(g) A gas utility may not spend for or invest in energy conservation improvements that directly benefit a large customer facility or commercial gas customer facility for which the commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b), (c), or (e). The commissioner shall consider and may require a utility to undertake a program suggested by an outside source, including a political subdivision, a nonprofit corporation, or a community organization.~~

(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.

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

Sec. 13. Minnesota Statutes 2020, section 216B.241, subdivision 2b, is amended to read:

Subd. 2b. **Recovery of expenses.** (a) The commission shall allow a public utility to recover expenses resulting from ~~a~~ an energy conservation ~~improvement program required~~ and optimization plan approved by the department under this section and contributions and assessments to the energy and conservation account, unless the recovery would be inconsistent with a financial incentive proposal approved by the commission. ~~The commission shall allow a cooperative electric association subject to rate regulation under section 216B.026, to recover expenses resulting from energy conservation improvement programs, load management programs, and assessments and contributions to the energy and conservation account unless the recovery would be inconsistent with a financial incentive proposal approved by the commission. In addition,~~

(b) A public utility may file annually, or the Public Utilities Commission may require the public utility to file, and the commission may approve~~,~~ rate schedules containing provisions for the automatic adjustment of charges for utility service in direct relation to changes in the expenses of the public utility for real and personal property taxes, fees, and permits, the amounts of which the public utility cannot control. A public utility is eligible to file for adjustment for real and personal property taxes, fees, and permits under this subdivision only if, in the year previous to the year in which it files for adjustment, it has spent or invested at least 1.75 percent of its gross revenues from provision of electric service, excluding gross operating revenues from electric service provided in the state to large electric customer facilities for which the commissioner has issued an exemption under subdivision 1a, paragraph (b), and 0.6 percent of its gross revenues from provision of gas service, excluding gross operating revenues from gas services provided in the state to large electric customer facilities for which the commissioner has issued an exemption under subdivision 1a, paragraph (b), for that year for energy conservation improvements under this section.

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

Sec. 14. Minnesota Statutes 2020, section 216B.241, subdivision 3, is amended to read:

Subd. 3. **Ownership of preweatherization measure or energy conservation improvement.** ~~An~~ (a) A preweatherization measure or energy conservation improvement made to or installed in a building in accordance with this section, except systems owned by ~~the~~ a public utility and designed to turn off, limit, or vary the delivery of energy, are the exclusive property of the owner of the building except to the extent that the improvement is subjected to a security interest in favor of the public utility in case of a loan to the building owner. ~~The~~

(b) A public utility has no liability for loss, damage, or injury caused directly or indirectly by ~~an~~ a preweatherization measure or energy conservation improvement except for negligence by the utility in ~~purchase, installation, or modification of the product.~~ purchasing, installing, or modifying a preweatherization measure or energy conservation improvement.

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

Sec. 15. Minnesota Statutes 2020, section 216B.241, subdivision 5, is amended to read:

Subd. 5. **Efficient lighting program.** (a) Each public utility~~, cooperative electric association, and municipal~~ and consumer-owned utility that provides electric service to retail customers and is subject to subdivision 1c or section 216B.2403 shall include as part of its conservation improvement activities a program to strongly encourage the use of LED lamps. The program must include at least a public information campaign to encourage use of LED lamps and proper management of spent lamps by all customer classifications.

(b) A public utility that provides electric service at retail to 200,000 or more customers shall establish, either directly or through contracts with other persons, including lamp manufacturers, distributors, wholesalers, and retailers and local government units, a system to collect for delivery to a reclamation or recycling facility spent fluorescent and high-intensity discharge lamps from households and from small businesses as defined in section 645.445 that generate an average of fewer than ten spent lamps per year.

(c) A collection system must include establishing reasonably convenient locations for collecting spent lamps from households and financial incentives sufficient to encourage spent lamp generators to take the lamps to the collection locations. Financial incentives may include coupons for purchase of new LED lamps, a cash back system, or any other financial incentive or group of incentives designed to collect the maximum number of spent lamps from households and small businesses that is reasonably feasible.

(d) A public utility that provides electric service at retail to fewer than 200,000 customers, ~~a cooperative electric association, or a municipal~~ or a consumer-owned utility that provides electric service at retail to customers may establish a collection system under paragraphs (b) and (c) as part of conservation improvement activities required under this section.

(e) The commissioner of the Pollution Control Agency may not, unless clearly required by federal law, require a public utility~~, cooperative electric association, or municipality~~ or consumer-owned utility that establishes a household fluorescent and high-intensity discharge lamp collection system under this section to manage the lamps as hazardous waste as long as the lamps are managed to avoid breakage and are delivered to a recycling or reclamation facility that removes mercury and other toxic materials contained in the lamps prior to placement of the lamps in solid waste.

(f) If a public utility~~, cooperative electric association, or municipal~~ or consumer-owned utility contracts with a local government unit to provide a collection system under this subdivision, the contract must provide for payment to the local government unit of all the unit's incremental costs of collecting and managing spent lamps.

(g) All the costs incurred by a public utility~~, cooperative electric association, or municipal~~ or consumer-owned utility to promote the use of LED lamps and to ~~collect fluorescent and high-intensity discharge~~ collect LED lamps under this subdivision are conservation improvement spending under this section.

(h) For the purposes of this subdivision, "LED lamp" means a light-emitting diode ~~lamp that consists of a solid state device that emits visible light when an electric current passes through a semiconductor~~ bulb or lighting product.

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

Sec. 16. Minnesota Statutes 2020, section 216B.241, subdivision 7, is amended to read:

Subd. 7. **Low-income programs.** (a) The commissioner shall ensure that each public utility ~~and association~~ subject to subdivision 1c provides ~~low-income~~ energy conservation programs to low-income households. When approving spending and energy-savings goals for low-income programs, the commissioner shall consider historic spending and participation levels, energy savings ~~for~~ achieved by low-income programs, and the number of low-income persons residing in the utility's service territory. A ~~municipal utility that furnishes gas service must spend at least 0.2 percent, and a~~ public utility furnishing gas service must spend at least ~~0.4~~ 0.8 percent~~,~~ of its most recent three-year average gross operating revenue from residential customers in the state on low-income programs. A public utility ~~or association~~ that furnishes electric service must spend at least ~~0.1~~ 0.4 percent of its gross operating revenue from residential customers in the state on low-income programs. ~~For a generation and transmission cooperative association, this requirement shall apply to each association's members' aggregate gross operating revenue from sale of electricity to residential customers in the state. Beginning in 2010, a utility or association that furnishes electric service must spend 0.2 percent of its gross operating revenue from residential customers in the state on low-income programs.~~

(b) To meet the requirements of paragraph (a), a public utility ~~or association~~ may contribute money to the energy and conservation account established under subdivision 2a. An energy conservation improvement plan must state the amount, if any, of low-income energy conservation improvement funds the public utility ~~or association~~ will contribute to the energy and conservation account. Contributions must be remitted to the commissioner by February 1 of each year.

(c) The commissioner shall establish low-income energy conservation programs to utilize ~~money contributed~~ contributions made to the energy and conservation account under paragraph (b). In establishing low-income programs, the commissioner shall consult political subdivisions, utilities, and nonprofit and community organizations, especially organizations ~~engaged in~~ providing energy and weatherization assistance to low-income ~~persons~~ households. ~~Money contributed~~ Contributions made to the energy and conservation account under paragraph (b) must provide programs for low-income ~~persons~~ households, including low-income renters, in the service territory of the public utility ~~or association~~ providing the money. The commissioner shall record and report expenditures and energy savings achieved as a result of low-income programs funded through the energy and conservation account in the report required under subdivision 1c, paragraph ~~(g)~~ (f). The commissioner may contract with a political subdivision, nonprofit or community organization, public utility, ~~municipality,~~ or ~~cooperative electric association~~ consumer-owned utility to implement low-income programs funded through the energy and conservation account.

(d) A public utility ~~or association~~ may petition the commissioner to modify its required spending under paragraph (a) if the utility ~~or association~~ and the commissioner have been unable to expend the amount required under paragraph (a) for three consecutive years.

(e) The commissioner must develop and establish guidelines to determine the eligibility of multifamily buildings to participate in low-income energy conservation programs. Notwithstanding the definition of low-income household in section 216B.2402, for purposes of determining the eligibility of multifamily buildings for low-income programs a public utility may apply the most recent guidelines published by the department. The commissioner must convene a stakeholder group to review and update guidelines by July 1, 2022, and at least once every five years thereafter. The stakeholder group must include but is not limited to representatives of public utilities as defined in section 216B.02, subdivision 4; municipal electric or gas utilities; electric cooperative associations; multifamily housing owners and developers; and low-income advocates.

(f) Up to 15 percent of a public utility's spending on low-income programs may be spent on preweatherization measures. A public utility is prohibited from claiming energy savings from preweatherization measures toward the public utility's energy savings goal.

(g) The commissioner must, by order, establish a list of preweatherization measures eligible for inclusion in low-income 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 public utility may elect to contribute money to the Healthy AIR account to provide preweatherization measures to households eligible for weatherization assistance under section 216C.264. Remediation activities must be executed in conjunction with federal weatherization assistance program services. Money contributed to the account counts toward: (1) the minimum low-income spending requirement in 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.

~~(e)~~ (i) The costs and benefits associated with any approved low-income gas or electric conservation improvement program that is not cost-effective when considering the costs and benefits to the public utility may, at the discretion of the utility, be excluded from the calculation of net economic benefits for purposes of calculating the financial incentive to the public utility. The energy and demand savings may, at the discretion of the public utility, be applied toward the calculation of overall portfolio energy and demand savings for purposes of determining progress toward annual goals and in the financial incentive mechanism.

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

Sec. 17. Minnesota Statutes 2020, section 216B.241, subdivision 8, is amended to read:

Subd. 8. **Assessment.** The commission or department may assess public utilities subject to this section ~~in proportion to their respective~~ to carry out the purposes of subdivisions 1d, 1e, and 1f. An assessment under this subdivision must be proportionate to a public utility's gross operating revenue from sales of gas or electric service within ~~the state~~ Minnesota during the last calendar year ~~to carry out the purposes of subdivisions 1d, 1e, and 1f. Those assessments~~, as applicable. Assessments made under this subdivision are not subject to the cap on assessments provided by section 216B.62, or any other law.

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

Sec. 18. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision 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 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 incurred to implement and promote efficient fuel-switching programs. The commission may not approve a financial incentive to encourage efficient fuel-switching programs operated by a public utility providing electric service.

(d) A fuel-switching improvement is deemed efficient if, applying the technical criteria established under section 216B.241, subdivision 1d, paragraph (b), 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;

(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;

(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.

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

Sec. 19. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision 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 as an energy conservation improvement one or more programs to install electric technologies that reduce the consumption of natural gas by the utility's retail customers. The commissioner may approve a proposed program if the commissioner, applying the technical criteria developed under section 216B.241, subdivision 1d, paragraph (b), determines:

(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 the public utility's 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 incurred 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 determines 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.

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

Sec. 20. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision to read:

Subd. 13. **Cost-effective load management programs.** (a) A public utility may include in the utility's plan required under subdivision 2 programs to implement load management activities, or combinations of energy conservation improvements, fuel-switching improvements, and load management activities. For each program the public utility must provide a proposed budget, cost-effectiveness analysis, and estimated net energy and demand savings.

(b) The commissioner may approve a proposed program if the commissioner determines the program is cost-effective, considering the costs and benefits to ratepayers, the utility, participants, and society.

(c) A public utility providing retail service to Minnesota customers may file rate schedules with the commission that provide for annual cost recovery of reasonable and prudent costs incurred to implement and promote cost-effective load management programs approved by the department under this subdivision.

(d) In determining whether to approve, modify, or reject a proposal made by the department or a public utility for an incentive plan to encourage investments in load management programs, the commission shall consider whether the plan:

(1) is needed to increase the public utility's investment in cost-effective load management;

(2) is compatible with the interest of the public utility's ratepayers; and

(3) links the incentive to the public utility's performance in achieving cost-effective load management.

(e) The commission may structure an incentive plan to encourage cost-effective load management programs as an asset on which a public utility earns a rate of return at a level the commission determines is reasonable and in the public interest.

(f) The commission may include the net benefits from a load management activity integrated with an energy efficiency program approved under this section in the net benefits of the energy efficiency program for purposes of a financial incentive program under section 216B.16, subdivision 6c, if the department determines the primary purpose of the load management activity is energy efficiency.

(g) A public utility is not eligible for a financial incentive for a load management program in any year in which the utility achieves energy savings below one percent of gross annual retail energy sales, excluding savings achieved through load management programs.

(h) The commission may include net benefits from a particular load management activity in an incentive plan under this subdivision or section 216B.16, subdivision 6c, but not both.

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

Sec. 21. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision to read:

Subd. 14. **Minnesota efficient technology accelerator.** (a) A nonprofit organization with extensive experience implementing energy efficiency programs and conducting energy-efficient technology research in Minnesota may file a proposal with the commissioner for a program to accelerate deployment and reduce the cost of emerging and innovative efficient technologies and approaches and result in lower energy costs for Minnesota ratepayers. The program must include strategic initiatives with technology manufacturers to improve the efficiency and performance of products, and with equipment installers and other key actors in the technology supply chain. The program's goals are to achieve cost-effective energy savings for Minnesota utilities, provide bill savings to Minnesota utility consumers, enhance employment opportunities in Minnesota, and avoid greenhouse gas emissions.

(b) Prior to developing and filing a proposal, the nonprofit must submit to the commissioner a notice of intent to file a proposal under this subdivision that describes the nonprofit's eligibility with respect to the requirements of paragraph (a). The commissioner shall review the notice of intent and issue a determination of eligibility within 30 days of the date the notice of intent is filed.

(c) Upon receiving approval from the commissioner to file a proposal under this section, a nonprofit organization must engage interested stakeholders in discussions regarding, at a minimum, the following elements required of a program proposal under this subdivision:

(1) a proposed budget and operational guidelines for the accelerator;

(2) proposed methodologies to estimate, evaluate, and allocate energy savings and net benefits from program activities. Energy savings and net benefits from program activities must be allocated to participating utilities and must be considered when determining the cost-effectiveness of energy savings achieved by the program and related incentives;

(3) a process to identify and select technologies that:

(i) address energy use in residential, commercial, and industrial buildings; and

(ii) benefit utility customers in proportion to the funds contributed to the program by electric and natural gas utilities, respectively; and

(4) a process to identify and track performance metrics for each technology selected so that progress toward achieving energy savings can be measured, including one or more methods to evaluate cost-effectiveness.

(d) No earlier than 180 days from the date of the commissioner's eligibility determination under paragraph (b), the nonprofit may file a program proposal under this subdivision. The filing must address each of the elements listed in paragraph (c), clauses (1) to (4), and the recommendations and concerns identified in the stakeholder engagement process required under paragraph (c). Within 90 days of the filing of the proposal, after notice and comment, and after the commissioner has considered the estimated program costs and benefits from the perspectives of ratepayers, utilities, and society, the commissioner shall approve, modify, or reject the proposal. An approved program may have a term extending up to five years, and may be renewed by the commissioner one or more times for additional terms of up to five years.

(e) Upon approval of a program under paragraph (d), each public utility with over 30,000 customers must participate in the program and contribute to the approved program budget in proportion to the public utility's gross operating revenue from sales of gas or electric service in Minnesota, excluding revenues from large customer facilities exempted under subdivision 1a. A participating utility is not required to contribute more than the following percentages of the utility's spending approved by the commission in the plan filed under subdivision 2: (1) two percent in the program's initial two years; (2) 3.5 percent in the program's third and fourth years; and (3) five percent each year thereafter. Other utilities may elect to participate in an approved program.

(f) A participating utility may request the commissioner to adjust its approved annual budget under subdivision 2, if necessary to meet approved energy savings goals under subdivision 2. Other utilities may elect to participate in the accelerator program.

(g) Costs incurred by a public utility under this subdivision are recoverable under subdivision 2b as an assessment to the energy and conservation account. Amounts provided to the account under this subdivision are not subject to the cap on assessments in section 216B.62. The commissioner may make expenditures from the account for the purposes of this subdivision, including amounts necessary to reimburse administrative costs incurred by the department under this subdivision. Costs for research projects under this subdivision that the commissioner determines may be duplicative to projects that would be eligible for funding under subdivision 1e, paragraph (a), may be deducted from the assessment under subdivision 1e for utilities participating in the accelerator.

EFFECTIVE DATE. This section is effective immediately upon enactment.

Sec. 22. Minnesota Statutes 2020, section 216B.2412, subdivision 3, is amended to read:

Subd. 3. **Pilot programs.** The commission shall allow one or more rate-regulated utilities to participate in a pilot program to assess the merits of a rate-decoupling strategy to promote energy efficiency and conservation. Each pilot program must utilize the criteria and standards established in subdivision 2 and be designed to determine

whether a rate-decoupling strategy achieves energy savings. On or before a date established by the commission, the commission shall require electric and gas utilities that intend to implement a decoupling program to file a decoupling pilot plan, which shall be approved or approved as modified by the commission. A pilot program may not exceed three years in length. Any extension beyond three years can only be approved in a general rate case, unless that decoupling program was previously approved as part of a general rate case. ~~The commission shall report on the programs annually to the chairs of the house of representatives and senate committees with primary jurisdiction over energy policy.~~

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

Sec. 23. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision to read:

Subd. 7a. **Energy storage systems; installation.** The commission shall, as part of an order with respect to a public utility's integrated resource plan filed under this section, require a public utility to install one or more energy storage systems, provided that the commission finds the investments are reasonable, prudent, and in the public interest. In determining the aggregate capacity of the energy storage systems ordered under this subdivision, the commission must consider the public utility's assessment of energy storage systems contained in the public utility's integrated resource plan, as required under subdivision 7.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any order issued to a public utility by the commission in an integrated resource plan proceeding after July 1, 2021.

Sec. 24. **[216B.2427] ENERGY STORAGE SYSTEM; APPLICATION.**

Subdivision 1. **Definition.** For the purposes of this section, "energy storage system" has the meaning given in section 216B.2422, subdivision 1, paragraph (f).

Subd. 2. **Application requirement.** No later than one year following the commission's order to a public utility in an integrated resource plan proceeding under section 216B.2422, the public utility must submit an application to the commission for review and approval to install one or more energy storage systems whose aggregate capacity meets or exceeds that ordered by the commission in the public utility's most recent integrated resource plan proceeding under section 216B.2422, subdivision 7a.

Subd. 3. **Application contents.** (a) Each application submitted under this section shall contain the following information:

(1) technical specifications of the energy storage system, including but not limited to:

(i) the maximum amount of electric output that the energy storage system can provide;

(ii) the length of time the energy storage system can sustain maximum output;

(iii) the location of the project and a description of the analysis conducted to determine the location;

(iv) a description of the public utility's electric system needs that the proposed energy storage system address;

(v) a description of the types of services the energy storage system is expected to provide; and

(vi) a description of the technology required to construct, operate, and maintain the energy storage system, including any data or communication system necessary to operate the energy storage system;

(2) the estimated cost of the project, including:

(i) capital costs;

(ii) the estimated cost per unit of energy delivered by the energy storage system; and

(iii) an evaluation of the cost-effectiveness of the energy storage system;

(3) the estimated benefits of the energy storage system to the public utility's electric system, including but not limited to:

(i) deferred investments in generation, transmission, or distribution capacity;

(ii) reduced need for electricity during times of peak demand;

(iii) improved reliability of the public utility's transmission or distribution system; and

(iv) improved integration of the public utility's renewable energy resources;

(4) how the addition of an energy storage system complements proposed actions of the public utility described in the most recent integrated resource plan submitted under section 216B.2422 to meet expected demand with the least cost combination of resources; and

(5) any additional information required by the commission.

(b) A public utility must include in the application an evaluation of the potential to store energy in the public utility's electric system and must identify geographic areas in the public utility's service area where the deployment of energy storage systems has the greatest potential to achieve the economic benefits identified in paragraph (a), clause (3).

Subd. 4. **Commission review.** The commission shall review each proposal submitted under this section and may approve, reject, or modify the proposal. The commission shall approve a proposal the commission determines is in the public interest and reasonably balances the value derived from the deployment of an energy storage system for ratepayers and the public utility's operations with the costs of procuring, constructing, operating, and maintaining the energy storage system.

Subd. 5. **Cost recovery.** A public utility may recover from ratepayers all costs prudently incurred by the public utility to deploy an energy storage system approved by the commission under this section, net of any revenues generated by the operation of the energy storage system.

Subd. 6. **Commission authority; orders.** The commission may issue orders necessary to implement and administer this section.

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

Sec. 25. Minnesota Statutes 2020, section 216C.05, subdivision 2, is amended to read:

Subd. 2. **Energy policy goals.** It is the energy policy of the state of Minnesota that:

(1) annual energy savings equal to at least 1.5 percent of annual retail energy sales of electricity and natural gas ~~be~~ is achieved through cost-effective energy efficiency;

(2) the per capita use of fossil fuel as an energy input ~~be~~ is reduced by 15 percent by the year 2015, through increased reliance on energy efficiency and renewable energy alternatives;

(3) 25 percent of the total energy used in ~~the state be~~ Minnesota is derived from renewable energy resources by the year 2025; ~~and~~

(4) statewide greenhouse gas emissions from energy use in existing commercial and residential buildings is reduced by 50 percent by 2035 through: (i) continued use of the most effective current energy-saving incentives programs, evaluated by participation and efficacy; and (ii) development and implementation of new programs, prioritizing solutions that achieve the highest overall carbon reduction; and

~~(4)~~ (5) retail electricity rates for each customer class ~~be~~ are at least five percent below the national average.

Sec. 26. **[216C.402] REBUILD RIGHT GRANT PROGRAM.**

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

(b) "Cold climate air-source heat pump" means a mechanism that heats and cools indoor air by transferring heat from outdoor or indoor air using a fan, a refrigerant-filled heat exchanger, and an inverter-driven compressor that varies the pressure of the refrigerant to warm or cool the refrigerant vapor.

(c) "Commercial building" means a building:

(1) with an occupant that is (i) engaged in wholesale or retail trade or the provision of services, or (ii) a restaurant; or

(2) that contains four or more dwelling units.

(d) "Energy conservation" has the meaning given in section 216B.241, subdivision 1, paragraph (e).

(e) "Energy efficiency" has the meaning given in section 216B.241, subdivision 1, paragraph (f).

(f) "Energy storage system" has the meaning given in section 216B.2422, subdivision 1, paragraph (f).

(g) "Envelope" means the physical elements separating a building's interior and exterior.

(h) "Grantee" means a person awarded a grant by the commissioner under this section.

(i) "Ground-source heat pump" means an earth-coupled heating or cooling device consisting of a sealed closed-loop piping system installed in the ground to transfer heat between the surrounding earth and a building.

(j) "Institutional building" means a building with occupants that provide health care, educational, or government services.

(k) "Preweatherization measure" means a general repair or measure that affects the health or safety of residents of a dwelling unit and that is required under federal law in order for weatherization services to be provided to the dwelling unit.

(l) "Qualified energy technology" means:

(1) a solar energy system;

(2) a measure installed in a building that results in energy efficiency or energy conservation, excluding a natural gas furnace that does not function solely as a backup to a primary heating system utilizing a ground-source heat pump or a cold climate air-source heat pump; or

(3) an energy storage system.

(m) "Residential building" means a building containing one to three residential units.

(n) "Solar energy system" has the meaning given in section 216C.06, subdivision 17.

Subd. 2. **Program establishment.** A rebuild right grant program is established in the Department of Commerce to award grants to incorporate qualified energy technologies as part of the renovation or new construction of buildings damaged or destroyed by civil unrest in May and June 2020.

Subd. 3. **Application.** (a) An application for a grant under this section must be made to the commissioner on a form developed by the commissioner. The application must include:

(1) evidence substantiating the applicant's experience required under subdivision 4, paragraph (b);

(2) information detailing how property owners are notified that financial assistance is available;

(3) the geographic area within which an applicant proposes to target financial assistance;

(4) information detailing (i) how the applicant determines whether a proposed project meets the applicable energy standards required under subdivision 5, and (ii) what post-implementation methods are used to assess whether the standards have been met;

(5) information detailing how the applicant evaluates and ranks project proposals; and

(6) any other information required by the commissioner.

(b) The commissioner must develop administrative procedures and processes to review applications and award grants under this section.

Subd. 4. **Eligible applicants.** (a) Multiple organizations, including political subdivisions and nonprofit organizations, may jointly file a single application for a grant award under this section.

(b) Applicants for a grant awarded under this section must have experience:

(1) analyzing the energy and economic impacts of installing qualified energy technologies in buildings;

(2) working with contractors to implement projects that install qualified energy technologies in buildings; and

(3) successfully working with small businesses, community groups, and residents of neighborhoods where a preponderance of the total number of households are low-income households.

Subd. 5. **Eligible activities; energy standards.** (a) Except as provided in paragraph (b), a renovated or newly constructed commercial or institutional building awarded grant funds under this section must meet, at a minimum, the current Sustainable Building 2030 energy performance standards adopted under section 216B.241, subdivision 9.

(b) A renovated or newly constructed residential building or a commercial building containing four or more dwelling units awarded grant funds under this section must meet, at a minimum, the current energy performance standards for new residential construction or renovations, as applicable, contained in the International Passive House Standard promoted by the North American Passive House Network or the United States Department of Energy's Zero Energy Ready Home.

Subd. 6. **Eligible properties.** A property is eligible to receive a grant awarded under this section if the property: (1) was damaged or destroyed by civil unrest that occurred in the state in May and June 2020; and (2) is being renovated or constructed to operate as a residential, commercial, or institutional property.

Subd. 7. **Eligible expenditures.** An appropriation made to support activities under this section may be used to:

(1) conduct outreach activities to:

(i) cities and business associations affected by the civil unrest that occurred in Minnesota in May and June 2020;

(ii) persons listed in subdivision 8, clause (1), items (i) to (iv); and

(iii) potential building owners who may receive services under the program;

(2) purchase and install qualified energy technologies in buildings;

(3) pay the reasonable costs incurred by the department to administer this section; and

(4) compensate task force members under subdivision 12.

Subd. 8. **Grant priorities.** When awarding grants under this section, the commissioner must give priority to applications that:

(1) commit to conduct aggressive outreach programs to provide assistance under this section to eligible owners of buildings:

(i) located in census tracts in which 50 percent or more of households have household incomes at or below 60 percent of the state median household income;

(ii) located in census tracts designated by the governor as Opportunity Zones under United States Code, title 26, section 1400Z-1, et. seq.;

(iii) containing minority-owned businesses, as defined in section 116J.8737; or

(iv) containing women-owned businesses, as defined in section 116J.8737;

(2) commit to employ contractors that pay employees a wage comparable to, as determined by the commissioner, the prevailing wage rate, as defined in section 177.42; or

(3) leverage additional funding to be used for the purposes of this section.

Subd. 9. **Limits.** Grant funds awarded under this section to support the renovation or construction of building envelopes and energy systems in commercial or institutional buildings may be used to pay the difference between (1) the cost to renovate or construct a building's envelope or energy system to meet the current applicable energy code, and (2) the cost to meet the standards required under subdivision 5. The commissioner must develop a methodology to calculate the cost to renovate or construct a commercial or institutional building's envelope and energy system to meet current applicable energy code standards, which must be used by a grantee to determine the amount awarded to a building owner.

Subd. 10. **Awards to building owners.** A commercial or institutional building owner seeking funding from a grant awarded under this section must submit an application to the grantee that includes:

(1) evidence that the building is eligible to receive a grant under this section, including documentation of damage done to the building;

(2) a description of the project, including cost estimates for major project elements;

(3) documentation that the measures funded result in the building meeting the applicable energy standards of subdivision 5; and

(4) any other information required by a grantee.

Subd. 11. **Grantee reports.** Recipients of a grant awarded under this section must file semiannual reports with the commissioner containing:

(1) a list of properties where grant funds have been expended, the amount of the expenditures, and the nature of the energy efficiency measures and renewable energy systems installed;

(2) estimated energy savings and greenhouse gas emissions reductions resulting from expenditures made under this section compared with estimated levels of energy use and greenhouse gas emissions associated with those properties in 2019; and

(3) any other information required by the commissioner.

Subd. 12. **Advisory task force.** (a) Within 60 days of the effective date of this act, the commissioner must select and appoint eight members to a Rebuild Right Advisory Task Force and must convene the initial meeting of the task force. The advisory task force must include:

(1) one representative of the public utility subject to section 116C.779, subdivision 1;

(2) one representative of the Prairie Island Indian Community;

(3) one representative of organized labor;

(4) two representatives of organizations with expertise installing energy conservation measures and renewable energy programs in buildings;

(5) one representative of organizations that advocate for energy policies addressing low-income households; and

(6) two representatives of organizations representing businesses located in areas that experienced extensive property damage from civil unrest in Minnesota in May and June 2020.

(b) Within 60 days of the effective date of this act, the state senators and state representatives representing Minneapolis neighborhoods that suffered extensive property damage from civil unrest in May and June 2020 must jointly appoint as task force members two residents who live in the neighborhoods where the property damage occurred.

(c) Within 60 days of the effective date of this act, the state senators and state representatives representing St. Paul neighborhoods that suffered extensive property damage from civil unrest in May and June 2020 must jointly appoint as task force members two residents who live in the neighborhoods where the property damage occurred.

(d) Members of the advisory task force appointed under paragraph (a), clauses (1) to (3), are nonvoting members. All other members are voting members.

(e) The Department of Commerce must serve as staff and provide administrative support to the advisory task force.

(f) The advisory task force must advise the commissioner throughout the development of the request for proposal and grant award process, and may recommend funding priorities in addition to those listed in subdivision 8. Within 60 days of the initial meeting, the advisory task force must present recommendations to the commissioner regarding the content of the request for proposal.

(g) An organization that is represented on the advisory task force must not be awarded a grant under this section.

(h) Notwithstanding section 15.059, subdivision 6, advisory task force members may be compensated as provided under section 15.059, subdivision 3.

(i) The advisory task force established under this subdivision expires two years after the effective date of this act.

Subd. 13. **Report.** Beginning January 15, 2022, and continuing each January 15 through 2026, the commissioner must submit a report to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over energy policy. The report must contain:

(1) a list of the grant awards made under this section;

(2) summaries of the grantee reports submitted under subdivision 10; and

(3) other information deemed relevant by the commissioner.

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

Sec. 27. Minnesota Statutes 2020, 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. Beginning in 2022, 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, and amending the standard as necessary to achieve a minimum of eight percent energy efficiency with each edition, as measured against energy consumption by an average building in each applicable building sector in 2003. These amendments must achieve a net zero energy standard for new commercial buildings by 2036 and thereafter. 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.

Sec. 28. **SUPPLEMENTING WEATHERIZATION SERVICES.**

(a) The state may implement preweatherization measures and qualified energy technologies in dwelling units of low-income households that are: (1) receiving weatherization services delivered under the federal Weatherization Assistance Program authorized under United States Code, title 42, section 6861, et. seq.; and (2) located in neighborhoods adjacent to areas that experienced property damage resulting from civil unrest in May and June 2020, as determined by the commissioner of commerce.

(b) Minnesota Statutes, section 216C.264, subdivisions 1 to 3 and 6, apply to assistance provided under this section.

(c) The commissioner of commerce may require the design heating load of a dwelling unit receiving assistance under this section to be no more than 12 British Thermal Units per hour per square foot after all preweatherization measures financed under this section, qualified energy technologies financed under this section, and weatherization measures provided under the federal weatherization program are implemented.

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

Sec. 29. **TASK FORCE ON EXPANDING THE PROVISION OF WEATHERIZATION SERVICES.**

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

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

(c) "Weatherization Assistance Program" means the federal program described in Code of Federal Regulations, title 10, part 440 et. seq., designed to assist low-income households to cost-effectively reduce energy use.

(d) "Weatherization service providers" means the network of contracted entities that administer the Weatherization Assistance Program.

(e) "Weatherization assistance services" means the energy conservation measures installed in households under the Weatherization Assistance Program.

Subd. 2. **Establishment.** A task force is established to explore ways to expand existing funding sources and identify potential new funding sources in order to increase the number of low-income Minnesota households served or the scope of services provided by the Weatherization Assistance Program.

Subd. 3. **Membership.** (a) No later than August 1, 2021, the commissioner must appoint members to the task force representing the following stakeholders:

(1) a statewide association representing Weatherization Assistance Program providers;

(2) individual Weatherization Assistance Program service providers;

(3) investor-owned utilities;

(4) electric cooperatives and municipal utilities;

(5) low-income energy advocates;

(6) Tribal nations; and

(7) delivered fuel dealers.

(b) Task force members serve without compensation.

(c) The commissioner must fill task force vacancies to maintain the representation required under paragraph (a).

Subd. 4. **Meetings; officers.** (a) The commissioner must convene the first meeting of the task force no later than August 15, 2021.

(b) At the first meeting, the task force must elect a chair and vice-chair from among the task force's members and may elect other officers as necessary.

(c) The task force must meet according to a schedule determined by the task force and may also meet at the call of the chair. The task force must meet as often as necessary to accomplish the duties listed under subdivision 5.

(d) Task force meetings are subject to the open meeting provisions of Minnesota Statutes, chapter 13D.

Subd. 5. **Duties.** The task force must:

(1) develop a strategy to reduce, each year, a targeted number of eligible households denied weatherization services due to unaddressed health, environmental, or structural hazards in the home;

(2) explore new sources of funding in order to increase the number of households receiving weatherization assistance services;

(3) analyze existing program models in other states that offer services that complement the Weatherization Assistance Program;

(4) analyze the current distribution of weatherization services across ethnic groups; among different regions of Minnesota; in urban, suburban, and rural areas; and with respect to other demographic factors in order to determine how to distribute weatherization services more equitably throughout Minnesota;

(5) discuss how additional funding would impact the ability of weatherization assistance service providers to provide weatherization assistance services to more eligible households;

(6) identify services that a supplemental funding program could provide to address necessary repairs to homes that the federal Weatherization Assistance Program requires before weatherization assistance is provided, but which cannot be funded with federal Weatherization Assistance Program funds; and

(7) examine other related issues the task force deems relevant.

Subd. 6. **Administrative support.** The commissioner must provide administrative support and physical or virtual meeting space needed to complete the task force's work.

Subd. 7. **Report.** No later than February 1, 2022, the task force must submit a report on the task force's findings and recommendations to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over energy. The report must include recommendations for legislation to supplement funding for the Weatherization Assistance Program.

Subd. 8. **Expiration.** This section expires April 15, 2022.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 30. **TRANSFER.**

Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $5,000,000 in fiscal year 2022 and $5,000,000 in fiscal year 2023 are transferred from the renewable development account established under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of administration for deposit in the state building energy conservation improvement account established in Minnesota Statutes, section 16B.86, to provide loans to state agencies for energy conservation projects under Minnesota Statutes, section 16B.87.

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

Sec. 31. **APPROPRIATION.**

Subdivision 1. **State building energy conservation loan account.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $249,000 in fiscal year 2022 and $137,000 in fiscal year 2023 are appropriated from the renewable development account to the commissioner of administration for software and administrative costs associated with the state building energy conservation improvement revolving loan program under Minnesota Statutes, section 16B.87. The base in fiscal years 2024 and 2025 is $117,000.

Subd. 2. **Building energy codes.** $146,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of labor and industry to implement new commercial energy codes, as described in Minnesota Statutes, section 326B.106, subdivision 1. This is a onetime appropriation.

Subd. 3. **Rebuild right grants.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $3,000,000 in fiscal year 2022 is appropriated from the renewable development account established under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to award rebuild right grants to building owners, as described in Minnesota Statutes, section 216C.402. This is a onetime appropriation.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 32. **REPEALER.**

Minnesota Statutes 2020, section 216B.241, subdivisions 1, 1b, 2c, 4, and 10, are repealed.

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

ARTICLE 2
ENERGY TRANSITION

Section 1. **[116J.5491] ENERGY TRANSITION OFFICE.**

Subdivision 1. **Definitions.** (a) For purposes of sections 116J.5491 to 116J.5493, the following terms have the meanings given.

(b) "Impacted facility" means an electric generating unit that is or was owned by a public utility, as defined in section 216B.02, subdivision 4, and that:

(1) is currently operating and (i) is scheduled to cease operations, or (ii) whose cessation of operations has been proposed in an integrated resource plan filed with the Public Utilities Commission under section 216B.2422; or

(2) ceased operations or was removed from the local property tax base no earlier than five years before the effective date of this section.

(c) "Impacted community" means a municipality, Tribal government, or county in which an impacted facility is located.

(d) "Impacted worker" means a Minnesota resident:

(1) employed at an impacted facility and who is facing the loss of employment as a result of the impacted facility's retirement; or

(2) employed by a company that, under contract, regularly performs construction, maintenance, or repair work at an impacted facility, and who is facing the loss of employment or of work opportunities as a result of the impacted facility's retirement.

Subd. 2. **Office established; director.** (a) The Energy Transition Office is established in the Department of Employment and Economic Development.

(b) The director of the Energy Transition Office is appointed by the governor. The director must be qualified by experience in issues related to energy, economic development, and the environment.

(c) The office may employ staff necessary to carry out the duties required in this section.

Subd. 3. **Purpose.** The purpose of the office is to:

(1) address economic dislocations experienced by impacted workers after an impacted facility is retired;

(2) implement recommendations of the Minnesota energy transition plan developed in section 116J.5493;

(3) improve communication among local, state, federal, and private entities regarding impacted facility retirement planning and implementation;

(4) address local tax and fiscal issues related to the impacted facility's retirement and develop strategies to reduce economic dislocations of impacted communities and impacted workers; and

(5) assist the establishment and implementation of economic support programs, including but not limited to property tax revenue replacement, community energy transition programs, and economic development tools, for impacted communities and impacted workers.

Subd. 4. **Duties.** The office is authorized to:

(1) administer programs to support impacted communities and impacted workers;

(2) coordinate resources at local, state, and federal levels to support impacted communities and impacted workers that are subject to significant economic transition;

(3) coordinate the development of a statewide policy on impacted communities and impacted workers;

(4) deliver programs and resources to impacted communities and impacted workers;

(5) support impacted workers by establishing benefits and educating impacted workers on applying for benefits;

(6) act as a liaison among impacted communities, impacted workers, and state agencies;

(7) assist state agencies to (i) address local tax, land use, economic development, and fiscal issues related to an impacted facility's retirement, and (ii) develop strategies to support impacted communities and impacted workers;

(8) review existing programs supporting impacted workers and identify gaps that need to be addressed;

(9) support the activities of the energy transition advisory committee members;

(10) monitor transition efforts in other states and localities;

(11) identify impacted facility closures and estimate job losses and the effect on impacted communities and impacted workers;

(12) maintain communication regarding closure dates with all affected parties; and

(13) monitor and participate in administrative proceedings that affect the office's activities, including matters before the Public Utilities Commission, the Department of Commerce, the Department of Revenue, and other entities.

Subd. 5. **Reporting.** (a) Beginning January 15, 2023, and each year thereafter, the Energy Transition Office must submit a written report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy, economic development, and tax policy and finance on the office's activities during the previous year.

(b) The report must contain:

(1) a list of impacted facility closures, projected associated job losses, and the effect on impacted communities and impacted workers;

(2) recommendations to support impacted communities and impacted workers;

(3) information on the administration of assistance programs administered by the office; and

(4) updates on implementation of the Minnesota energy transition plan.

Subd. 6. **Gifts; grants; donations.** The office may accept gifts and grants on behalf of the state that constitute donations to the state. Funds received under this subdivision are appropriated to the commissioner of employment and economic development to support the purposes of the office.

Sec. 2. **[116J.5492] ENERGY TRANSITION ADVISORY COMMITTEE.**

Subdivision 1. **Creation; purpose.** The Energy Transition Advisory Committee is established to develop a statewide energy transition plan and to advise the governor, the commissioner, and the legislature on transition issues, established transition programs, economic initiatives, and transition policy.

Subd. 2. **Membership.** (a) The advisory committee consists of 19 voting members and six 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) the commissioner of commerce, or the commissioner's designee;

(4) one representative of the Prairie Island Indian community;

(5) 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;

(6) three representatives of impacted workers at impacted facilities;

(7) one representative of impacted workers employed by companies that, under contract, regularly perform construction, maintenance, or repair work at an impacted facility;

(8) one representative with professional economic development or workforce retraining experience;

(9) two representatives of utilities that operate an impacted facility;

(10) one representative from a nonprofit organization with expertise and experience delivering energy efficiency and conservation programs; and

(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 labor and industry or the commissioner's designee;

(4) the commissioner of revenue or the commissioner's designee;

(5) the executive secretary of the Public Utilities Commission or the secretary's designee; and

(6) the commissioner of the Pollution Control Agency or the commissioner's designee.

Subd. 3. **Initial appointments and first meeting.** The appointing authorities must appoint the members of the advisory committee by August 1, 2021. The commissioner of employment and economic development must convene the first meeting by September 1, 2021, and must act as chair until the advisory committee elects a chair at the first meeting.

Subd. 4. **Officers.** The committee must elect a chair and vice-chair from among the voting members for terms of two years.

Subd. 5. **Open meetings.** Advisory committee meetings are subject to chapter 13D.

Subd. 6. **Conflict of interest.** An advisory committee member is prohibited from discussing or voting on issues relating to an organization in which the member has either a direct or indirect financial interest.

Subd. 7. **Gifts; grants; donations.** The advisory committee may accept gifts and grants on behalf of the state and that constitute donations to the state. Funds received under this subdivision are appropriated to the commissioner of employment and economic development to support the activities of the advisory committee.

Subd. 8. **Meetings.** The advisory committee must meet monthly until the energy transition plan is submitted to the governor and the legislature. The chair may call additional meetings as necessary.

Subd. 9. **Staff.** The Department of Employment and Economic Development shall serve as staff for the advisory committee.

Subd. 10. **Expiration.** This section expires the day after the Minnesota energy transition plan required under section 116J.5493 is submitted to the legislature and the governor.

Sec. 3. **[116J.5493] MINNESOTA ENERGY TRANSITION PLAN.**

(a) By July 1, 2022, the Energy Transition Advisory Committee established in section 116J.5492 must submit a statewide energy transition plan to the governor and the chairs and ranking minority members of the legislative committees having jurisdiction over economic development and energy.

(b) The energy transition plan must, at a minimum, for each impacted facility:

(1) identify the timing and location of impacted facility retirements and projected job losses in communities;

(2) analyze the estimated fiscal impact of impacted facility retirements on local governments;

(3) describe the statutes and administrative processes that govern how retired utility property impacts a local government tax base;

(4) review existing state programs that might support impacted communities and impacted workers, and a projection of how effective or ineffective the programs might be in responding to the effects of impacted facility retirements; and

(5) recommend how to effectively respond to the economic effects of impacted facility retirements.

Sec. 4. **[116J.5501] MINNESOTA INNOVATION FINANCE AUTHORITY.**

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

(b) "Authority" means the Minnesota Innovation Finance Authority.

(c) "Clean energy project" has the meaning given to qualified project in paragraph (j), clauses (1) to (4).

(d) "Credit enhancement" means a pool of capital set aside to cover potential losses on loans made by private lenders, including but not limited to loan loss reserves and loan guarantees.

(e) "Energy storage system" has the meaning given in section 216B.2422, subdivision 1, paragraph (f).

(f) "Fuel cell" means a cell that converts the chemical energy of hydrogen directly into electricity through electrochemical reactions.

(g) "Greenhouse gas emissions" has the meaning given to statewide greenhouse gas emissions in section 216H.01, subdivision 2.

(h) "Loan loss reserve" means a pool of capital set aside to reimburse a private lender if a customer defaults on a loan, up to an agreed upon percentage of loans originated by the private lender.

(i) "Microgrid system" means an electrical grid that serves a discrete geographical area from distributed energy resources and can operate independently from the central electric grid on a temporary basis.

(j) "Qualified project" means:

(1) a project, technology, product, service, or measure that:

(i) reduces energy use while providing the same level and quality of service or output obtained before the application of the project;

(ii) shifts the use of electricity by retail customers in response to changes in the price of electricity that vary over time, or other incentives designed to shift electricity demand from times when market prices are high or when system reliability is jeopardized; or

(iii) significantly reduces greenhouse gas emissions relative to greenhouse gas emissions produced before implementing the project, excluding projects that generate power from the combustion of fossil fuels;

(2) the development, construction, deployment, alteration, or repair of any:

(i) project, technology, product, service, or measure that generates electric power from renewable energy; or

(ii) distributed generation system, energy storage system, smart grid technology, microgrid system, fuel cell system, or combined heat and power system;

(3) the installation, construction, or use of end-use electric technology that replaces existing fossil fuel-based technology;

(4) a project, technology, product, service, or measure that supports the development and deployment of electric vehicle charging stations and associated infrastructure;

(5) agriculture projects that reduce net greenhouse gas emissions or improve climate resiliency, including but not limited to reforestation, afforestation, forestry management, and regenerative agriculture;

(6) the construction or enhancement of infrastructure that is planned, designed, and operated in a manner that anticipates, prepares for, and adapts to current and projected changing climate conditions so that the infrastructure withstands, responds to, and more readily recovers from disruptions caused by the current and projected changing climate conditions; and

(7) the development, construction, deployment, alteration, or repair of any project, technology, product, service, or measure that:

(i) reduces water use while providing the same or better level and quality of service or output that was obtained before implementing the water-saving approach; or

(ii) protects, restores, or preserves the quality of groundwater and surface waters, including but not limited to actions that further the purposes of the Clean Water Legacy Act, as provided in section 114D.10, subdivision 1.

(k) "Regenerative agriculture" means the deployment of farming methods that reduce agriculture's contribution to climate change by increasing the soil's ability to absorb atmospheric carbon and convert the atmospheric carbon to soil carbon.

(l) "Renewable energy" means energy generated from the following sources:

(1) solar;

(2) wind;

(3) geothermal;

(4) hydro;

(5) trees or other vegetation;

(6) anaerobic digestion of organic waste streams; and

(7) fuel cells using energy sources listed in this paragraph.

(m) "Smart grid" means a digital technology that allows for two-way communication between a utility and the utility's customers that enables the utility to control power flow and load in real time.

(n) "Task force" means the task force of the Minnesota Innovation Finance Authority.

Subd. 2. **Establishment; purpose.** (a) By October 15, 2021, the Minnesota Innovation Finance Authority Task Force established in this section must establish the Minnesota Innovation Finance Authority as a nonprofit corporation under chapter 317A and must seek designation as a charitable tax-exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

(b) When incorporated, the authority's purpose is to accelerate the deployment of clean energy and other qualified projects by reducing the upfront and total cost of adoption, which the authority achieves by leveraging existing public sources and additional private sources of capital through the strategic deployment of public funds in the form of loans, credit enhancements, and other financing mechanisms. The initial directors of the nonprofit

corporation must include at least a majority of the members of the task force and must include, as nonvoting ex officio members, the commissioner of commerce or the commissioner's designee and the commissioner of employment and economic development or the commissioner's designee. The task force must engage independent legal counsel with relevant experience in nonprofit corporation law and clean energy financing.

(c) The Minnesota Innovation Finance Authority must:

(1) identify underserved markets for qualified projects in Minnesota, develop programs to overcome market impediments, and provide access to financing to serve the projects and underserved markets;

(2) strategically use authority funds to leverage private investment in qualified projects, achieving a high ratio of private to public funds invested through funding mechanisms that support, enhance, and complement private investment;

(3) coordinate with existing government- and utility-based programs to make the most efficient use of the authority's funds, ensure that financing terms and conditions offered are well-suited to qualified projects, and ensure the authority's activities add to and complement the efforts of these partners;

(4) stimulate demand for qualified projects by serving as a single point of access for a customer to obtain technical information on energy conservation and renewable energy measures, for contractors who install energy conservation and renewable energy measures, and for financing to reduce the upfront and total costs to borrowers, including through:

(i) serving as a clearinghouse for information about federal, state, and utility financial assistance for qualifying projects in targeted underserved markets, including coordinating efforts with the energy conservation programs administered by the customer's utility under section 216B.241 and other programs offered to low-income households;

(ii) forming partnerships with contractors and educating contractors regarding the authority's financing programs;

(iii) coordinating multiple contractors on projects that install multiple qualifying technologies; and

(iv) developing innovative marketing strategies to stimulate project owner interest in targeted underserved markets;

(5) develop rules, policies, and procedures specifying borrower eligibility and other terms and conditions of financial support offered by the authority;

(6) develop consumer protection standards governing the authority's investments to ensure the authority and partners provide financial support in a responsible and transparent manner that is in the financial interest of participating project owners;

(7) develop and administer policies to collect reasonable fees for authority services that are sufficient to support ongoing authority activities;

(8) develop and adopt a workplan to accomplish all of the activities required of the authority, and update the workplan on an annual basis; and

(9) establish and maintain a comprehensive website providing access to all authority programs and financial products, including rates, terms, and conditions of all financing support programs, unless disclosure of the information constitutes a trade secret or confidential commercial or financial information.

Subd. 3. **Additional authorized activities.** The authority is authorized to:

(1) engage in any activities of a Minnesota nonprofit corporation operating under chapter 317A;

(2) develop and employ the following financing methods to support qualified projects:

(i) credit enhancement mechanisms that reduce financial risk for private lenders by providing assurance that a limited portion of a loan is assumed by the authority by means of a loan loss reserve, loan guarantee, or other mechanism;

(ii) co-investment, in which the authority invests directly in a clean energy project through the provision of senior or subordinated debt, equity, or other mechanisms in conjunction with a private financier's investment; and

(iii) serve as an aggregator of many small and geographically dispersed qualified projects, in which the authority may provide direct lending, investment, or other financial support in order to diversify risk;

(3) serve as the designated state entity to apply for and accept federal funds authorized by Congress under a federal climate bank, federal green bank, or other similar entity, provided that the commissioner of commerce authorizes the application; and

(4) seek to qualify as a Community Development Financial Institution under United States Code, title 12, section 4702, in which case the authority must be treated as a qualified community development entity for the purposes of sections 45D and 1400(m) of the Internal Revenue Code.

Subd. 4. **Task force; membership.** (a) The task force of the Minnesota Innovation Finance Authority is established and consists of nine members as follows:

(1) the commissioner of commerce or the commissioner's designee, as a nonvoting ex officio member;

(2) the commissioner of employment and economic development or the commissioner's designee, as a nonvoting ex officio member;

(3) three additional members appointed by the governor;

(4) two additional members appointed by the speaker of the house of representatives; and

(5) two additional members appointed by the president of the senate.

(b) The members appointed to the task force under paragraph (a), clauses (3) to (5), must have expertise in matters relating to energy conservation, clean energy, economic development, banking, law, finance, or other matters relevant to the work of the task force. When appointing a member to the task force, consideration must be given to whether the task force members collectively reflect the geographical and ethnic diversity of Minnesota.

(c) Task force members must be appointed by August 15, 2021.

(d) The task force expires when the authority is established as a nonprofit corporation under chapter 317A.

Subd. 5. **Report.** By June 30, 2022, and by June 30 each year thereafter, the authority must submit a comprehensive annual report on the authority's activities to the governor and to the chairs and ranking minority members of the legislative committees with primary jurisdiction over energy policy. The report must contain, at a minimum, information on:

(1) the amount of authority capital invested, by project type;

(2) the amount of private capital leveraged as a result of authority investments, by project type;

(3) the number of qualified projects supported, by project type, and the location of the projects within Minnesota;

(4) the estimated number of jobs created and tax revenue generated as a result of the authority's activities;

(5) the number of clean energy projects financed in low- and moderate-income households; and

(6) the authority's financial statements.

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

Sec. 5. Minnesota Statutes 2020, section 216B.16, subdivision 6, is amended to read:

Subd. 6. **Factors considered, generally.** The commission, in the exercise of its powers under this chapter to determine just and reasonable rates for public utilities, shall give due consideration to the public need for adequate, efficient, and reasonable service and to the need of the public utility for revenue sufficient to enable it to meet the cost of furnishing the service, including adequate provision for depreciation of its utility property used and useful in rendering service to the public, and to earn a fair and reasonable return upon the investment in such property. In determining the rate base upon which the utility is to be allowed to earn a fair rate of return, the commission shall give due consideration to evidence of the cost of the property when first devoted to public use, to prudent acquisition cost to the public utility less appropriate depreciation on each, to construction work in progress, to offsets in the nature of capital provided by sources other than the investors, and to other expenses of a capital nature. For purposes of determining rate base, the commission shall consider the original cost of utility property included in the base and shall make no allowance for its estimated current replacement value. If the commission orders a generating facility to terminate its operations before the end of the facility's physical life in order to comply with a specific state or federal energy ~~statute or~~ policy, the commission may allow the public utility to recover any positive net book value of the facility as determined by the commission.

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

Sec. 6. Minnesota Statutes 2020, section 216B.16, subdivision 13, is amended to read:

Subd. 13. **Economic and community development.** The commission may allow a public utility to recover from ratepayers the reasonable expenses incurred (1) for economic and community development, and (2) to employ local workers to construct and maintain generation facilities that supply power to the utility's customers.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 7. Minnesota Statutes 2020, section 216B.1645, subdivision 1, is amended to read:

Subdivision 1. **Commission authority.** Upon the petition of a public utility, the Public Utilities Commission shall approve or disapprove power purchase contracts, investments, or expenditures entered into or made by the utility to satisfy the wind and biomass mandates contained in sections 216B.169, 216B.2423, and 216B.2424, ~~and~~ to satisfy the renewable and solar energy ~~objectives and~~ standards set forth in section 216B.1691, and to provide additional clean energy resources beyond the proportions required by the mandates and standards, including reasonable investments and expenditures, net of revenues, made to:

(1) transmit the electricity generated from sources developed under those sections that is ultimately used to provide service to the utility's retail customers, including studies necessary to identify new transmission facilities needed to transmit electricity to Minnesota retail customers from generating facilities constructed to satisfy the renewable energy objectives and standards, provided that the costs of the studies have not been recovered previously under existing tariffs and the utility has filed an application for a certificate of need or for certification as a priority project under section 216B.2425 for the new transmission facilities identified in the studies;

(2) provide storage facilities for renewable energy generation facilities that contribute to the reliability, efficiency, or cost-effectiveness of the renewable facilities; or

(3) develop renewable energy sources from the account required in section 116C.779.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 8. Minnesota Statutes 2020, section 216B.1645, subdivision 2, is amended to read:

Subd. 2. **Cost recovery.** The expenses incurred by the utility over the duration of the approved contract or useful life of the investment ~~and~~, expenditures made pursuant to section 116C.779 ~~shall be~~, and the expenses incurred to employ local workers to construct and maintain generation facilities that supply power to the utility's customers are recoverable from the ratepayers of the utility~~,~~ to the extent ~~they~~ the expenses or expenditures are not offset by utility revenues attributable to the contracts, investments, or expenditures, and if the expenses or expenditures are deemed reasonable by the commission. Upon petition by a public utility, the commission shall approve or approve as modified a rate schedule providing for the automatic adjustment of charges to recover the expenses or costs approved by the commission under subdivision 1, which, in the case of transmission expenditures, are limited to the portion of actual transmission costs that are directly allocable to the need to transmit power from the renewable sources of energy. The commission may not approve recovery of the costs for that portion of the power generated from sources governed by this section that the utility sells into the wholesale market.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 9. Minnesota Statutes 2020, section 216B.1691, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) Unless otherwise specified in law, "eligible energy technology" means an energy technology that generates electricity from the following renewable energy sources:

(1) solar;

(2) wind;

(3) hydroelectric with a capacity of less than 100 megawatts;

(4) hydrogen~~, provided that after January 1, 2010, the hydrogen must be~~ generated from the resources listed in this paragraph; or

(5) biomass, which includes, without limitation, landfill gas; an anaerobic digester system; the predominantly organic components of wastewater effluent, sludge, or related by-products from publicly owned treatment works, but not including incineration of wastewater sludge to produce electricity; and, except as provided in subdivision 1a, an energy recovery facility used to capture the heat value of mixed municipal solid waste or refuse-derived fuel from mixed municipal solid waste as a primary fuel.

(b) "Electric utility" means a public utility providing electric service, a generation and transmission cooperative electric association, a municipal power agency, or a power district.

(c) "Total retail electric sales" means the kilowatt-hours of electricity sold in a year by an electric utility to retail customers of the electric utility or to a distribution utility for distribution to the retail customers of the distribution utility. "Total retail electric sales" does not include the sale of hydroelectricity supplied by a federal power marketing administration or other federal agency, regardless of whether the sales are directly to a distribution utility or are made to a generation and transmission utility and pooled for further allocation to a distribution utility.

(d) "Carbon-free" means a technology that generates electricity without emitting carbon dioxide.

(e) "Area of concern for environmental justice" means an area in Minnesota that meets one or more of the following conditions:

(1) 50 percent or more of the population is nonwhite, based on the most recent data published by the United States Census Bureau;

(2) 40 percent or more of the households have an income at or below 185 percent of the federal poverty level, based on the most recent data published by the United States Census Bureau; or

(3) is within Indian country, as defined in United State Code, title 18, section 1151.

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

Sec. 10. Minnesota Statutes 2020, section 216B.1691, is amended by adding a subdivision to read:

Subd. 1a. **Exception; solid waste incinerators.** (a) An energy recovery facility used to capture the heat value of mixed municipal solid waste or refuse-derived fuel from mixed municipal solid waste as a primary fuel is not an eligible energy technology, as defined in subdivision 1, if:

(1) air pollutants emitted by the facility are deposited in an environmental justice area; and

(2) the facility has a permitted maximum capacity of 1,000 tons per day or more.

(b) For the purposes of this subdivision, "environmental justice area" has the meaning given to area of concern for environmental justice under subdivision 1, paragraph (e).

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

Sec. 11. Minnesota Statutes 2020, section 216B.1691, subdivision 2a, is amended to read:

Subd. 2a. **Eligible energy technology standard.** ~~(a) Except as provided in paragraph (b),~~ Each electric utility shall generate or procure sufficient electricity generated by an eligible energy technology to provide its retail customers in Minnesota, or the retail customers of a distribution utility to which the electric utility provides wholesale electric service, so that at least the following standard percentages of the electric utility's total retail electric sales to retail customers in Minnesota are generated by eligible energy technologies by the end of the year indicated:

(1)	2012	12 percent
(2)	2016	17 percent
(3)	2020	20 percent
(4)	2025	~~25~~ 40 percent~~.~~
(5)	2035	55 percent.

~~(b) An electric utility that owned a nuclear generating facility as of January 1, 2007, must meet the requirements of this paragraph rather than paragraph (a). An electric utility subject to this paragraph must generate or procure sufficient electricity generated by an eligible energy technology to provide its retail customers in Minnesota or the retail customer of a distribution utility to which the electric utility provides wholesale electric service so that at least the following percentages of the electric utility's total retail electric sales to retail customers in Minnesota are generated by eligible energy technologies by the end of the year indicated:~~

~~(1)~~	~~2010~~	~~15 percent~~
~~(2)~~	~~2012~~	~~18 percent~~
~~(3)~~	~~2016~~	~~25 percent~~
~~(4)~~	~~2020~~	~~30 percent.~~

~~Of the 30 percent in 2020, at least 25 percent must be generated by solar energy or wind energy conversion systems and the remaining five percent by other eligible energy technology. Of the 25 percent that must be generated by wind or solar, no more than one percent may be solar generated and the remaining 24 percent or greater must be wind generated.~~

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

Sec. 12. Minnesota Statutes 2020, section 216B.1691, subdivision 2b, is amended to read:

Subd. 2b. **Modification or delay of standard.** (a) The commission shall modify or delay the implementation of a standard obligation under subdivision 2a, 2f, or 2g, in whole or in part, if the commission determines it is in the public interest to do so. The commission, when requested to modify or delay implementation of a standard, must consider:

(1) the impact of implementing the standard on its customers' utility costs, including the economic and competitive pressure on the utility's customers;

(2) the environmental costs that would be incurred as a result of a delay or modification, based on the full range of environmental cost values established in section 216B.2422, subdivision 3;

~~(2)~~ (3) the effects of implementing the standard on the reliability of the electric system;

~~(3)~~ (4) technical advances or technical concerns;

~~(4)~~ (5) delays in acquiring sites or routes due to rejection or delays of necessary siting or other permitting approvals;

~~(5)~~ (6) delays, cancellations, or nondelivery of necessary equipment for construction or commercial operation of an eligible energy technology facility;

~~(6)~~ (7) transmission constraints preventing delivery of service; ~~and~~

~~(7)~~ (8) other statutory obligations imposed on the commission or a utility; and

(9) impacts on areas of concern for environmental justice.

The commission may modify or delay implementation of a standard obligation under clauses (1) to ~~(3)~~ (4) only if it finds implementation would cause significant rate impact, requires significant measures to address reliability, or raises significant technical issues. The commission may modify or delay implementation of a standard obligation under clauses ~~(4)~~ (5) to ~~(6)~~ (7) only if it finds that the circumstances described in those clauses were due to circumstances beyond an electric utility's control and make compliance not feasible.

(b) When evaluating transmission capacity constraints under paragraph (a), clause (7), the commission must consider whether the utility has:

(1) undertaken reasonable measures under the utility's control and consistent with the utility's obligations under local, state, and federal laws and regulations, and the utility's obligations as a member of a regional transmission organization or independent system operator, to acquire sites, necessary permit approvals, and necessary equipment to develop and construct new transmission lines or upgrade existing transmission lines to transmit electricity generated by eligible energy technologies; and

(2) taken all reasonable operational measures to maximize cost-effective electricity delivery from eligible energy technologies in advance of transmission availability.

~~(b)~~ (c) When considering whether to delay or modify implementation of a standard obligation, the commission must give due consideration to a preference for electric generation through use of eligible energy technology and to the achievement of the standards set by this section.

~~(c)~~ (d) An electric utility requesting a modification or delay in the implementation of a standard must file a plan to comply with its standard obligation in the same proceeding ~~that~~ in which it ~~is requesting~~ requests the delay.

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

Sec. 13. Minnesota Statutes 2020, section 216B.1691, subdivision 2d, is amended to read:

Subd. 2d. **Commission order.** The commission shall issue necessary orders detailing the criteria and standards ~~by which it will~~ used to measure an electric utility's efforts to meet the renewable energy ~~objectives of subdivision 2~~ standards under subdivisions 2a, 2f, and 2g, and to determine whether the utility is ~~making the required good faith effort~~ achieving the standards. In this order, the commission shall include criteria and standards that protect against undesirable impacts on the reliability of the utility's system and economic impacts on the utility's ratepayers and that consider technical feasibility.

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

Sec. 14. Minnesota Statutes 2020, section 216B.1691, subdivision 2e, is amended to read:

Subd. 2e. **Rate impact of standard compliance; report.** Each electric utility must submit to the commission and the legislative committees with primary jurisdiction over energy policy a report containing an estimation of the rate impact of activities of the electric utility necessary to comply with this section. In consultation with the Department of Commerce, the commission shall determine a uniform reporting system to ensure that individual utility reports are consistent and comparable, and shall, by order, require each electric utility subject to this section to use that reporting system. The rate impact estimate must be for wholesale rates and, if the electric utility makes retail sales, the estimate shall also be for the impact on the electric utility's retail rates. Those activities include, without limitation, energy purchases, generation facility acquisition and construction, and transmission improvements. ~~An initial report must be submitted within 150 days of May 28, 2011. After the initial report,~~ A report must be updated and submitted as part of each integrated resource plan or plan modification filed by the electric utility under section 216B.2422. The reporting obligation of an electric utility under this subdivision expires December 31, ~~2025, for an electric utility subject to subdivision 2a, paragraph (a), and December 31, 2020, for an electric utility subject to subdivision 2a, paragraph (b)~~ 2040.

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

Sec. 15. Minnesota Statutes 2020, section 216B.1691, subdivision 2f, is amended to read:

Subd. 2f. **Solar energy standard.** (a) In addition to the requirements of subdivisions 2a and ~~2b~~ 2g, each public utility shall generate or procure sufficient electricity generated by solar energy to serve its retail electricity customers in Minnesota so that by the end of 2020, at least 1.5 percent of the utility's total retail electric sales to retail customers in Minnesota is generated by solar energy.

(b) For a public utility with more than 200,000 retail electric customers, at least ten percent of the 1.5 percent goal must be met by solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of 40 kilowatts or less.

(c) A public utility with between 50,000 and 200,000 retail electric customers:

(1) must meet at least ten percent of the 1.5 percent goal with solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of 40 kilowatts or less; and

(2) may apply toward the ten percent goal in clause (1) individual customer subscriptions of 40 kilowatts or less to a community solar garden program operated by the public utility that has been approved by the commission.

(d) The solar energy standard established in this subdivision is subject to all the provisions of this section governing a utility's standard obligation under subdivision 2a.

(e) It is an energy goal of the state of Minnesota that, by 2030, ten percent of the retail electric sales in Minnesota be generated by solar energy.

(f) For the purposes of calculating the total retail electric sales of a public utility under this subdivision, there shall be excluded retail electric sales to customers that are:

(1) an iron mining extraction and processing facility, including a scram mining facility as defined in Minnesota Rules, part 6130.0100, subpart 16; or

(2) a paper mill, wood products manufacturer, sawmill, or oriented strand board manufacturer.

Those customers may not have included in the rates charged to them by the public utility any costs of satisfying the solar standard specified by this subdivision.

(g) A public utility may not use energy used to satisfy the solar energy standard under this subdivision to satisfy its standard obligation under subdivision 2a. A public utility may not use energy used to satisfy the standard obligation under subdivision 2a to satisfy the solar standard under this subdivision.

(h) Notwithstanding any law to the contrary, a solar renewable energy credit associated with a solar photovoltaic device installed and generating electricity in Minnesota after August 1, 2013, but before 2020 may be used to meet the solar energy standard established under this subdivision.

~~(i) Beginning July 1, 2014, and each July 1 through 2020, each public utility shall file a report with the commission reporting its progress in achieving the solar energy standard established under this subdivision.~~

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

Sec. 16. Minnesota Statutes 2020, section 216B.1691, is amended by adding a subdivision to read:

Subd. 2g. **Carbon-free standard.** In addition to the requirements under subdivisions 2a and 2f, each electric utility must generate or procure sufficient electricity generated from a carbon-free energy technology to provide the utility's retail customers in Minnesota, or the retail customers of a distribution utility to which the electric utility provides wholesale electric service, so that at least the following standard percentages of the electric utility's total retail electric sales to retail customers in Minnesota are generated from carbon-free energy technologies by the end of the year indicated:

(1)	2025	65 percent
(2)	2030	80 percent
(3)	2035	90 percent
(4)	2040	100 percent.

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

Sec. 17. Minnesota Statutes 2020, section 216B.1691, subdivision 3, is amended to read:

Subd. 3. **Utility plans filed with commission.** (a) Each electric utility shall report on its plans, activities, and progress with regard to the ~~objectives and standards of~~ standard obligations under this section in its filings under section 216B.2422 or in a separate report submitted to the commission every two years, whichever is more frequent, demonstrating to the commission the utility's effort to comply with this section. In its resource plan or a separate report, each electric utility shall provide a description of:

(1) the status of the utility's renewable energy mix relative to the ~~objective and standards~~ standard obligations;

(2) efforts taken to meet the ~~objective and standards~~ standard obligations;

(3) any obstacles encountered or anticipated in meeting the ~~objective or standards; and~~ standard obligations;

(4) potential solutions to the obstacles~~.~~;

(5) the number of Minnesotans employed to construct facilities designed to meet the utility's standard obligations under this section;

(6) efforts taken to retain and retrain workers employed at electric generating facilities that the utility has ceased operating or designated to cease operating for new positions constructing or operating facilities to meet a utility's standard obligation;

(7) impacts of facilities designed to meet the utility's standard obligations under this section on areas of concern for environmental justice; and

(8) efforts to increase the diversity of both its workforce and vendors.

(b) The commissioner shall compile the information provided to the commission under paragraph (a), and report to the chairs of the house of representatives and senate committees with jurisdiction over energy and environment policy issues as to the progress of utilities in the state, including the progress of each individual electric utility, in increasing the amount of renewable energy provided to retail customers, with any recommendations for regulatory or legislative action, by January 15 of each odd-numbered year.

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

Sec. 18. Minnesota Statutes 2020, section 216B.1691, subdivision 4, is amended to read:

Subd. 4. **Renewable energy credits.** (a) To facilitate compliance with this section, the commission, by rule or order, shall establish by January 1, 2008, a program for tradable renewable energy credits for electricity generated by eligible energy technology. The credits must represent energy produced by an eligible energy technology, as defined in subdivision 1. Each kilowatt-hour of renewable energy credits must be treated the same as a kilowatt-hour of eligible energy technology generated or procured by an electric utility if it is produced by an eligible energy technology. The program must permit a credit to be used only once. The program must treat all eligible energy technology equally and shall not give more or less credit to energy based on the state where the energy was generated or the technology with which the energy was generated. The commission must determine the period in which the credits may be used for purposes of the program.

(b) In lieu of generating or procuring energy directly to satisfy ~~the eligible energy technology objective or~~ a standard ~~of~~ obligation under this section, an electric utility may utilize renewable energy credits allowed under the program to satisfy the ~~objective or~~ standard.

(c) The commission shall facilitate the trading of renewable energy credits between states.

(d) The commission shall require all electric utilities to participate in a commission-approved credit-tracking system or systems. Once a credit-tracking system is in operation, the commission shall issue an order establishing protocols for trading credits.

~~(e) An electric utility subject to subdivision 2a, paragraph (b), may not sell renewable energy credits to an electric utility subject to subdivision 2a, paragraph (a), until 2021.~~

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

Sec. 19. Minnesota Statutes 2020, section 216B.1691, subdivision 5, is amended to read:

Subd. 5. **Technology based on fuel combustion.** (a) Electricity produced by fuel combustion through fuel blending or co-firing under paragraph (b) may only count toward a utility's ~~objectives or standards~~ standard obligation if the generation facility:

(1) was constructed in compliance with new source performance standards promulgated under the federal Clean Air Act, United States Code, title 42, section 7401 et seq., for a generation facility of that type; or

(2) employs the maximum achievable or best available control technology available for a generation facility of that type.

(b) An eligible energy technology may blend or co-fire a fuel listed in subdivision 1, paragraph (a), clause (5), with other fuels in the generation facility, but only the percentage of electricity that is attributable to a fuel listed in that clause can be counted toward an electric utility's ~~renewable energy objectives~~ standard obligation.

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

Sec. 20. Minnesota Statutes 2020, section 216B.1691, subdivision 7, is amended to read:

Subd. 7. **Compliance.** The commission must regularly investigate whether an electric utility is in compliance with its ~~good faith objective under subdivision 2 and~~ standard obligation under ~~subdivision~~ subdivisions 2a, 2f, and 2g. If the commission finds noncompliance, it may order the electric utility to construct facilities, purchase energy generated by eligible energy technology, purchase renewable energy credits, or engage in other activities to achieve compliance. If an electric utility fails to comply with an order under this subdivision, the commission may impose a

financial penalty on the electric utility in an amount not to exceed the estimated cost of the electric utility to achieve compliance. The penalty may not exceed the lesser of the cost of constructing facilities or purchasing credits. The commission must deposit financial penalties imposed under this subdivision in the energy and conservation account established in the special revenue fund under section 216B.241, subdivision 2a. This subdivision is in addition to and does not limit any other authority of the commission to enforce this section.

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

Sec. 21. Minnesota Statutes 2020, section 216B.1691, subdivision 9, is amended to read:

Subd. 9. **Local benefits.** (a) The commission shall take all reasonable actions within its statutory authority to ensure this section is implemented ~~to maximize~~ in a manner that maximizes net benefits to all Minnesota citizens~~,~~ ~~balancing~~ throughout the state, including but not limited to:

(1) the creation of high-quality jobs in Minnesota paying wages that support families;

(2) recognition of the rights of workers to organize and unionize;

(3) ensuring that workers have the necessary tools, opportunities, and economic assistance to adapt successfully during the energy transition, particularly in areas of concern for environmental justice;

(4) ensuring that all Minnesotans share the benefits of clean and renewable energy, and the opportunity to participate fully in the clean energy economy;

(5) ensuring that statewide air emissions are reduced, particularly in areas of concern for environmental justice; and

(6) the provision of affordable electric service to Minnesotans, particularly to low-income consumers.

(b) The commission must also implement this section in a manner that balances factors such as local ownership of or participation in energy production, development and ownership of eligible energy technology facilities by independent power producers, Minnesota utility ownership of eligible energy technology facilities, the costs of energy generation to satisfy the renewable ~~standard~~ and carbon-free standards, and the reliability of electric service to Minnesotans.

(c) When making investments to meet the requirements under this section, utilities are encouraged to locate new energy generating facilities in Minnesota communities where fossil-fuel generating plants have been retired or are scheduled for retirement.

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

Sec. 22. Minnesota Statutes 2020, section 216B.1691, subdivision 10, is amended to read:

Subd. 10. **Utility acquisition of resources.** A competitive resource acquisition process established by the commission prior to June 1, 2007, shall not apply to a utility for the construction, ownership, and operation of generation facilities used to satisfy the requirements of this section unless, upon a finding that it is in the public interest, the commission issues an order on or after June 1, 2007, that requires compliance by a utility with a competitive resource acquisition process. A utility that owns a nuclear generation facility and intends to construct, own, or operate facilities under this section shall file with the commission ~~on or before March 1, 2008,~~ as part of the utility's filing under section 216B.2422 a renewable energy plan setting forth the manner in which the utility proposes to meet the requirements of this section. ~~The utility shall update the plan as necessary in its filing under section 216B.2422.~~ The commission shall approve the plan unless it determines, after public hearing and comment, that the plan is not in the public interest. As part of its determination of public interest, the commission shall consider the plan's impact on balancing the state's interest in:

(1) promoting the policy of economic development in rural areas through the development of renewable energy projects, as expressed in subdivision 9;

(2) maintaining the reliability of the state's electric power grid; and

(3) minimizing cost impacts on ratepayers.

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

Sec. 23. Minnesota Statutes 2020, section 216B.2422, subdivision 1, is amended to read:

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

(b) "Utility" means an entity with the capability of generating 100,000 kilowatts or more of electric power and serving, either directly or indirectly, the needs of 10,000 retail customers in Minnesota. Utility does not include federal power agencies.

(c) "Renewable energy" means electricity generated through use of any of the following resources:

(1) wind;

(2) solar;

(3) geothermal;

(4) hydro;

(5) trees or other vegetation;

(6) landfill gas; or

(7) predominantly organic components of wastewater effluent, sludge, or related by-products from publicly owned treatment works, but not including incineration of wastewater sludge.

(d) "Resource plan" means a set of resource options that a utility could use to meet the service needs of its customers over a forecast period, including an explanation of the supply and demand circumstances under which, and the extent to which, each resource option would be used to meet those service needs. These resource options include using, refurbishing, and constructing utility plant and equipment, buying power generated by other entities, controlling customer loads, and implementing customer energy conservation.

(e) "Refurbish" means to rebuild or substantially modify an existing electricity generating resource of 30 megawatts or greater.

(f) "Energy storage system" means a commercially available technology that:

(1) uses mechanical, chemical, or thermal processes to:

(i) store energy, ~~including energy generated from renewable resources and energy that would otherwise be wasted,~~ and deliver the stored energy for use at a later time; or

(ii) store thermal energy for direct use for heating or cooling at a later time in a manner that reduces the demand for electricity at the later time;

~~(2) is composed of stationary equipment;~~

~~(3)~~ (2) if being used for electric grid benefits, is (i) operationally visible to the distribution or transmission entity managing it, and (ii) capable of being controlled by the distribution or transmission entity ~~managing it,~~ to enable and optimize the safe and reliable operation of the electric system; and

~~(4)~~ (3) achieves any of the following:

(i) reduces peak or electrical demand;

(ii) defers the need or substitutes for an investment in electric generation, transmission, or distribution assets;

(iii) improves the reliable operation of the electrical transmission or distribution systems~~, while ensuring transmission or distribution needs are not created~~; ~~or~~ and

(iv) ~~lowers customer costs~~ produces a net ratepayer benefit by storing energy when the cost of generating or purchasing ~~it~~ energy is low and delivering ~~it~~ energy to customers when the costs are high.

(g) Clean energy resource means:

(1) renewable energy, as defined in section 216B.2422, subdivision 1, paragraph (c);

(2) an energy storage system storing energy generated by renewable energy or a carbon-free resource;

(3) energy efficiency, as defined in section 216B.241, subdivision 1;

(4) load management, as defined in section 216B.241, subdivision 1; or

(5) a carbon-free resource that the commission has determined is cost competitive under subdivision 4, paragraph (g).

(h) "Carbon-free resource" means a generation technology that, when operating, does not contribute to statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2.

(i) "Nonrenewable energy facility" means a generation facility that does not use a renewable energy or other clean energy resource. Nonrenewable facility does not include a nuclear facility.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 24. Minnesota Statutes 2020, section 216B.2422, subdivision 2, is amended to read:

Subd. 2. **Resource plan filing and approval.** (a) A utility shall file a resource plan with the commission periodically in accordance with rules adopted by the commission. The commission shall approve, reject, or modify the plan of a public utility, as defined in section 216B.02, subdivision 4, consistent with the public interest.

(b) In the resource plan proceedings of all other utilities, the commission's order shall be advisory and the order's findings and conclusions shall constitute prima facie evidence which may be rebutted by substantial evidence in all other proceedings. With respect to utilities other than those defined in section 216B.02, subdivision 4, the commission shall consider the filing requirements and decisions in any comparable proceedings in another jurisdiction.

(c) As a part of its resource plan filing, a utility shall include the least cost plan for meeting 50 ~~and,~~ 75, and 100 percent of all energy needs from both new and refurbished generating facilities through a combination of ~~conservation and renewable~~ clean energy and carbon-free resources.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 25. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision to read:

Subd. 2d. **Plan to minimize impacts to workers due to facility retirement.** A utility required to file a resource plan under subdivision 2 that has scheduled the retirement of an electric generating facility located in Minnesota must include in the filing a narrative describing the utility's efforts, in conjunction with the utility's workers and the workers' designated representatives, to develop a plan to minimize the dislocations employees may suffer as a result of the facility's retirement. The narrative must address, at a minimum, plans to:

(1) minimize financial losses to workers;

(2) provide a transition timeline to ensure certainty for workers;

(3) protect pension benefits;

(4) extend or replace health insurance, life insurance, and other employment benefits;

(5) identify and maximize employment opportunities within the utility for dislocated workers, including providing incentives for the utility to retain as many workers as possible;

(6) provide training and skill development for workers who must or choose to leave the utility;

(7) create targeted transition plans for workers at all locations impacted by the facility retirement; and

(8) quantify any additional costs the utility would incur and specifying what costs, if any, the utility would request be recovered in the utility's rates as a result of efforts made under this subdivision to minimize impacts to workers.

Sec. 26. Minnesota Statutes 2020, section 216B.2422, subdivision 3, is amended to read:

Subd. 3. **Environmental costs.** (a) The commission shall, ~~to the extent practicable~~ using the best available scientific and economic information and data, quantify and establish a range of environmental costs associated with each method of electricity generation. The commission shall adopt and apply the interim cost of greenhouse gas emissions valuations presented in Technical Support Document: Social Cost of Carbon, Methane, and Nitrous Oxide Interim Estimates, released by the federal government in February 2021, adopting the 300-year time horizon and the full range of discount rates from 2.5 to five percent, with three percent as the central estimate, and shall update the parameters as necessary to conform with updates released by the federal Interagency Working Group on the Social Cost of Greenhouse Gases or successors that are above the February 2021 interim valuations.

(b) When evaluating and selecting resource options in all proceedings before the commission, including but not limited to proceedings regarding power purchase agreements, resource plans, and certificates of need, a utility ~~shall~~ must use the values established by the commission ~~in conjunction with other external factors, including socioeconomic costs, when evaluating and selecting resource options in all proceedings before the commission, including resource plan and certificate of need proceedings.~~ under this subdivision to quantify and monetize greenhouse gas and other emissions from the full lifecycle of fuels used for in-state or imported electricity generation, including extraction, processing, transport, and combustion.

(c) When evaluating resource options, the commission must include and consider the environmental cost values adopted under this subdivision. When considering the costs of a nonrenewable energy facility under this section, the commission must consider only nonzero values for the environmental costs analyzed under this subdivision, including both the low and high values of any cost range adopted by the commission.

~~(b) The commission shall establish interim environmental cost values associated with each method of electricity generation by March 1, 1994. These values expire on the date the commission establishes environmental cost values under paragraph (a).~~

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 27. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision to read:

Subd. 3a. **Favored electric resources; state policy.** It is the policy of the state that: (1) in order to hasten the achievement of the greenhouse gas reduction goals under section 216H.02, the renewable energy standard under section 216B.1691, subdivision 2a, and the solar energy standard under section 216B.1691, subdivision 2f; and (2) given the significant and continuing reductions in the cost of wind technologies, solar technologies, energy storage systems, demand-response technologies, and energy efficiency technologies and strategies, the favored method to meet electricity demand in Minnesota is a combination of clean energy resources.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 28. Minnesota Statutes 2020, section 216B.2422, subdivision 4, is amended to read:

Subd. 4. **Preference for ~~renewable~~ clean energy ~~facility~~ resources.** (a) The commission shall not approve a new or refurbished nonrenewable energy facility in an integrated resource plan or a certificate of need, pursuant to section 216B.243, nor shall the commission approve a power purchase agreement or allow rate recovery pursuant to section 216B.16 for ~~such~~ a nonrenewable energy facility, unless the utility has demonstrated by clear and convincing evidence that a renewable energy facility, alone or in combination with other clean energy resources, is not in the public interest. ~~When making the public interest determination, the commission must consider:~~

~~(1) whether the resource plan helps the utility achieve the greenhouse gas reduction goals under section 216H.02, the renewable energy standard under section 216B.1691, or the solar energy standard under section 216B.1691, subdivision 2f;~~

~~(2) impacts on local and regional grid reliability;~~

~~(3) utility and ratepayer impacts resulting from the intermittent nature of renewable energy facilities, including but not limited to the costs of purchasing wholesale electricity in the market and the costs of providing ancillary services; and~~

~~(4) utility and ratepayer impacts resulting from reduced exposure to fuel price volatility, changes in transmission costs, portfolio diversification, and environmental compliance costs.~~

(b) In order to determine that a renewable energy facility, alone or in combination with other clean energy resources, is not in the public interest, the commission must find by clear and convincing evidence that using renewable or clean energy resources to meet the need for resources is not affordable or reliable when compared with a nonrenewable energy facility or nonclean energy resource.

(c) When determining whether a renewable or clean energy resource is not affordable, the commission must consider utility and ratepayer effects resulting from:

(1) the intermittent nature of renewable energy facilities, including but not limited to the cost to purchase wholesale electricity in the market and the cost to provide ancillary services;

(2) reduced exposure to fuel price volatility, changes in transmission and distribution costs, portfolio diversification, and environmental compliance costs; and

(3) other environmental costs resulting from a nonrenewable energy facility, as determined by the commission under subdivision 3.

(d) When determining whether a renewable or clean energy resource is reliable, the commission must consider, to the extent reasonable, the ability of the resources or facilities of the utility and the regional electric grid to provide essential reliability services, including frequency response, balancing services, and voltage control.

(e) The commission must make a written determination describing the commission's findings and the reasoning behind the conclusions regarding whether a renewable or clean energy resource is affordable and reliable under this subdivision. When making the public interest determination under paragraph (a), the commission must also consider and make a written determination as to whether the energy resources approved by the commission:

(1) help the state achieve the greenhouse gas reduction goals under section 216H.02; and

(2) help the utility achieve the renewable energy standard under section 216B.1691, subdivision 2a, or the solar energy standard under section 216B.1691, subdivision 2f.

(f) Nothing in this section impacts a decision to continue operating a nuclear facility that is generating energy in Minnesota as of June 1, 2020. If a decision is made to retire an existing nuclear electric generating unit, paragraphs (a) to (e) govern the process to identify replacement resources.

(g) The commission may, by order, add to the list of resources the commission determines are clean energy resources for the purposes of this section upon finding that the resource is carbon-free and cost competitive when compared with other carbon-free alternatives.

(h) If the commission approves a public utility's integrated resource plan that includes the retirement of a facility that contributes to statewide greenhouse gas emissions, the public utility is entitled to own at least a portion of the generation, transmission, and other facilities necessary to replace the accredited capacity and energy of the retiring facility, as determined by the commission, provided that:

(1) for a public utility with more than 200,000 retail electric customers in Minnesota, the approved resource plan projects that the public utility's contribution to statewide greenhouse gas emissions are reduced by 80 percent or more, measured from 2005 to 2030;

(2) for a public utility with more than 100,000 but fewer than 200,000 retail electric customers, the approved resource plan projects that the public utility's contribution to statewide greenhouse gas emissions are reduced by 80 percent or more, measured from 2005 to 2035;

(3) for a public utility with fewer than 100,000 retail electric customers in Minnesota, the approved resource plan projects that the public utility's contribution to statewide greenhouse gas emissions are reduced by 65 percent or more, measured from 2005 to 2030; and

(4) the commission determines that the public utility's ownership of clean energy and carbon-free resources that replace retired facilities is reasonable and in the public interest.

(i) Utility purchases or contracts to purchase capacity, energy, or ancillary services from an independent systems operator, an auction, or other market administered by an independent systems operator, and whose term is one year or less, are not subject to this subdivision.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 29. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision to read:

Subd. 4a. **Preference for local job creation.** As part of a resource plan filing, a utility must report on associated local job impacts and the steps the utility and the utility's energy suppliers and contractors are taking to maximize the availability of construction employment opportunities for local workers. The commission must consider local job impacts and give preference to proposals that maximize the creation of construction employment opportunities for local workers, consistent with the public interest, when evaluating any utility proposal that involves the selection or construction of facilities used to generate or deliver energy to serve the utility's customers, including but not limited to an integrated resource plan, a certificate of need, a power purchase agreement, or commission approval of a new or refurbished electric generation facility. The commission must, to the maximum extent possible, prioritize the hiring of workers from communities hosting retiring electric generation facilities, including workers previously employed at those facilities.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 30. Minnesota Statutes 2020, section 216B.2422, subdivision 5, is amended to read:

Subd. 5. **Bidding; exemption from certificate of need proceeding.** (a) A utility may select resources to meet its projected energy demand through a bidding process approved or established by the commission. A utility shall use the environmental cost estimates determined under subdivision 3 ~~in~~ and consider local job impacts when evaluating bids submitted in a process established under this subdivision.

(b) Notwithstanding any other provision of this section, if an electric power generating plant, as described in section 216B.2421, subdivision 2, clause (1), is selected in a bidding process approved or established by the commission, a certificate of need proceeding under section 216B.243 is not required.

(c) A certificate of need proceeding is also not required for an electric power generating plant that has been selected in a bidding process approved or established by the commission, or such other selection process approved by the commission, to satisfy, in whole or in part, the wind power mandate of section 216B.2423 or the biomass mandate of section 216B.2424.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 31. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision to read:

Subd. 8. **Transmission planning in advance of generation retirement.** A utility must identify in a resource plan each nonrenewable energy facility on the utility's system that has a depreciation term, probable service life, or operating license term that ends within 15 years of the resource plan filing date. For each nonrenewable energy facility identified, the utility must include in the resource plan an initial plan to: (1) replace the nonrenewable energy facility; and (2) upgrade any transmission or other grid capabilities needed to support the retirement of that nonrenewable energy facility.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 32. **[216B.2427] NATURAL GAS UTILITY INNOVATION PLANS.**

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) "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) "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) "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) "Innovative resource" means biogas, renewable natural gas, power-to-hydrogen, power-to-ammonia, carbon capture, strategic electrification, district energy, and energy efficiency.

(i) "Lifecycle greenhouse gas emissions" means the aggregate greenhouse gas emissions resulting from the production, processing, transmission, and consumption of an energy resource.

(j) "Lifecycle greenhouse gas emissions intensity" means lifecycle greenhouse gas emissions per unit of energy.

(k) "Nonexempt customer" means a utility customer that has not been included in a utility's innovation plan under subdivision 3, paragraph (f).

(l) "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) "Power-to-hydrogen" means the use of electricity generated by a carbon-free resource to produce hydrogen.

(n) "Renewable energy" has the meaning given in section 216B.2422, subdivision 1.

(o) "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.

(p) "Solar thermal" has the meaning given to qualifying solar thermal project in section 216B.2411, subdivision 2, paragraph (d).

(q) "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.

(r) "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 or 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) "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.

Subd. 2. **Innovation plans.** (a) A natural gas utility may file an innovation plan with the commission. The utility's plan must include, as applicable, the following components:

(1) the innovative resource or resources the utility plans to implement to contribute to meeting the state's greenhouse gas and renewable energy goals, including those established in section 216C.05, subdivision 2, clause (3), and section 216H.02, subdivision 1, within the requirements and limitations set forth in this section;

(2) research and development investments related to innovative resources the utility plans to undertake;

(3) total lifecycle greenhouse gas emissions that the utility projects are reduced or avoided through implementing the plan;

(4) a comparison of the estimate in clause (3) to total emissions from natural gas use by utility customers in 2020;

(5) a description of each pilot program included in the plan that is related to the development or provision of innovative resources, and an estimate of the total incremental costs to implement each element;

(6) the cost-effectiveness of innovative resources calculated from the perspective of the utility, society, the utility's nonparticipating customers, and the utility's participating customers compared to other innovative resources that could be deployed to reduce or avoid the same greenhouse gas emissions targeted for reduction by the utility's proposed innovative resource;

(7) for any pilot program not previously approved as part of the utility's most recent innovation plan, a third-party analysis of:

(i) the lifecycle greenhouse gas emissions intensity of the proposed innovative resources; and

(ii) the forecasted lifecycle greenhouse gas emissions reduced or avoided if the proposed pilot program is implemented;

(8) an explanation of the methodology used by the utility to calculate the lifecycle greenhouse gas emissions avoided or reduced by each pilot program included in the plan, including descriptions of how the utility's method deviated, if at all, from the carbon accounting frameworks established by the commission under section 216B.2428;

(9) a discussion of whether the plan supports the development and use of alternative agricultural products, waste reduction, reuse, or anaerobic digestion of organic waste, and the recovery of energy from wastewater, and, if it does, a description of the geographic areas of the state in which the benefits are realized;

(10) a description of third-party systems and processes the utility plans to use to:

(i) track the innovative resources included in the plan so that environmental benefits produced by the plan are not claimed for any other program; and

(ii) verify the environmental attributes and greenhouse gas emissions intensity of innovative resources included in the plan;

(11) projected local job impacts resulting from implementation of the plan and a description of steps the utility and the utility's energy suppliers and contractors are taking to maximize the availability of construction employment opportunities for local workers;

(12) a description of how the utility proposes to recover annual total incremental costs of the plan;

(13) steps the utility has taken or proposes to take to reduce the expected cost of the plan on low- and moderate-income residential customers and to ensure that low- and moderate-income residential customers benefit from innovative resources included in the plan;

(14) a report on the utility's progress toward implementing the utility's previously approved innovation plan, if applicable;

(15) a report of the utility's progress toward achieving the cost-effectiveness objectives established by the commission with respect to the utility's previously approved innovation plan, if applicable; and

(16) collections of pilot programs that the utility estimates would, if implemented, provide approximately 50 percent, 150 percent, and 200 percent of the greenhouse gas reduction or avoidance benefits of the utility's proposed plan.

(b) The commission must approve, modify, or reject a plan. The commission must not approve an innovation plan unless the commission finds:

(1) the size, scope, and scale of the plan produces net benefits under the cost-benefit framework established by the commission in section 216B.2428;

(2) the plan promotes the use of renewable energy resources and reduces or avoids greenhouse gas emissions at a cost level consistent with subdivision 3;

(3) the plan promotes local economic development;

(4) the innovative resources included in the plan have a lower lifecycle greenhouse gas intensity than natural gas produced from conventional geologic sources;

(5) the systems used to track and verify the environmental attributes of the innovative resources included in the plan are reasonable, considering available third-party tracking and verification systems;

(6) the costs and revenues projected under the plan are reasonable in comparison to other innovative resources the utility could deploy to reduce greenhouse gas emissions, considering other benefits of the innovative resources included in the plan;

(7) the total amount of estimated greenhouse gas emissions reduction or avoidance to be achieved under the plan is reasonable considering the state's greenhouse gas and renewable energy goals, including those established in section 216C.05, subdivision 2, clause (3), and section 216H.02, subdivision 1; customer cost; and the total amount of greenhouse gas emissions reduction or avoidance achieved under the utility's previously approved plans, if applicable; and

(8) any renewable natural gas purchased by a utility under the plan that is produced from the anaerobic digestion of manure is certified as being produced at an agricultural livestock production facility that does not increase the number of animal units at the facility solely or primarily to produce renewable natural gas for the plan.

(c) In seeking to recover costs under a plan approved by the commission under this section, the utility must demonstrate to the satisfaction of the commission that the actual total incremental costs incurred to implement the approved innovation plan are reasonable. Prudently incurred costs under an approved plan, including prudently incurred costs to obtain the third-party analysis required in paragraph (a), clauses (6) and (7), are recoverable either:

(1) under section 216B.16, subdivision 7, clause (2), via the utility's purchased gas adjustment;

(2) in the utility's next general rate case; or

(3) via annual adjustments, provided that after notice and comment the commission determines that the costs included for recovery through rates are prudently incurred. Annual adjustments must include a rate of return, income taxes on the rate of return, incremental property taxes, incremental depreciation expense, and incremental operation and maintenance expenses. The rate of return must be at the level approved by the commission in the utility's last general rate case, unless the commission determines that a different rate of return is in the public interest.

(d) Upon approval of a utility's plan, the commission shall establish cost-effectiveness objectives for the plan based on the cost-benefit test for innovative resources developed under section 216B.2428. The cost-effectiveness objective for each plan must demonstrate incremental progress from the previously approved plan's cost-effectiveness objective.

(e) A utility operating under an approved plan must file annual reports to the commission on work completed under the plan, including:

(1) costs incurred;

(2) lifecycle greenhouse gas emissions reductions or avoidance achieved;

(3) a description of the processes used to track and verify the innovative resources and to retire the associated environmental attributes;

(4) an assessment of the degree to which the lifecycle greenhouse gas accounting methodology is consistent with current science;

(5) the economic impact of the plan, including job creation;

(6) the utility's progress toward achieving the cost-effectiveness objectives established by the commission; and

(7) modifications to elements of the plan proposed by the utility.

(f) When evaluating a utility's annual report, the commission may:

(1) approve the continuation of a pilot program included in the plan, with or without modifications;

(2) require the utility to file a new or modified pilot program or plan; or

(3) disapprove the continuation of a pilot program or plan.

(g) An innovation plan has a term of five years. A subsequent innovation plan must be filed no later than four years after the previous plan was approved by the commission so that, if approved, the new plan takes effect immediately upon expiration of the previous plan.

(h) For purposes of this section and the commission's lifecycle carbon accounting framework and cost-benefit test for innovative resources under section 216B.2428, any required analysis of lifecycle greenhouse gas emissions reductions or avoidance, or lifecycle greenhouse gas intensity:

(1) must include but is not limited to estimates of:

(i) avoided or reduced greenhouse gas emissions attributable to utility operations;

(ii) avoided or reduced greenhouse gas emissions from the production, processing, and transmission of fuels prior to receipt by the utility; and

(iii) avoided or reduced greenhouse gas emissions at the point of end use;

(2) must not count any unit of greenhouse gas emissions avoidance or reduction more than once; and

(3) may, where direct measurement is not technically or economically feasible, rely on emissions factors, default values, or engineering estimates from a publicly accessible source accepted by a federal or state government agency, provided that the emissions factors, default values, or engineering estimates can be demonstrated to the satisfaction of the commission to produce a reasonable estimate of greenhouse gas emissions reductions, avoidance, or intensity.

(i) Strategic electrification implemented in a plan approved by the commission under this section is not eligible for a financial incentive under section 216B.241, subdivision 2c. Electric end-use equipment installed under a plan approved by the commission under this section is the exclusive property of the building owner.

Subd. 3. **Limitations on utility customer costs.** (a) Except as provided in paragraph (b), the first innovation plan submitted to the commission by a utility must not propose, and the commission must not approve, annual total incremental costs exceeding the lesser of:

(1) 1.75 percent of the utility's gross operating revenues from natural gas service provided in Minnesota at the time of plan filing; or

(2) $20 per nonexempt customer, based on the proposed annual total incremental costs for each year of the plan divided by the total number of nonexempt utility customers.

(b) The commission may approve additional annual costs up to the lesser of:

(1) an additional 0.25 percent of the utility's gross operating revenues from service provided in Minnesota at the time of plan filing; or

(2) $5 per nonexempt customer, based on the proposed annual total incremental costs for each year of the plan divided by the total number of nonexempt utility customers of incremental costs, provided that the additional costs under this paragraph are associated exclusively with the purchase of renewable natural gas produced from:

(i) food waste diverted from a landfill;

(ii) a municipal wastewater treatment system; or

(iii) an organic mixture that includes at least 15 percent, by volume, sustainably harvested native prairie grasses or locally appropriate cover crops, as determined by a local soil and water conservation district or the United States Department of Agriculture, Natural Resources Conservation Service.

(c) If the commission determines that the utility has successfully achieved the cost-effectiveness objectives established in the utility's most recently approved innovation plan, except as provided in paragraph (d), the next subsequent plan filed by the utility under this section is subject to the provisions of paragraphs (a) and (b), except that:

(1) the cap on total incremental costs in paragraph (a) with respect to the second plan is the lesser of:

(i) 2.75 percent of the utility's gross operating revenues from natural gas service in Minnesota at the time of the plan's filing; or

(ii) $35 per nonexempt customer; and

(2) the cap on additional costs in paragraph (b) is the lesser of:

(i) an additional 0.75 percent of the utility's gross operating revenues from natural gas service in Minnesota at the time of the plan's filing; or

(ii) $10 per nonexempt customer.

(d) If the commission determines that the utility has successfully achieved the cost-effectiveness objectives established in two of the same utility's previously approved innovation plans, all subsequent plans filed by the utility under this section are subject to the provisions of paragraphs (a) and (b), except that:

(1) the cap on total incremental costs in paragraph (a) with respect to the third or subsequent plan is the lesser of:

(i) four percent of the utility's gross operating revenues from natural gas service in Minnesota at the time of the plan's filing; or

(ii) $50 per nonexempt customer; and

(2) the cap on additional costs in paragraph (b) is the lesser of:

(i) an additional 1.5 percent of the utility's gross operating revenues from natural gas service in Minnesota at the time of the plan's filing; or

(ii) $20 per nonexempt customer.

(e) For purposes of paragraphs (a) to (d), the limits on annual total incremental costs must be calculated at the time the innovation plan is filed as the average of the utility's forecasted total incremental costs over the five-year term of the plan.

(f) A large customer facility that the commissioner of commerce has exempted from a utility's conservation improvement program under section 216B.241, subdivision 1a, paragraph (b), is exempt from the utility's innovation plan offerings and must not be charged any costs incurred to implement an approved innovation plan unless the large customer facility files a request with the commissioner to be included in a utility's innovation plan. The commission may prohibit large customer facilities exempt from innovation plan costs from participating in innovation plans.

(g) A utility filing an innovation plan may include annual spending and investments on research and development of up to ten percent of the proposed total incremental costs related to innovative plans, subject to the limitations in paragraphs (a) to (e).

(h) For purposes of this subdivision, gross operating revenues do not include revenues from large customer facilities exempt from innovation plan costs.

Subd. 4. **Innovative resources procured outside of an innovation plan.** (a) Without filing an innovation plan, a natural gas utility may propose and the commission may approve cost recovery for:

(1) innovative resources acquired to satisfy a commission-approved green tariff program that allows customers to choose to meet a portion of the customers' energy needs through innovative resources; or

(2) utility expenditures for innovative resources procured at a cost that is within five percent of the average of Ventura and Demarc index prices for natural gas produced from conventional geologic sources at the time of the transaction per unit of natural gas that the innovative resource displaces.

(b) An approved green tariff program must include provisions to ensure that reasonable systems are used to track and verify the environmental attributes of innovative resources included in the program, taking into account any available third-party tracking or verification systems.

(c) For the purposes of this subdivision, "Ventura and Demarc index prices" means the daily index price of wholesale natural gas sold at the Northern Natural Gas Company's Ventura trading hub in Hancock County, Iowa, and its demarcation point in Clifton, Kansas.

Subd. 5. **Power-to-ammonia.** When determining whether to approve a power-to-ammonia pilot program as part of an innovative plan, the commission must consider:

(1) the risk of exposing any person to unhealthy concentrations of ammonia;

(2) the risk that any home or business might be affected by ammonia odors;

(3) whether the greenhouse gas emissions addressed by the proposed power-to-ammonia project could be more efficiently addressed using power-to-hydrogen; and

(4) whether the power-to-ammonia project achieves lifecycle greenhouse gas emissions reductions in the agricultural sector more effectively than power-to-hydrogen.

Subd. 6. **Thermal energy audits.** The first innovation plan filed under this section by a utility with more than 800,000 customers must include a pilot program to provide thermal energy audits to small- and medium-sized business in order to identify opportunities to reduce or avoid greenhouse gas emissions from natural gas use. The pilot program must provide incentives for businesses to implement recommendations made by the audit. The utility must develop criteria to identify businesses that achieve significant emissions reductions by implementing audit recommendations and must recognize the businesses as thermal energy leaders.

Subd. 7. **Innovative resources for certain industrial processes.** The first innovation plan filed under this section by a utility with more than 800,000 customers must include a pilot program to provide innovative resources to industrial facilities whose manufacturing processes, for technical reasons, are not amenable to electrification. A large customer facility exempt from innovation plan offerings under subdivision 3, paragraph (f), is not eligible to participate in the pilot program under this subdivision.

Subd. 8. **Electric cold climate air-source heat pumps.** (a) The first innovation plan filed under this section by a utility with more than 800,000 customers must include a pilot program that facilitates deep energy retrofits and the installation of cold climate electric air-source heat pumps in existing residential homes that have natural gas heating systems.

(b) For purposes of this subdivision, "deep energy retrofit" means the installation of any measure or combination of measures, including air sealing and addressing thermal bridges, that under normal weather and operating conditions can reasonably be expected to reduce a building's calculated design load to ten or fewer British Thermal Units per hour per square foot of conditioned floor area. Deep energy retrofit does not include the installation of photovoltaic electric generation equipment, but may include the installation of a qualifying solar thermal energy project.

Subd. 9. **District energy.** The first innovation plan filed under this section by a utility with more than 800,000 customers must include a pilot program to facilitate the development, expansion, or modification of district energy systems in Minnesota. This subdivision does not require the utility to propose, construct, maintain, or own district energy infrastructure.

Subd. 10. **Throughput goal.** It is the goal of the state of Minnesota that through the Natural Gas Innovation Act and Conservation Improvement Program, utilities reduce the overall amount of natural gas produced from conventional geologic sources delivered to customers.

Subd. 11. **Utility system report and forecasts.** (a) A public utility filing an innovation plan shall concurrently submit a report to the commission containing the following information:

(1) methane gas emissions attributed to venting or leakage across the utility's system, including emissions information reported to the Environmental Protection Agency and gas leaks considered to be hazardous or nonhazardous, and a narrative description of the utility's expectations regarding the cost and performance of the utility's leakage reduction programs over the next five years;

(2) total system greenhouse gas emissions and greenhouse gas emissions projected to be reduced or avoided through innovative resource investments and energy conservation investments, and a narrative description of the costs required to achieve the reductions over the next five years through investments in innovative resources and energy conservation;

(3) the quantity of pipe in service in the utility's natural gas network in Minnesota, by material, size, coating, operating pressure, and decade of installation, based on utility information reported to the United States Department of Transportation;

(4) a narrative description of other significant equipment owned and operated by the utility through which gas is transported or stored, including regulator stations and storage facilities, a discussion of the function of the equipment, how the equipment is maintained, and utility efforts to prevent leaks from the equipment;

(5) a five-year forecast of fuel prices and anticipated purchases including, as available, natural gas produced from conventional geologic sources, renewable natural gas, and alternative fuels;

(6) a five-year forecast of potential capital investments by the utility in existing infrastructure and new infrastructure for natural gas produced from conventional geologic sources and for innovative resources; and

(7) an inventory of the utility's current financial incentive programs for natural gas, including rebates and incentives offered for new and existing buildings and a description of the utility's projected changes in incentives the utility is likely to implement over the next five years.

(b) Information filed under this subdivision is intended to be used by the commission to evaluate a utility's innovation plan in the context of the utility's other planned investments and activities with respect to natural gas produced from conventional geologic sources. Information filed under this subdivision must not be used by the commission to set or limit utility rate recovery.

EFFECTIVE DATE. This section is effective June 1, 2022.

Sec. 33. **[216B.2428] LIFECYCLE GREENHOUSE GAS EMISSIONS ACCOUNTING FRAMEWORK; COST-BENEFIT TEST FOR INNOVATIVE RESOURCES.**

By June 1, 2022, the commission shall, by order, issue frameworks the commission must use to calculate lifecycle greenhouse gas emissions intensities of each innovative resource, as follows:

(1) a general framework to compare the lifecycle greenhouse gas emissions intensities of power-to-hydrogen, strategic electrification, renewable natural gas, district energy, energy efficiency, biogas, carbon capture, and power-to-ammonia; and

(2) a cost-benefit analytic framework to be applied to innovative resources and innovation plans filed under section 216B.2427 that the commission must use to compare the cost-effectiveness of those resources and plans. This analytic framework must take into account:

(i) the total incremental cost of the plan or resource and the lifecycle greenhouse gas emissions avoided or reduced by the innovative resource or plan, using the framework developed under clause (1);

(ii) additional economic costs and benefits, programmatic costs and benefits, additional environmental costs and benefits, and other costs or benefits that may be expected under a plan; and

(iii) baseline cost-effectiveness criteria against which an innovation plan should be compared. When establishing baseline criteria, the commission must take into account options available to reduce lifecycle greenhouse gas emissions from natural gas end uses and the goals in section 216C.05, subdivision 2, clause (3), and section 216H.02, subdivision 1. To the maximum reasonable extent, the cost-benefit framework must be consistent with environmental cost values established under section 216B.2422, subdivision 3, and other calculations of the social value of greenhouse gas emissions reductions used by the commission. The commission may update frameworks established under this section as necessary.

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

Sec. 34. **[216B.247] BENEFICIAL BUILDING ELECTRIFICATION.**

(a) It is the goal of the state of Minnesota to promote energy end uses powered by electricity in the building sector that result in a net reduction in greenhouse gas emissions and improvements to public health, consistent with the goal established under section 216H.02, subdivision 1.

(b) To the maximum reasonable extent, the implementation of beneficial electrification in the building sector should prioritize investment and activity in low-income and under-resourced communities, maintain or improve the quality of electricity service, maximize customer savings, improve the integration of renewable and carbon-free resources, and prioritize job creation.

Sec. 35. **[216B.248] PUBLIC UTILITY BENEFICIAL BUILDING ELECTRIFICATION.**

(a) A public utility may submit to the commission a plan to promote energy end uses powered by electricity within the public utility's service area in residential and commercial buildings. To the maximum reasonable extent, a plan must:

(1) maximize consumer savings over the lifetime of the investment;

(2) mitigate cost and avoid duplication with the utility's conservation improvement plan under section 216B.241;

(3) maintain or enhance the reliability of electricity service;

(4) quantify the acres of land needed for new generation, transmission, and distribution facilities to provide the additional electricity required under the plan;

(5) maintain or enhance public health and safety when temperatures fall below 25 degrees below zero Fahrenheit;

(6) support the integration of renewable and carbon-free resources;

(7) encourage demand response and load shape management opportunities and the use of energy storage that reduce overall system costs;

(8) prioritize electrification projects in economically disadvantaged communities;

(9) consider cost protections for low- and moderate-income customers;

(10) produce a net reduction in greenhouse gas emissions, based on the electricity generation portfolio of the public utility proposing the plan, or based on the electricity serving the end-use in the event that a public utility providing retail natural gas service proposes the plan, either over the lifetime of the conversion or by 2050, whichever is sooner; and

(11) consider local job impacts and give preference to proposals that maximize the creation of construction employment opportunities for local workers.

(b) The commission must approve, reject, or modify the public utility's plan, consistent with the public interest. Plans approved by the commission under this subdivision are eligible for cost recovery under section 216B.1645.

Sec. 36. **[216B.491] DEFINITIONS.**

Subdivision 1. **Scope.** For the purposes of sections 216B.491 to 216B.4991, the terms defined in this subdivision have the meanings given.

Subd. 2. **Ancillary agreement.** "Ancillary agreement" means any bond, insurance policy, letter of credit, reserve account, surety bond, interest rate lock or swap arrangement, liquidity or credit support arrangement, or other financial arrangement entered into in connection with energy transition bonds that is designed to promote the credit quality and marketability of energy transition bonds or to mitigate the risk of an increase in interest rates.

Subd. 3. **Assignee.** "Assignee" means any person to which an interest in energy transition property is sold, assigned, transferred, or conveyed, other than as security, and any successor to or subsequent assignee of the person.

Subd. 4. **Bondholder.** "Bondholder" means any holder or owner of energy transition bonds.

Subd. 5. **Clean energy resource.** "Clean energy resource" means:

(1) renewable energy, as defined in section 216B.2422, subdivision 1;

(2) an energy storage system; or

(3) energy efficiency and load management, as defined in section 216B.241, subdivision 1.

Subd. 6. **Customer.** "Customer" means a person who takes electric service from an electric utility for consumption of electricity in Minnesota.

Subd. 7. **Electric generating facility.** "Electric generating facility" means a facility that generates electricity, is owned in whole or in part by an electric utility, and is used to serve customers in Minnesota. Electric generating facility includes any interconnected infrastructure or facility used to transmit or deliver electricity to Minnesota customers.

Subd. 8. **Electric utility.** "Electric utility" means an electric utility providing electricity to Minnesota customers, including the electric utility's successors or assignees.

Subd. 9. **Energy storage system.** "Energy storage system" means a commercially available technology that uses mechanical, chemical, or thermal processes to:

(1) store energy and deliver the stored energy for use at a later time; or

(2) store thermal energy for direct use for heating or cooling at a later time in a manner that reduces the demand for electricity at the later time.

Subd. 10. **Energy transition bonds.** "Energy transition bonds" means low-cost corporate securities, including but not limited to senior secured bonds, debentures, notes, certificates of participation, certificates of beneficial interest, certificates of ownership, or other evidences of indebtedness or ownership that have a scheduled maturity of no longer than 30 years and a final legal maturity date that is not later than 32 years from the issue date, that are rated AA or Aa2 or better by a major independent credit rating agency at the time of issuance, and that are issued by an electric utility or an assignee under a financing order.

Subd. 11. **Energy transition charge.** "Energy transition charge" means a charge that:

(1) is imposed on all customer bills by an electric utility that is the subject of a financing order, or the electric utility's successors or assignees;

(2) is separate from the utility's base rates; and

(3) provides a source of revenue solely to repay, finance, or refinance energy transition costs.

Subd. 12. **Energy transition costs.** "Energy transition costs" means:

(1) as approved by the commission in a financing order issued under section 216B.492, the pretax costs that the electric utility has incurred or will incur that are caused by, associated with, or remain as a result of retiring or replacing electric generating facilities serving Minnesota retail customers; and

(2) pretax costs that an electric utility has previously incurred related to the closure or replacement of electric infrastructure or facilities occurring before the effective date of this act.

Energy transition costs do not include any monetary penalty, fine, or forfeiture assessed against an electric utility by a government agency or court under a federal or state environmental statute, rule, or regulation.

Subd. 13. **Energy transition property.** "Energy transition property" means:

(1) all rights and interests of an electric utility or successor or assignee of an electric utility under a financing order for the right to impose, bill, collect, receive, and obtain periodic adjustments to energy transition charges authorized under a financing order issued by the commission; and

(2) all revenue, collections, claims, rights to payments, payments, money, or proceeds arising from the rights and interests specified in clause (1), regardless of whether any are commingled with other revenue, collections, rights to payment, payments, money, or proceeds.

Subd. 14. **Energy transition revenue.** "Energy transition revenue" means revenue, receipts, collections, payments, money, claims, or other proceeds arising from energy transition property.

Subd. 15. **Financing costs.** "Financing costs" means:

(1) principal, interest, and redemption premiums that are payable on energy transition bonds;

(2) payments required under an ancillary agreement and amounts required to fund or replenish a reserve account or other accounts established under the terms of any indenture, ancillary agreement, or other financing document pertaining to the bonds;

(3) other demonstrable costs related to issuing, supporting, repaying, refunding, and servicing the bonds, including but not limited to servicing fees, accounting and auditing fees, trustee fees, legal fees, consulting fees, financial advisor fees, administrative fees, placement and underwriting fees, capitalized interest, rating agency fees, stock exchange listing and compliance fees, security registration fees, filing fees, information technology programming costs, and any other demonstrable costs necessary to otherwise ensure and guarantee the timely payment of the bonds or other amounts or charges payable in connection with the bonds;

(4) taxes and license fees imposed on the revenue generated from collecting an energy transition charge;

(5) state and local taxes, including franchise, sales and use, and other taxes or similar charges, including but not limited to regulatory assessment fees, whether paid, payable, or accrued; and

(6) costs incurred by the commission to hire and compensate additional temporary staff needed to perform the commission's responsibilities under this section and, in accordance with section 216B.494, to engage specialized counsel and expert consultants experienced in securitized electric utility ratepayer-backed bond financing similar to energy transition bonds.

Subd. 16. **Financing order.** "Financing order" means an order issued by the commission under section 216B.492 that authorizes an applicant to (1) issue energy transition bonds in one or more series, (2) impose, charge, and collect energy transition charges, and (3) create energy transition property.

Subd. 17. **Financing party.** "Financing party" means a holder of energy transition bonds and a trustee, collateral agent, a party under an ancillary agreement, or any other person acting for the benefit of energy transition bondholders.

Subd. 18. **Nonbypassable.** "Nonbypassable" means that the payment of an energy transition charge required to repay bonds and related costs may not be avoided by any retail customer located within an electric utility service area.

Subd. 19. **Pretax costs.** "Pretax costs" means costs approved by the commission, including but not limited to:

(1) unrecovered capitalized costs of retired or replaced electric generating facilities;

(2) costs to decommission and restore the site of an electric generating facility;

(3) other applicable capital and operating costs, accrued carrying charges, deferred expenses, reductions for applicable insurance, and salvage proceeds; and

(4) costs to retire any existing indebtedness, fees, costs, and expenses to modify existing debt agreements, or for waivers or consents related to existing debt agreements.

Subd. 20. **Successor.** "Successor" means a legal entity that succeeds by operation of law to the rights and obligations of another legal entity as a result of bankruptcy, reorganization, restructuring, other insolvency proceeding, merger, acquisition, consolidation, or sale or transfer of assets.

Sec. 37. **[216B.492] FINANCING ORDER.**

Subdivision 1. **Application.** (a) An electric utility that has received approval from the commission to retire an electric generating facility owned by the utility prior to the full depreciation of the electric generating facility's value may file an application with the commission for the issuance of a financing order to enable the utility to recover energy transition costs through the issuance of energy transition bonds under this section.

(b) The application must include all of the following information:

(1) a description of the electric generating facility to be retired;

(2) the undepreciated value remaining in the electric generating facility that is proposed to be financed through the issuance of bonds under sections 216B.491 to 216B.499, and the method used to calculate the amount;

(3) the estimated savings to electric utility customers if the financing order is issued as requested in the application, calculated by comparing the costs to customers that are expected to result from implementing the financing order and the estimated costs associated with implementing traditional electric utility financing mechanisms with respect to the same undepreciated balance, expressed in net present value terms;

(4) an estimated schedule for the electric generating facility's retirement;

(5) a description of the nonbypassable energy transition charge electric utility customers would be required to pay in order to fully recover financing costs, and the method and assumptions used to calculate the amount;

(6) a proposed methodology for allocating the revenue requirement for the energy transition charge among the utility's customer classes;

(7) a description of a proposed adjustment mechanism to be implemented when necessary to correct any overcollection or undercollection of energy transition charges, in order to complete payment of scheduled principal and interest on energy transition bonds and other financing costs in a timely fashion;

(8) a memorandum with supporting exhibits from a securities firm that is experienced in the marketing of bonds and that is approved by the commissioner of management and budget indicating the proposed issuance satisfies the current published AA or Aa2 or higher rating or equivalent rating criteria of at least one nationally recognized securities rating organization for issuances similar to the proposed energy transition bonds;

(9) an estimate of the timing of the issuance and the term of the energy transition bonds, or series of bonds, provided that the scheduled final maturity for each bond issuance does not exceed 30 years;

(10) identification of plans to sell, assign, transfer, or convey, other than as a security, interest in energy transition property, including identification of an assignee, and demonstration that the assignee is a financing entity wholly owned, directly or indirectly, by the electric utility;

(11) identification of ancillary agreements that may be necessary or appropriate;

(12) one or more alternative financing scenarios in addition to the preferred scenario contained in the application; and

(13) a workforce transition plan that includes estimates of:

(i) the number of workers currently employed at the electric generating facility to be retired by the electric utility and, separately reported, by contractors, including workers that directly deliver fuel to the electric generating facility;

(ii) the number of workers identified in item (i) who, as a result of the retirement of the electric generating facility:

(A) are offered employment by the electric utility in the same job classification;

(B) are offered employment by the electric utility in a different job classification;

(C) are not offered employment by the electric utility;

(D) are offered early retirement by the electric utility; and

(E) retire as planned; and

(iii) if the electric utility plans to replace the retiring generating facility with a new electric generating facility owned by the electric utility, the number of jobs at the new generating facility outsourced to contractors or subcontractors; and

(14) a plan to replace the retired electric generating facilities with other electric generating facilities owned by the utility or power purchase agreements that meet the requirements of subdivision 3, clause (15), and a schedule reflecting that the replacement resources are operational or available at the time the retiring electric generating facilities cease operation.

Subd. 2. **Findings.** After providing notice and holding a public hearing on an application filed under subdivision 1, the commission may issue a financing order if the commission finds that:

(1) the energy transition costs described in the application related to the retirement of electric generation facilities are reasonable;

(2) the proposed issuance of energy transition bonds and the imposition and collection of energy transition charges:

(i) are just and reasonable;

(ii) are consistent with the public interest;

(iii) constitute a prudent and reasonable mechanism to finance the energy transition costs described in the application; and

(iv) provide tangible and quantifiable benefits to customers that are substantially greater than the benefits that would have been achieved absent the issuance of energy transition bonds; and

(3) the proposed structuring, marketing, and pricing of the energy transition bonds:

(i) significantly lower overall costs to customers or significantly mitigate rate impacts to customers relative to traditional methods of financing; and

(ii) achieve the maximum net present value of customer savings, as determined by the commission in a financing order, consistent with market conditions at the time of sale and the terms of the financing order.

Subd. 3. **Contents.** (a) A financing order issued under this section must:

(1) determine the maximum amount of energy transition costs that may be financed from proceeds of energy transition bonds issued pursuant to the financing order;

(2) describe the proposed customer billing mechanism for energy transition charges and include a finding that the mechanism is just and reasonable;

(3) describe the financing costs that may be recovered through energy transition charges and the period over which the costs may be recovered, which must end no earlier than the date of final legal maturity of the energy transition bonds;

(4) describe the energy transition property that is created and that may be used to pay and secure the payment of the energy transition bonds and financing costs authorized in the financing order;

(5) authorize the electric utility to finance energy transition costs through the issuance of one or more series of energy transition bonds. An electric utility is not required to secure a separate financing order for each issuance of energy transition bonds or for each scheduled phase of the retirement or replacement of electric generating facilities approved in the financing order;

(6) include a formula-based mechanism that must be used to make expeditious periodic adjustments to the energy transition charge authorized by the financing order that are necessary to correct for any overcollection or undercollection, or to otherwise guarantee the timely payment of energy transition bonds, financing costs, and other required amounts and charges payable in connection with energy transition bonds;

(7) specify the degree of flexibility afforded to the electric utility in establishing the terms and conditions of the energy transition bonds, including but not limited to repayment schedules, expected interest rates, and other financing costs;

(8) specify that the energy transition bonds must be issued as soon as feasible following issuance of the financing order;

(9) require the electric utility, at the same time as energy transition charges are initially collected and independent of the schedule to close and decommission the electric generating facility, to remove the electric generating facility to be retired from the utility's rate base and commensurately reduce the utility's base rates;

(10) specify a future ratemaking process to reconcile any difference between the projected pretax costs included in the amount financed by energy transition bonds and the final actual pretax costs incurred by the electric utility to retire or replace the electric generating facility;

(11) specify information regarding bond issuance and repayments, financing costs, energy transaction charges, energy transition property, and related matters that the electric utility is required to provide to the commission on a schedule determined by the commission;

(12) allow and may require the creation of an electric utility's energy transition property to be conditioned on, and occur simultaneously with, the sale or other transfer of the energy transition property to an assignee and the pledge of the energy transition property to secure the energy transition bonds;

(13) ensure that the structuring, marketing, and pricing of energy transition bonds result in the lowest securitization bond charges and maximize net present value customer savings, consistent with market conditions and the terms of the financing order;

(14) specify that the electric utility is prohibited from, after the electric generating facilities subject to the finance order are removed from the electric utility's base rate:

(i) operating the electric generating facilities; or

(ii) selling the electric generating facilities to another entity to be operated as electric generating facilities; and

(15) specify that the electric utility must send a payment from energy transition bond proceeds equal to 15 percent of the net present value of electric utility cost savings estimated by the commission under subdivision 2, clause (3), item (ii), to the commissioner of employment and economic development for deposit in the energy worker transition account established in section 216B.4991, and that the balance of the proceeds:

(i) must not be used to acquire, construct, finance, own, operate, or purchase energy from an electric generating facility that is not powered by a clean energy resource; and

(ii) may be used to construct, finance, operate, own, or purchase energy from, an electric generating facility that complies with item (i), under conditions determined by the commission, including the capacity of generating assets, the estimated date the asset is placed into service, and any other factors deemed relevant by the commission, taking into account the electric utility's resource plan most recently approved by the commission under section 216B.2422.

(b) A financing order issued under this section may:

(1) include conditions different from those requested in the application that the commission determines are necessary to:

(i) promote the public interest; and

(ii) maximize the financial benefits or minimize the financial risks of the transaction to customers and to directly impacted Minnesota workers and communities; and

(2) specify the selection of one or more underwriters of the energy transition bonds.

Subd. 4. **Duration; irrevocability; subsequent order.** (a) A financing order remains in effect until the energy transition bonds issued under the financing order and all financing costs related to the bonds have been paid in full.

(b) A financing order remains in effect and unabated notwithstanding the bankruptcy, reorganization, or insolvency of the electric utility to which the financing order applies or any affiliate, successor, or assignee of the electric utility.

(c) Subject to judicial review as provided for in section 216B.52, a financing order is irrevocable and is not reviewable by future commissions. The commission may not reduce, impair, postpone, or terminate energy transition charges approved in a financing order, or impair energy transition property or the collection or recovery of energy transition revenue.

(d) Notwithstanding paragraph (c), the commission may, on the commission's own motion or at the request of an electric utility or any other person, commence a proceeding and issue a subsequent financing order that provides for refinancing, retiring, or refunding energy transition bonds issued under the original financing order if:

(1) the commission makes all of the findings specified in subdivision 2 with respect to the subsequent financing order; and

(2) the modification contained in the subsequent financing order does not in any way impair the covenants and terms of the energy transition bonds to be refinanced, retired, or refunded.

Subd. 5. **Effect on commission jurisdiction.** (a) Except as provided in paragraph (b), the commission, in exercising the powers and carrying out the duties under this section, is prohibited from:

(1) considering energy transition bonds issued under this section to be debt of the electric utility other than for income tax purposes, unless it is necessary to consider the energy transition bonds to be debt in order to achieve consistency with prevailing utility debt rating methodologies;

(2) considering the energy transition charges paid under the financing order to be revenue of the electric utility;

(3) considering the energy transition costs or financing costs specified in the financing order to be the regulated costs or assets of the electric utility; or

(4) determining any prudent action taken by an electric utility that is consistent with the financing order is unjust or unreasonable.

(b) Nothing in this subdivision:

(1) affects the authority of the commission to apply or modify any billing mechanism designed to recover energy transition charges;

(2) prevents or precludes the commission from investigating an electric utility's compliance with the terms and conditions of a financing order and requiring compliance with the financing order; or

(3) prevents or precludes the commission from imposing regulatory sanctions against an electric utility for failure to comply with the terms and conditions of a financing order or the requirements of this section.

(c) The commission is prohibited from refusing to allow the recovery of any costs associated with the retirement or replacement of electric generating facilities by an electric utility solely because the electric utility has elected to finance those activities through a financing mechanism other than energy transition bonds.

Sec. 38. **[216B.493] POST-ORDER COMMISSION DUTIES.**

Subdivision 1. **Financing cost review.** Within 120 days after the date energy transition bonds are issued, an electric utility subject to a financing order must file with the commission the actual initial and ongoing financing costs, the final structure and pricing of the energy transition bonds, and the actual energy transition charge. The commission must review the prudence of the electric utility's actions to determine whether the actual financing costs are the lowest that could reasonably be achieved given the terms of the financing order and market conditions prevailing at the time of the bond's issuance.

Subd. 2. **Enforcement.** If the commission determines that an electric utility's actions under this section are not prudent or are inconsistent with the financing order, the commission may apply any remedies available, provided that any remedy applied may not directly or indirectly impair the security for the energy transition bonds.

Sec. 39. **[216B.494] USE OF OUTSIDE EXPERTS.**

(a) In carrying out the duties under this section, the commission may:

(1) contract with outside consultants and counsel experienced in securitized electric utility customer-backed bond financing similar to energy transition bonds; and

(2) hire and compensate additional temporary staff as needed.

Expenses incurred by the commission under this paragraph must be treated as financing costs and included in the energy transition charge. The costs incurred under clause (1) are not an obligation of the state and are assigned solely to the transaction.

(b) If a utility's application for a financing order is denied or withdrawn for any reason and energy transition bonds are not issued, the commission's costs to retain expert consultants under this subdivision must be paid by the applicant utility and are deemed by the commission to be a prudent deferred expense eligible for recovery in the utility's future rates.

Sec. 40. **[216B.495] ENERGY TRANSITION CHARGE; BILLING TREATMENT.**

(a) An electric utility that obtains a financing order and causes energy transition bonds to be issued must:

(1) include on each customer's monthly electricity bill:

(i) a statement that a portion of the charges represents energy transition charges approved in a financing order;

(ii) the amount and rate of the energy transition charge as a separate line item titled "energy transition charge"; and

(iii) if energy transition property has been transferred to an assignee, a statement that the assignee is the owner of the rights to energy transition charges and that the electric utility or other entity, if applicable, is acting as a collection agent or servicer for the assignee; and

(2) file annually with the commission:

(i) a calculation of the impact that financing the retirement or replacement of electric generating facilities has had on customer electricity rates, by customer class; and

(ii) evidence demonstrating that energy transition revenues are applied solely to the repayment of energy transition bonds and other financing costs.

(b) Energy transition charges are nonbypassable and must be paid by all existing and future customers receiving service from the electric utility or the utility's successors or assignees under commission-approved rate schedules or special contracts.

(c) An electric utility's failure to comply with this section does not invalidate, impair, or affect any financing order, energy transition property, energy transition charge, or energy transition bonds, but does subject the electric utility to penalties under applicable commission rules.

Sec. 41. **[216B.496] ENERGY TRANSITION PROPERTY.**

Subdivision 1. **General.** (a) Energy transition property is an existing present property right or interest in a property right even though the imposition and collection of energy transition charges depends on the electric utility's collecting energy transition charges and on future electricity consumption. The property right or interest exists regardless of whether the revenues or proceeds arising from the energy transition property have been billed, have accrued, or have been collected.

(b) Energy transition property exists until all energy transition bonds issued under a financing order are paid in full and all financing costs and other costs of the energy transition bonds have been recovered in full.

(c) All or any portion of energy transition property described in a financing order issued to an electric utility may be transferred, sold, conveyed, or assigned to a successor or assignee that is wholly owned, directly or indirectly, by the electric utility and is created for the limited purpose of acquiring, owning, or administering energy transition property or issuing energy transition bonds as authorized by the financing order. All or any portion of energy transition property may be pledged to secure energy transition bonds issued under a financing order, amounts payable to financing parties and to counterparties under any ancillary agreements, and other financing costs. Each transfer, sale, conveyance, assignment, or pledge by an electric utility or an affiliate of an electric utility is a transaction in the ordinary course of business.

(d) If an electric utility defaults on any required payment of charges arising from energy transition property described in a financing order, a court, upon petition by an interested party and without limiting any other remedies available to the petitioner, must order the sequestration and payment of the revenues arising from the energy transition property to the financing parties.

(e) The interest of a transferee, purchaser, acquirer, assignee, or pledgee in energy transition property specified in a financing order issued to an electric utility, and in the revenue and collections arising from that property, is not subject to setoff, counterclaim, surcharge, or defense by the electric utility or any other person, or in connection with the reorganization, bankruptcy, or other insolvency of the electric utility or any other entity.

(f) A successor to an electric utility, whether resulting from a reorganization, bankruptcy, or other insolvency proceeding, merger or acquisition, sale, other business combination, transfer by operation of law, electric utility restructuring, or otherwise, must perform and satisfy all obligations of, and has the same duties and rights under, a financing order as the electric utility to which the financing order applies, and must perform the duties and exercise the rights in the same manner and to the same extent as the electric utility, including collecting and paying to any person entitled to receive revenues, collections, payments, or proceeds of energy transition property.

Subd. 2. **Security interests in energy transition property.** (a) The creation, perfection, and enforcement of any security interest in energy transition property to secure the repayment of the principal and interest on energy transition bonds, amounts payable under any ancillary agreement, and other financing costs are governed solely by this section.

(b) A security interest in energy transition property is created, valid, and binding when:

(1) the financing order that describes the energy transition property is issued;

(2) a security agreement is executed and delivered; and

(3) value is received for the energy transition bonds.

(c) Once a security interest in energy transition property is created, the security interest attaches without any physical delivery of collateral or any other act. The lien of the security interest is valid, binding, and perfected against all parties having claims of any kind in tort, contract, or otherwise against the person granting the security interest, regardless of whether the parties have notice of the lien, upon the filing of a financing statement with the secretary of state.

(d) The description or indication of energy transition property in a transfer or security agreement and a financing statement is sufficient only if the description or indication refers to this section and the financing order creating the energy transition property.

(e) A security interest in energy transition property is a continuously perfected security interest and has priority over any other lien, created by operation of law or otherwise, which may subsequently attach to the energy transition property unless the holder of the security interest has agreed otherwise in writing.

(f) The priority of a security interest in energy transition property is not affected by the commingling of energy transition property or energy transition revenue with other money. An assignee, bondholder, or financing party has a perfected security interest in the amount of all energy transition property or energy transition revenue that is pledged to pay energy transition bonds, even if the energy transition property or energy transition revenue is deposited in a cash or deposit account of the electric utility in which the energy transition revenue is commingled with other money. Any other security interest that applies to the other money does not apply to the energy transition revenue.

(g) Neither a subsequent commission order amending a financing order under section 216B.492, subdivision 4, nor application of an adjustment mechanism, authorized by a financing order under section 216B.492, subdivision 3, affects the validity, perfection, or priority of a security interest in or transfer of energy transition property.

(h) A valid and enforceable security interest in energy transition property is perfected only when it has attached and when a financing order has been filed with the secretary of state in accordance with procedures the secretary of state may establish. The financing order must name the pledgor of the energy transition property as debtor and identify the property.

Subd. 3. **Sales of energy transition property.** (a) A sale, assignment, or transfer of energy transition property is an absolute transfer and true sale of, and not a pledge of or secured transaction relating to, the seller's right, title, and interest in, to, and under the energy transition property if the documents governing the transaction expressly state that the transaction is a sale or other absolute transfer. A transfer of an interest in energy transition property may be created when:

(1) the financing order creating and describing the energy transition property is effective;

(2) the documents evidencing the transfer of the energy transition property are executed and delivered to the assignee; and

(3) value is received.

(b) A transfer of an interest in energy transition property must be filed with the secretary of state against all third persons and perfected under sections 336.9-301 to 336.9-342, including any judicial lien or other lien creditors or any claims of the seller or creditors of the seller, other than creditors holding a prior security interest, ownership interest, or assignment in the energy transition property previously perfected under this subdivision or subdivision 2.

(c) The characterization of a sale, assignment, or transfer as an absolute transfer and true sale, and the corresponding characterization of the property interest of the assignee is not affected or impaired by:

(1) commingling of energy transition revenue with other money;

(2) the retention by the seller of:

(i) a partial or residual interest, including an equity interest, in the energy transition property, whether direct or indirect, or whether subordinate or otherwise; or

(ii) the right to recover costs associated with taxes, franchise fees, or license fees imposed on the collection of energy transition revenue;

(3) any recourse that the purchaser may have against the seller;

(4) any indemnification rights, obligations, or repurchase rights made or provided by the seller;

(5) an obligation of the seller to collect energy transition revenues on behalf of an assignee;

(6) the treatment of the sale, assignment, or transfer for tax, financial reporting, or other purposes;

(7) any subsequent financing order amending a financing order under section 216B.492, subdivision 4, paragraph (d); or

(8) any application of an adjustment mechanism under section 216B.492, subdivision 3, paragraph (a), clause (6).

Sec. 42. **[216B.497] ENERGY TRANSITION BONDS.**

(a) Banks, trust companies, savings and loan associations, insurance companies, executors, administrators, guardians, trustees, and other fiduciaries may legally invest any money within the individual's or entity's control in energy transition bonds.

(b) Energy transition bonds issued under a financing order are not debt of or a pledge of the faith and credit or taxing power of the state, any agency of the state, or any political subdivision. Holders of energy transition bonds may not have taxes levied by the state or a political subdivision in order to pay the principal or interest on energy transition bonds. The issuance of energy transition bonds does not directly, indirectly, or contingently obligate the state or a political subdivision to levy any tax or make any appropriation to pay principal or interest on the energy transition bonds.

(c) The state pledges to and agrees with holders of energy transition bonds, any assignee, and any financing parties that the state must not:

(1) take or permit any action that impairs the value of energy transition property; or

(2) reduce, alter, or impair energy transition charges that are imposed, collected, and remitted for the benefit of holders of energy transition bonds, any assignee, and any financing parties, until any principal, interest, and redemption premium payable on energy transition bonds, all financing costs, and all amounts to be paid to an assignee or financing party under an ancillary agreement are paid in full.

(d) A person who issues energy transition bonds may include the pledge specified in paragraph (c) in the energy transition bonds, ancillary agreements, and documentation related to the issuance and marketing of the energy transition bonds.

Sec. 43. **[216B.498] ASSIGNEE OF FINANCING PARTY NOT SUBJECT TO COMMISSION REGULATION.**

An assignee or financing party that is not already regulated by the commission does not become subject to commission regulation solely as a result of engaging in any transaction authorized by or described in sections 216B.491 to 216B.499.

Sec. 44. **[216B.499] EFFECT ON OTHER LAWS.**

(a) If any provision of sections 216B.491 to 216B.499 conflicts with any other law regarding the attachment, assignment, perfection, effect of perfection, or priority of any security interest in or transfer of energy transition property, sections 216B.491 to 216B.499 govern.

(b) Nothing in this subdivision precludes an electric utility for which the commission has initially issued a financing order from applying to the commission for:

(1) a subsequent financing order amending the financing order under section 216B.492, subdivision 4, paragraph (d); or

(2) approval to issue energy transition bonds to refund all or a portion of an outstanding series of energy transition bonds.

Sec. 45. **[216B.4991] ENERGY WORKER TRANSITION ACCOUNT.**

Subdivision 1. **Account established.** The energy worker transition account is established as a separate account in the special revenue fund in the state treasury. The commissioner of employment and economic development must credit to the account appropriations and transfers to the account, and payments of proceeds from the sale of bonds realized by an electric utility operating under a financing order issued by the commission under section 216B.492. Earnings, including but not limited to 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 expended. The commissioner of employment and economic development must manage the account.

Subd. 2. **Expenditures.** (a) Money in the account may be used only to provide assistance to workers whose employment was terminated by an electric utility that has ceased operation and issued bonds under a financing order issued by the Public Utilities Commission under section 216B.492. The types of assistance that may be provided from the account are:

(1) transition, support, and training services listed under section 116L.17, subdivision 4, clauses (1) to (5);

(2) employment and training services, as defined in section 116L.19, subdivision 4;

(3) income maintenance and support services, as defined in section 116L.19, subdivision 5;

(4) assistance to workers in starting a business, as described in section 116L.17, subdivision 11; and

(5) extension of unemployment benefits.

(b) No more than five percent of the money in the account may be used to pay the department's costs to administer the account.

(c) The commissioner may make grants to a state or local government unit, nonprofit organization, community action agency, business organization or association, or labor organization to provide the services allowed under this subdivision. No more than ten percent of the money allocated to a grantee may be used to pay administrative costs.

Sec. 46. Minnesota Statutes 2020, section 216E.03, subdivision 10, is amended to read:

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 shall require as a condition of permit issuance that the recipient of a site permit to construct a large electric power generating plant and all of the permit recipient's construction contractors and subcontractors on the project pay no less than the prevailing wage rate, as defined in section 177.42. The commission shall also require as a condition of modifying a site permit for a large electric power generating plant repowering project, as defined in section 216B.243, subdivision 8, paragraph (b), that the recipient of the site permit and all of the permit recipient's construction contractors and subcontractors on the repowering project pay no less than the prevailing wage rate, as defined in section 177.42.

(d) The commission may require as a condition of permit issuance that the recipient of a site permit to construct a large electric power generating plant and all of the permit recipient's construction contractors and subcontractors on the project participate in apprenticeship programs that are registered with the Department of Labor and Industry or the Office of Apprenticeship of the United States Department of Labor for the relevant work on the project. The commission may also require as a condition of modifying a site permit for a large electric power generating plant repowering project, as defined in section 216B.243, subdivision 8, paragraph (b), that the recipient of the site permit and all of the permit recipient's construction contractors and subcontractors on the repowering project participate in apprenticeship programs that are registered with the Department of Labor and Industry or the Office of Apprenticeship of the United States Department of Labor for the relevant work on the project. When deciding whether to require participation in apprenticeship programs that are registered with the Department of Labor and Industry or the Office of Apprenticeship of the United States Department of Labor under this paragraph, the commission shall consider relevant factors, including the direct and indirect economic impact as well as the quality, efficiency, and safety of construction on the project.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 47. Minnesota Statutes 2020, section 216F.04, is amended to read:

216F.04 SITE PERMIT.

(a) No person may construct an LWECS without a site permit issued by the Public Utilities Commission.

(b) Any person seeking to construct an LWECS shall submit an application to the commission for a site permit in accordance with this chapter and any rules adopted by the commission. The permitted site need not be contiguous land.

(c) The commission shall make a final decision on an application for a site permit for an LWECS within 180 days after acceptance of a complete application by the commission. The commission may extend this deadline for cause.

(d) The commission may place conditions in a permit and may deny, modify, suspend, or revoke a permit.

(e) The commission shall require as a condition of permit issuance that the recipient of a site permit to construct an LWECS with a nameplate capacity above 25,000 kilowatts and all of the permit recipient's construction contractors and subcontractors on the project pay no less than the prevailing wage rate, as defined in section 177.42. The commission shall also require as a condition of modifying a site permit for an LWECS repowering project as defined in section 216B.243, subdivision 8, paragraph (b), that the recipient of the site permit and all of the permit recipient's construction contractors and subcontractors on the repowering project pay no less than the prevailing wage rate, as defined in section 177.42.

(f) The commission may require as a condition of permit issuance that the recipient of a site permit to construct an LWECS with a nameplate capacity above 25,000 kilowatts and all of the permit recipient's construction contractors and subcontractors on the project participate in apprenticeship programs that are registered with the Department of Labor and Industry or the Office of Apprenticeship of the United States Department of Labor for the relevant work on the project. The commission may also require as a condition of modifying a site permit for an LWECS repowering project as defined in section 216B.243, subdivision 8, paragraph (b), that the recipient of the site permit and all of the permit recipient's construction contractors and subcontractors on the repowering project participate in apprenticeship programs that are registered with the Department of Labor and Industry or the Office of Apprenticeship of the United States Department of Labor for the relevant work on the project. When deciding whether to require participation in apprenticeship programs that are registered with the Department of Labor and Industry or the Office of Apprenticeship of the United States Department of Labor under this paragraph, the commission shall consider relevant factors, including the direct and indirect economic impact as well as the quality, efficiency, and safety of construction on the project.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 48. **PUBLIC UTILITIES COMMISSION; EVALUATION OF THE ROLE OF NATURAL GAS UTILITIES IN ACHIEVING STATE GREENHOUSE GAS REDUCTION GOALS.**

By August 1, 2021, the Public Utilities Commission must initiate a proceeding to evaluate changes to natural gas utility regulatory and policy structures needed to support the state's greenhouse gas emissions reductions goals, including those established in Minnesota Statutes, section 216H.02, subdivision 1, and to achieve net zero greenhouse gas emissions by 2050, as determined by the Intergovernmental Panel on Climate Change.

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

Sec. 49. **APPROPRIATIONS.**

Subdivision 1. **Construction materials; environmental impact study.** (a) $100,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of administration to complete the study required under this section. This is a onetime appropriation.

(b) The commissioner of administration must contract with the Center for Sustainable Building Research at the University of Minnesota to examine the feasibility, economic costs, and environmental benefits of requiring a bid that proposes to use or construct one or more eligible materials in the construction or major renovation of a new state building to include a supply-chain specific type III environmental product declaration for each of those materials, which information must be taken into consideration in making a contract award. In conducting the study, the Center for Sustainable Building Research must examine and evaluate similar programs adopted in other states.

(c) By February 1, 2022, the commissioner of administration must submit the findings and recommendations of the study to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over environmental policy.

(d) For purposes of this section, the following terms have the meanings given:

(1) "eligible materials" means any of the following materials that function as part of a structural system or structural assembly:

(i) concrete, including structural cast in place, shortcrete, and precast;

(ii) unit masonry;

(iii) metal of any type; and

(iv) wood of any type, including but not limited to wood composites and wood-laminated products;

(2) "engineered wood" means a product manufactured by banding or fixing strands, particles, fiber, or veneers of boards of wood by means of adhesives, combined with heat and pressure, or other methods to form composite material;

(3) "state building" means a building owned by the state of Minnesota;

(4) "structural" means a building material or component that supports gravity loads of building floors, roofs, or both, and is the primary lateral system resisting wind and earthquake loads, including but not limited to shear walls, braced or moment frames, foundations, below-grade walls, and floors;

(5) "supply-chain specific" means an environmental product declaration that includes supply-chain specific data for production processes that contribute to 80 percent or more of a product's lifecycle global warming potential. For engineered wood products, "supply-chain specific" also means an environmental product declaration that reports:

(i) any chain of custody certification; and

(ii) the percentage of wood, by volume, used in the product that is sourced:

(A) by state or province and country;

(B) by type of owner, whether federal, state, private, or other; and

(C) with forest management certification; and

(6) "type III environmental product declaration" means a document verified and registered by a third party that contains a life-cycle assessment of the environmental impacts, including but not limited to the use of water, land, and energy resources in the manufacturing process, of a specific product constructed or manufactured by a specific firm and that meets the applicable standards developed and maintained for such assessments by the International Organization for Standardization (ISO).

Subd. 2. **Natural gas innovation plan; implementation.** (a) $189,000 in fiscal year 2022 and $189,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce for activities associated with a utility's implementation of a natural gas innovation plan under Minnesota Statutes, section 216B.2427.

(b) $112,000 in fiscal year 2022 and $112,000 in fiscal year 2023 are appropriated from the general fund to the Public Utilities Commission for the activities associated with a utility's implementation of a natural gas innovation plan under Minnesota Statutes, section 216B.2427.

Subd. 3. **Energy Transition Office.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $450,000 in fiscal year 2022 and $450,000 in fiscal year 2023 are appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of employment and economic development to operate the Energy Transition Office established under Minnesota Statutes, section 116J.5491.

Subd. 4. **Minnesota Innovation Finance Authority.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $10,000,000 in fiscal year 2022 is appropriated from the renewable development account established under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to transfer to the Minnesota Innovation Finance Authority established under Minnesota Statutes, section 216C.441. This is a onetime appropriation. Of this amount, the Minnesota Innovation Finance Authority may obligate up to $50,000 for start-up expenses, including but not limited to expenses incurred prior to incorporation.

Subd. 5. **Beneficial electrification.** (a) $30,000 in fiscal year 2022 and $30,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce to participate in Public Utilities Commission proceedings regarding utility beneficial electrification plans, as described in section 35.

(b) $56,000 in fiscal year 2022 and $28,000 in fiscal year 2023 are appropriated from the general fund to the Public Utilities Commission for activities associated with utility beneficial electrification plans, as described in section 35.

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

Sec. 50. **REPEALER.**

Minnesota Statutes 2020, section 216B.1691, subdivision 2, is repealed.

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

ARTICLE 3
CLIMATE CHANGE

Section 1. **[16B.312] CONSTRUCTION MATERIALS; ENVIRONMENTAL ANALYSIS.**

Subdivision 1. **Title.** This act may be known and cited as the "Buy Clean and Buy Fair Minnesota Act."

Subd. 2. **Definitions.** For purposes of this section, the following terms have the meanings given.

(a) "Carbon steel" means steel in which the main alloying element is carbon and whose properties are chiefly dependent on the percentage of carbon present.

(b) "Department" means the Department of Administration.

(c) "Eligible material category" means:

(1) carbon steel rebar;

(2) structural steel;

(3) photovoltaic devices, as defined in section 216C.06, subdivision 16; or

(4) an energy storage system, as defined in section 216B.2421, subdivision 1, paragraph (f), that is installed as part of an eligible project.

(d) "Eligible project" means:

(1) new construction of a state building larger than 50,000 gross square feet of occupied or conditioned space; or

(2) renovation of more than 50,000 gross square feet of occupied or conditioned space in a state building whose renovation cost exceeds 50 percent of the building's assessed value.

(e) "Environmental product declaration" means a supply chain specific type III environmental product declaration that:

(1) contains a lifecycle assessment of the environmental impacts of manufacturing a specific product by a specific firm, including the impacts of extracting and producing the raw materials and components that compose the product;

(2) is verified and registered by a third party; and

(3) meets the applicable standards developed and maintained for such assessments by the International Organization for Standardization (ISO).

(f) "Global warming potential" has the meaning given in section 216H.10, subdivision 5.

(g) "Greenhouse gas" has the meaning given to statewide greenhouse gas emissions in section 216H.01, subdivision 2.

(h) "Lifecycle" means an analysis that includes the environmental impacts of all stages of a specific product's production, from mining and processing the product's raw materials to the process of manufacturing the product.

(i) "Rebar" means a steel reinforcing bar or rod encased in concrete.

(j) "State building" means a building whose construction or renovation is funded wholly or partially from the proceeds of bonds issued by the state of Minnesota.

(k) "Structural steel" means steel that is classified by the shapes of its cross-sections, such as I, T, and C shapes.

(l) "Supply chain specific" means an environmental product declaration that includes specific data for the production processes of the materials and components composing a product that contribute at least 80 percent of the product's lifecycle global warming potential, as defined in International Organization for Standardization standard 21930.

Subd. 3. **Standard; maximum global warming potential.** (a) No later than September 1, 2022, the commissioner shall establish and publish a maximum acceptable global warming potential for each eligible material used in an eligible project, in accordance with the following requirements:

(1) the commissioner shall, after considering nationally or internationally recognized databases of environmental product declarations for an eligible material category, establish the maximum acceptable global warming potential at the industry average global warming potential for that eligible material category; and

(2) the commissioner may set different maximums for different specific products within each eligible material category.

The global warming potential shall be provided in a manner that is consistent with criteria in an environmental product declaration.

(b) No later than September 1, 2025, and every three years thereafter, the commissioner shall review the maximum acceptable global warming potential for each eligible materials category and for specific products within an eligible materials category established under paragraph (a). The commissioner may adjust those values downward for any eligible material category or product to reflect industry improvements if the commissioner, based on the process described in paragraph (a), clause (1), determines that the industry average has declined. The commissioner must not adjust the maximum acceptable global warming potential upward for any eligible material category or product.

Subd. 4. **Bidding process.** (a) Except as provided in paragraph (c), the department shall require in a specification for bids for an eligible project that the global warming potential reported by a bidder in the environmental product declaration for any eligible material category must not exceed the maximum acceptable global warming potential for that eligible material category or product established under subdivision 2. The department may require in a specification for bids for an eligible project a global warming potential for any eligible material that is lower than the maximum acceptable global warming potential for that material established under subdivision 2.

(b) Except as provided in paragraph (c), a successful bidder for a contract must not use or install any eligible material on the project until the commissioner has provided notice to the bidder in writing that the commissioner has determined that a supply chain-specific environmental product declaration submitted by the bidder for that material meets the requirements of this subdivision.

(c) A bidder may be exempted from the requirements of paragraphs (a) and (b) if the commissioner determines that complying with the provisions of paragraph (a) would create financial hardship for the bidder. The commissioner shall make a determination of hardship if the commissioner finds that:

(1) the bidder has made a good faith effort to obtain the data required in an environmental product declaration; and

(2) the bidder has provided all the data obtained in pursuit of an environmental product declaration to the commissioner; and

(3) based on a detailed estimate of the costs of obtaining an environmental product declaration, and taking into consideration the bidder's annual gross revenues, complying with paragraph (a) would cause the bidder financial hardship; or

(4) complying with paragraph (a) would disrupt the bidder's ability to perform contractual obligations.

Subd. 5. **Pilot program.** (a) No later than July 1, 2022, the department must establish a pilot program that seeks to obtain from vendors an estimate of the lifecycle greenhouse gas emissions, including greenhouse gas emissions from mining raw materials, of products selected by the department from among the products the department procures. The pilot program must encourage but must not require a product vendor to submit the following data for each selected product that represents at least 90 percent of the total cost of the materials or components used in the selected product:

(1) the quantity of the product purchased by the department;

(2) a current environmental product declaration for the product;

(3) the name and location of the product's manufacturer;

(4) a copy of the product vendor's Supplier Code of Conduct, if any;

(5) names and locations of the product's actual production facilities; and

(6) an assessment of employee working conditions at the product's actual production facilities.

(b) The department must construct a publicly accessible database posted on the department's website containing the data reported under this subdivision. The data must be reported in a manner that precludes, directly, or in combination with other publicly available data, the identification of the product manufacturer.

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

Sec. 2. Minnesota Statutes 2020, section 216H.02, subdivision 1, is amended to read:

Subdivision 1. **Greenhouse gas emissions-reduction goal.** (a) It is the goal of the state to reduce statewide greenhouse gas emissions across all sectors producing those emissions ~~to a level at least 15 percent below 2005 levels by 2015, to a level at least 30 percent below 2005 levels by 2025, and to a level at least 80 percent below 2005 levels by 2050.~~ by at least the following amounts, compared with the level of emissions in 2005:

(1) 15 percent by 2015;

(2) 30 percent by 2025;

(3) 45 percent by 2030; and

(4) net zero by 2050.

(b) The ~~levels~~ targets shall be reviewed ~~based on the climate change action plan study.~~ annually by the commissioner of the Pollution Control Agency, taking into account the latest scientific research on the impacts of climate change and strategies to reduce greenhouse gas emissions published by the Intergovernmental Panel on Climate Change. The commissioner shall forward any recommended changes to the targets to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over climate change and environmental policy.

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

Sec. 3. **[239.7912] FUTURE FUELS ACT.**

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

(b) "Carbon dioxide equivalent" means the number of metric tons of carbon dioxide emissions that have the same global warming potential as one metric ton of another greenhouse gas.

(c) "Carbon intensity" means the quantity of life cycle greenhouse gas emissions associated with a unit of a specific transportation fuel, expressed in grams of carbon dioxide equivalent per megajoule of transportation fuel, as calculated by the most recent version of Argonne National Laboratory's GREET model and adapted to Minnesota by the department through rulemaking or administrative process.

(d) "Clean fuel" means a transportation fuel that has a carbon intensity level that is below the clean fuels carbon intensity standard in a given year.

(e) "Credit" means a unit of measure equal to one metric ton of carbon dioxide equivalent, and that serves as a quantitative measure of the degree to which a fuel provider's transportation fuel volume is lower than the carbon intensity embodied in an applicable clean fuels standard.

(f) "Credit generator" means an entity involved in supplying a clean fuel.

(g) "Deficit" means a unit of measure (1) equal to one metric ton of carbon dioxide equivalent, and (2) that serves as a quantitative measure of the degree to which a fuel provider's volume of transportation fuel is greater than the carbon intensity embodied in an applicable future fuels standard.

(h) "Deficit generator" means a fuel provider who generates deficits and who first produces or imports a transportation fuel for use in Minnesota.

(i) "Fuel life cycle" means the total aggregate greenhouse gas emissions resulting from all stages of a fuel pathway for a specific transportation fuel.

(j) "Fuel pathway" means a detailed description of all stages of a transportation fuel's production and use, including extraction, processing, transportation, distribution, and combustion or use by an end-user.

(k) "Fuel provider" means an entity that supplies a transportation fuel for use in Minnesota.

(l) "Global warming potential" or "GWP" means a quantitative measure of a greenhouse gas emission's potential to contribute to global warming over a 100-year period, expressed in terms of the equivalent carbon dioxide emission needed to produce the same 100-year warming effect.

(m) "Greenhouse gas" means carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, or sulfur hexafluoride.

(n) "Motor vehicle" has the meaning given in section 169.011, subdivision 42.

(o) "Relevant petroleum-only portion of transportation fuels" means the component of gasoline or diesel fuel prior to blending with ethanol, biodiesel, or other biofuel.

(p) "Technology provider" means a manufacturer of an end-use consumer technology involved in supplying clean fuels.

(q) "Transportation fuel" means electricity or a liquid or gaseous fuel that (1) is blended, sold, supplied, offered for sale, or used to propel a motor vehicle, including but not limited to train, light rail vehicle, ship, aircraft, forklift, or other road or nonroad vehicle in Minnesota, and (2) meets applicable standards, specifications, and testing requirements under this chapter. Transportation fuel includes but is not limited to electricity used as fuel in a motor vehicle, gasoline, diesel, ethanol, biodiesel, renewable diesel, propane, renewable propane, natural gas, renewable natural gas, hydrogen, aviation fuel, and biomethane.

Subd. 2. **Clean fuels standard; establishment by rule; goals.** (a) No later than..., the commissioner must begin the process to adopt rules under chapter 14 that implement a clean fuels standard and other provisions of this section. The timing requirement to publish a notice of intent to adopt rules or notice of hearing under section 14.125 does not apply to rules adopted under this subdivision.

(b) The commissioner must consult with the commissioners of transportation, agriculture, and the Pollution Control Agency when developing the rules under this subdivision. The commissioner may gather input from stakeholders through various means, including a task force, working groups, and public workshops. The

commissioner, collaborating with the Department of Transportation, may consult with stakeholders, including but not limited to fuel providers; consumers; rural, urban, and Tribal communities; agriculture; environmental and environmental justice organizations; technology providers; and other businesses.

(c) When developing the rule, the commissioner must endeavor to make available to Minnesota a fuel-neutral clean fuels portfolio that:

(1) creates broad rural and urban economic development;

(2) provides benefits for communities, consumers, clean fuel providers, technology providers, and feedstock suppliers;

(3) increases energy security from expanded reliance on domestically produced fuels;

(4) supports equitable transportation electrification that benefits all communities and is powered primarily with low-carbon and carbon-free electricity;

(5) improves air quality and public health, targeting communities that bear a disproportionate health burden from transportation pollution;

(6) supports state solid waste recycling goals by facilitating credit generation from renewable natural gas produced from organic waste;

(7) aims to support, through credit generation or other financial means, voluntary farmer-led efforts to adopt agricultural practices that benefit soil health and water quality while contributing to lower life cycle greenhouse gas emissions from clean fuel feedstocks;

(8) maximizes benefits to the environment and natural resources, develops safeguards and incentives to protect natural lands, and enhances environmental integrity, including biodiversity; and

(9) is the result of extensive outreach efforts to stakeholders and communities that bear a disproportionate health burden from pollution from transportation or from the production and transportation of transportation fuels.

Subd. 3. **Clean fuels standard; establishment.** (a) A clean fuels standard is established that requires the aggregate carbon intensity of transportation fuel supplied to Minnesota be reduced to at least 20 percent below the 2018 baseline level by the end of 2035. In consultation with the Pollution Control Agency, Department of Agriculture, and Department of Transportation, the commissioner must establish by rule a schedule of annual standards that steadily decreases the carbon intensity of transportation fuels.

(b) When determining the schedule of annual standards, the commissioner must consider the cost of compliance, the technologies available to a provider to achieve the standard, the need to maintain fuel quality and availability, and the policy goals under subdivision 2, paragraph (c).

(c) Nothing in this chapter precludes the department from adopting rules that allow the generation of credits associated with electric or alternative transportation fuels or infrastructure that existed prior to the effective date of this section or the start date of program requirements.

Subd. 4. **Clean fuels standard; baseline calculation.** The department must calculate the baseline carbon intensity of the relevant petroleum-only portion of transportation fuels for the 2018 calendar year after reviewing and considering the best available applicable scientific data and calculations.

Subd. 5. **Clean fuels standard; compliance.** A deficit generator may comply with this section by:

(1) producing or importing transportation fuels whose carbon intensity is at or below the level of the applicable year's standard; or

(2) purchasing sufficient credits to offset any aggregate deficits resulting from the carbon intensity of the deficit generator's transportation fuels exceeding the applicable year's standard.

Subd. 6. **Clean fuel credits.** The commissioner must establish by rule a program for tradeable credits and deficits. The commissioner must adopt rules to fairly and reasonably operate a credit market that may include:

(1) a market mechanism that allows credits to be traded or banked for future use;

(2) transaction fees associated with the credit market; and

(3) procedures to verify the validity of credits and deficits generated by a fuel provider under this section.

Subd. 7. **Fuel pathway and carbon intensity determination.** The commissioner must establish a process to determine the carbon intensity of transportation fuels, including but not limited to the review by the commissioner of a fuel pathway submitted by a fuel provider. Fuel pathways must be calculated using the most recent version of the Argonne National Laboratory's GREET model adapted to Minnesota, as determined by the commissioner. The fuel pathway determination process must (1) be consistent for all fuel types, (2) be science- and engineering-based, and (3) reflect differences in vehicle fuel efficiency and drive trains. The commissioner must consult with the Department of Agriculture, Department of Transportation, and Pollution Control Agency to determine fuel pathways, and may coordinate with third-party entities or other states to review and approve pathways to reduce the administrative cost.

Subd. 8. **Fuel provider reports.** The commissioner must collaborate with the Department of Transportation, Department of Agriculture, Pollution Control Agency, and the Public Utilities Commission to develop a process, including forms developed by the commissioner, for credit and deficit generators to submit required compliance reporting.

Subd. 9. **Enforcement.** The commissioner of commerce may enforce this section under section 45.027.

Subd. 10. **Report to legislature.** No later than 48 months after the effective date of a rule implementing a clean fuels standard, the commissioner must submit a report detailing program implementation to the chairs and ranking minority members of the senate and house committees with jurisdiction over transportation and climate change. The commissioner must make summary information on the program available to the public.

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

Sec. 4. **INTEGRATING GREENHOUSE GAS REDUCTIONS INTO STATE ACTIVITIES; PLAN.**

By February 15, 2022, the Climate Change Subcabinet established in Executive Order 19-37 must provide to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over climate and energy a preliminary report on a Climate Transition Plan for incorporating the statewide greenhouse gas emission reduction targets under Minnesota Statutes, section 216H.02, subdivision 1, into all aspects of state agency activities, including but not limited to planning, awarding grants, purchasing, regulating, funding, and permitting. The preliminary report must identify statutory changes required for this purpose. The Pollution Control Agency must collaborate with the Department of Administration to estimate greenhouse gas emissions from governmental activities. The final Climate Transition Plan is due August 1, 2022, and must identify any additional resources required to implement the plan's recommendations.

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

Sec. 5. **SMALL-AREA CLIMATE MODEL PROJECTIONS FOR MINNESOTA.**

(a) The Board of Regents of the University of Minnesota is requested to conduct a study that generates climate model projections for the entire state of Minnesota at a level of detail as small as three square miles in area. At a minimum, the study must:

(1) use resources at the Minnesota Supercomputing Institute to analyze high-performing climate models under varying greenhouse gas emissions scenarios and develop a series of projections of temperature, precipitation, snow cover, and a variety of other climate parameters through the year 2100;

(2) downscale the climate impact results under clause (1) to areas as small as three square miles;

(3) develop a publicly accessible data portal website to:

(i) allow other universities, nonprofit organizations, businesses, and government agencies to use the model projections; and

(ii) educate and train users to use the data most effectively; and

(4) incorporate information on how to use the model results in the University of Minnesota Extension's climate education efforts, in partnership with the Minnesota Climate Adaptation Partnership.

(b) In conjunction with the study, the university must conduct at least two "train the trainer" workshops for state agencies, municipalities, and other stakeholders to educate attendees regarding how to use and interpret the model data as a basis for climate adaptation and resilience efforts.

(c) Beginning July 1, 2022, and continuing each July 1 through 2024, the University of Minnesota must provide a written report to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over agriculture, energy, and environment. The report must document the progress made on the study and study results and must note any obstacles encountered that could prevent successful completion of the study.

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

Sec. 6. **APPROPRIATIONS.**

Subdivision 1. **Buy clean, buy fair.** $176,000 in fiscal year 2022 and $40,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of administration for costs to establish (1) maximum global warming potential standards for certain construction materials, and (2) the pilot program for vendors under Minnesota Statutes, section 16B.312. The base in fiscal year 2024 is $40,000 and the base in fiscal year 2025 is $90,000. The base in fiscal year 2026 is $0.

Subd. 2. **Clean fuels report.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $100,000 in fiscal year 2022 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to pay for costs incurred to create the report under Minnesota Statutes, section 239.7912, subdivision 10. The money from this appropriation does not cancel but remains available until expended. This is a onetime appropriation.

Subd. 3. **Small-area climate-model projections.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $583,000 in fiscal year 2022 is appropriated from the renewable development account established under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for a grant

to the Board of Regents of the University of Minnesota to conduct the study requested under section 5 that generates climate model projections for the entire state of Minnesota, at a level of detail as small as three square miles in area. This is a onetime appropriation.

Subd. 4. **Climate Transition Plan.** (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j):

(1) $500,000 in fiscal year 2022 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of the Pollution Control Agency to contract with an independent consultant to produce a plan, as directed by the Climate Change Subcabinet, to incorporate the state's greenhouse gas emissions reduction targets into all activities of state agencies;

(2) $118,000 in fiscal year 2022 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of administration to develop greenhouse gas emissions reduction targets that apply to all state agency activities; and

(3) $128,000 in fiscal year 2022 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of the Pollution Control Agency for costs associated with managing the contract under clause (1), and to assist the Department of Administration to develop greenhouse gas emissions reduction targets that apply to all state agency activities.

(b) All the appropriations in this subdivision are onetime appropriations.

ARTICLE 4
ELECTRIC VEHICLES

Section 1. Minnesota Statutes 2020, section 16C.135, subdivision 3, is amended to read:

Subd. 3. **Vehicle purchases.** (a) Consistent with section 16C.137, subdivision 1, when purchasing a motor vehicle for the central motor pool or for use by an agency, the commissioner or the agency shall purchase ~~a motor vehicle that is capable of being powered by cleaner fuels, or a motor vehicle powered by electricity or by a combination of electricity and liquid fuel, if the total life-cycle cost of ownership is less than or comparable to that of other vehicles and if the vehicle is capable~~ the motor vehicle in conformity with the following hierarchy of preferences:

(1) an electric vehicle;

(2) a hybrid electric vehicle;

(3) a vehicle capable of being powered by cleaner fuels; and

(4) a vehicle powered by gasoline or diesel fuel.

(b) The commissioner may only reject a vehicle type that is higher on the hierarchy of preferences if:

(1) the vehicle type is incapable of carrying out the purpose for which it is purchased~~.~~; or

(2) the total life-cycle cost of ownership of a preferred vehicle type is more than ten percent higher than the next lower preference vehicle type.

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

Sec. 2. Minnesota Statutes 2020, section 16C.137, subdivision 1, is amended to read:

Subdivision 1. **Goals and actions.** Each state department must, whenever legally, technically, and economically feasible, subject to the specific needs of the department and responsible management of agency finances:

(1) ensure that all new on-road vehicles ~~purchased~~, excluding emergency and law enforcement vehicles~~:~~, are purchased in conformity with the hierarchy of preferences established in section 16C.135, subdivision 3;

~~(i) use "cleaner fuels" as that term is defined in section 16C.135, subdivision 1;~~

~~(ii) have fuel efficiency ratings that exceed 30 miles per gallon for city usage or 35 miles per gallon for highway usage, including but not limited to hybrid electric cars and hydrogen-powered vehicles; or~~

~~(iii) are powered solely by electricity;~~

(2) increase its use of renewable transportation fuels, including ethanol, biodiesel, and hydrogen from agricultural products; and

(3) increase its use of web-based Internet applications and other electronic information technologies to enhance the access to and delivery of government information and services to the public, and reduce the reliance on the department's fleet for the delivery of such information and services.

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

Sec. 3. Minnesota Statutes 2020, section 168.27, is amended by adding a subdivision to read:

Subd. 2a. **Dealer training; electric vehicles.** (a) A new motor vehicle dealer licensed under this chapter that operates under an agreement or franchise from a manufacturer and sells electric vehicles must maintain at least one employee who is certified as having completed a training course offered by a Minnesota motor vehicle dealership association that addresses at least the following elements:

(1) fundamentals of electric vehicles;

(2) electric vehicle charging options and costs;

(3) publicly available electric vehicle incentives;

(4) projected maintenance and fueling costs for electric vehicles;

(5) reduced tailpipe emissions, including greenhouse gas emissions, produced by electric vehicles;

(6) the impacts of Minnesota's cold climate on electric vehicle operation; and

(7) best practices to sell electric vehicles.

(b) This subdivision does not apply to a licensed dealer selling new electric vehicles of a manufacturer's own brand, but who is not operating under a franchise agreement with the manufacturer.

(c) For the purposes of this section, "electric vehicle" has the meaning given in section 169.011, subdivision 26a, paragraphs (a) and (b), clause (3).

EFFECTIVE DATE. This section is effective January 1, 2022.

Sec. 4. **[216B.1615] ELECTRIC VEHICLE DEPLOYMENT PROGRAM.**

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

(b) "Battery exchange station" means a physical location deploying equipment that enables a used electric vehicle battery to be removed and exchanged for a fresh electric vehicle battery.

(c) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a.

(d) "Electric vehicle charging station" means a physical location deploying equipment that:

(1) transfers electricity to an electric vehicle battery; or

(2) dispenses hydrogen, produced by electrolysis, into an electric vehicle that uses a fuel cell to convert the hydrogen to electricity.

(e) "Electric vehicle infrastructure" means electric vehicle charging stations and battery exchange stations, and any associated machinery, equipment, and infrastructure necessary to support the operation of electric vehicles and to make electricity from a public utility's electric distribution system available to electric vehicle charging stations or battery exchange stations.

(f) "Electrolysis" means the process of using electricity to split water into hydrogen and oxygen.

(g) "Fuel cell" means a cell that converts the chemical energy of hydrogen directly into electricity through electrochemical reactions.

(h) "Public utility" has the meaning given in section 216B.02, subdivision 4.

Subd. 2. **Transportation electrification plan; contents.** (a) By June 1, 2022, and by June 1 every three years thereafter, a public utility serving retail electric customers in a city of the first class, as defined in section 410.01, must file a transportation electrification plan with the commission that is designed to maximize the overall benefits of electrified transportation while minimizing overall costs and to promote:

(1) the purchase of electric vehicles by the public utility's customers; and

(2) the deployment of electric vehicle infrastructure in the public utility's service territory.

(b) A transportation electrification plan may include but is not limited to the following elements:

(1) programs to educate and increase the awareness and benefits of electric vehicles and electric vehicle charging equipment to potential users and deployers, including individuals, electric vehicle dealers, single-family and multifamily housing developers and property management companies, and vehicle fleet managers;

(2) utility investments and incentives to facilitate the deployment of electric vehicles, customer- or utility-owned electric vehicle charging stations, electric vehicle infrastructure, and other electric utility infrastructure;

(3) research and demonstration projects to publicize and measure the value electric vehicles provide to the electric grid;

(4) rate structures or programs, including time-varying rates and charging optimization programs, that encourage electric vehicle charging that optimizes electric grid operation; and

(5) programs to increase access to the benefits of electricity as a transportation fuel by low-income customers and communities, including the installation of electric vehicle infrastructure in neighborhoods with a high proportion of low- or moderate-income households, the deployment of electric vehicle infrastructure in community-based locations or multifamily residences, car share programs, and electrification of public transit vehicles.

(c) A public utility must give priority under this section to making investments in communities whose governing body has enacted a resolution or goal supporting electric vehicle adoption.

(d) A public utility must work with local communities to identify suitable high-density locations, consistent with a community's local development plans, where electric vehicle infrastructure may be strategically deployed.

Subd. 3. **Transportation electrification plan; review and implementation.** The commission must review a transportation electrification plan filed under this section within 180 days of receiving the plan. The commission may approve, modify, or reject a transportation electrification plan. When reviewing a public utility's transportation electrification plan, the commission must consider whether the programs and expenditures:

(1) improve electric grid operation and the integration of renewable energy sources;

(2) increase access to the benefits of electricity as a transportation fuel in low-income and rural communities;

(3) reduce statewide greenhouse gas emissions, as defined in section 216H.01, and emissions of other air pollutants that impair the environment and public health;

(4) stimulate private capital investment and the creation of skilled jobs as a consequence of widespread electric vehicle deployment;

(5) educate potential customers about the benefits of electric vehicles;

(6) support increased consumer choice with respect to electrical vehicle charging options and related infrastructure; and

(7) are transparent and incorporate sufficient and frequent public reporting of program activities to facilitate changes in program design and commission policy with respect to electric vehicles.

Subd. 4. **Cost recovery.** (a) Notwithstanding any other provision of this chapter, the commission may approve, with respect to any prudent and reasonable investment made by a public utility to administer and implement a transportation electrification plan approved under subdivision 3:

(1) a rider or other tariff mechanism for the automatic annual adjustment of charges;

(2) performance-based incentives; or

(3) placing the investment, including rebates, in the public utility's rate base and allowing the public utility to earn a rate of return on the investment at (i) the public utility's average weighted cost of capital, including the rate of return on equity, approved by the commission in the public utility's most recent general rate case, or (ii) another rate determined by the commission.

(b) Notwithstanding section 216B.16, subdivision 8, paragraph (a), clause (3), the commission must approve recovery costs for expenses reasonably incurred by a public utility to provide public advertisement as part of a transportation electrification plan approved by the commission under subdivision 3.

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

Sec. 5. **[216B.1616] ELECTRIC SCHOOL BUS DEPLOYMENT PROGRAM.**

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

(b) "Battery exchange station" means a physical location where equipment is deployed that enables a used electric vehicle battery to be exchanged for a fully charged battery.

(c) "Electric school bus" means an electric vehicle that is a school bus.

(d) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a.

(e) "Electric vehicle charging station" means a physical location deploying equipment that delivers electricity to a battery in an electric vehicle.

(f) "Electric vehicle infrastructure" means electric vehicle charging stations and battery exchange stations, and any other infrastructure necessary to make electricity from a public utility's electric distribution system available to electric vehicle charging stations or battery exchange stations.

(g) "Poor air quality" means:

(1) ambient air levels that air monitoring data reveals approach or exceed state or federal air quality standards or chronic health inhalation risk benchmarks for any of the following pollutants:

(i) total suspended particulates;

(ii) particulate matter less than ten microns wide (PM-10);

(iii) particulate matter less than 2.5 microns wide (PM-2.5);

(iv) sulfur dioxide; or

(v) nitrogen dioxide; or

(2) levels of asthma among children that significantly exceed the statewide average.

(h) "School bus" has the meaning given in section 169.011, subdivision 71.

Subd. 2. **Program.** (a) A public utility may file with the commission a program to promote deployment of electric school buses.

(b) The program may include but is not limited to the following elements:

(1) a school district may purchase one or more electric school buses;

(2) the public utility may provide a rebate to the school district for the incremental cost the school district incurs to purchase one or more electric school buses compared with fossil-fuel-powered school buses;

(3) at the request of a school district, the public utility may deploy on the school district's real property electric vehicle infrastructure required for charging electric school buses;

(4) for any electric school bus purchased by a school district with a rebate provided by the public utility, the school district must enter into a contract with the public utility under which the school district:

(i) accepts any and all liability for operation of the electric school bus;

(ii) accepts responsibility to maintain and repair the electric school bus; and

(iii) must allow the public utility the option to own the electric school bus's battery at the time the battery is retired from the electric school bus; and

(5) in collaboration with a school district, prioritize the deployment of electric school buses in areas of the school district that suffer from poor air quality.

Subd. 3. **Program review and implementation.** The commission must approve, modify, or reject a proposal for a program filed under this section within 180 days of the date the proposal is received, based on the proposal's likelihood to, through prudent and reasonable utility investments:

(1) accelerate deployment of electric school buses in the public utility's service territory, particularly in areas with poor air quality; and

(2) reduce emissions of greenhouse gases and particulates compared to those produced by fossil-fuel-powered school buses.

Subd. 4. **Cost recovery.** (a) The commission may allow any prudent and reasonable investment made by a public utility on electric vehicle infrastructure installed on a school district's real property, or a rebate provided under subdivision 2, to be placed in the public utility's rate base and earn a rate of return as determined by the commission.

(b) Notwithstanding any other provision of this chapter, the commission may approve a tariff mechanism for the automatic annual adjustment of charges for prudent and reasonable investments made by a public utility to implement and administer a program approved by the commission under subdivision 3.

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

Sec. 6. **[216C.401] ELECTRIC VEHICLE REBATES.**

Subdivision 1. **Definitions.** (a) For purposes of this section and section 216C.402, the terms in this subdivision have the meanings given.

(b) "Dealer" means a person, firm, or corporation that possesses a new motor vehicle license under chapter 168 and:

(1) regularly engages in the business of manufacturing or selling, purchasing, and generally dealing in new and unused motor vehicles;

(2) has an established place of business to sell, trade, and display new and unused motor vehicles; and

(3) possesses new and unused motor vehicles to sell or trade the motor vehicles.

(c) "Electric vehicle" means a passenger vehicle, as defined in section 169.011, subdivision 52, that is also an electric vehicle, as defined in section 169.011, subdivision 26a, paragraph (a). Electric vehicle does not include a plug-in hybrid electric vehicle, as defined in section 169.011, subdivision 54a.

(d) "Eligible new electric vehicle" means an electric vehicle that meets the requirements of subdivision 2, paragraph (a).

(e) "Eligible used electric vehicle" means an electric vehicle that meets the requirements of subdivision 2, paragraph (c).

(f) "Lease" means a business transaction under which a dealer furnishes an eligible electric vehicle to a person for a fee under a bailor-bailee relationship where no incidences of ownership transferred, other than the right to use the vehicle for a term of at least 24 months.

(g) "Lessee" means a person who leases an eligible electric vehicle from a dealer.

(h) "New eligible electric vehicle" means an eligible electric vehicle that has not been registered in any state.

Subd. 2. **Eligible vehicle.** (a) A new electric vehicle is eligible for a rebate under this section if the vehicle meets all of the following conditions, and, if applicable, one of the conditions of paragraph (b):

(1) has not been previously owned or has been returned to a dealer before the purchaser or lessee takes delivery, even if the electric vehicle is registered in Minnesota;

(2) has not been modified from the original manufacturer's specifications;

(3) has a base manufacturer's suggested retail price that does not exceed $50,000;

(4) is purchased or leased after the effective date of this act for use by the purchaser and not for resale; and

(5) is purchased or leased from a dealer or directly from an original equipment manufacturer that does not have licensed franchised dealers in Minnesota.

(b) A new electric vehicle is eligible for a rebate under this section if, in addition to meeting all of the conditions of paragraph (a), it also meets one or more of the following conditions, if applicable:

(1) is used by a dealer as a floor model or test drive vehicle and has not been previously registered in Minnesota or any other state; or

(2) is returned to a dealer by a purchaser or lessee within two weeks of purchase or leasing or when a purchaser's financing for the new electric vehicle has been disapproved.

(c) A used electric vehicle is eligible for an electric vehicle rebate under this section if the electric vehicle has previously been owned in this state or another state and has not been modified from the original manufacturer's specifications.

Subd. 3. **Eligible purchaser or lessee.** A person who purchases or leases an eligible new or used electric vehicle is eligible for a rebate under this section if the purchaser or lessee:

(1) is one of the following:

(i) a resident of Minnesota, as defined in section 290.01, subdivision 7, paragraph (a), when the electric vehicle is purchased or leased;

(ii) a business that has a valid address in Minnesota from which business is conducted;

(iii) a nonprofit corporation incorporated under chapter 317A; or

(iv) a political subdivision of the state;

(2) has not received a rebate or tax credit for the purchase or lease of an electric vehicle from Minnesota; and

(3) registers the electric vehicle in Minnesota.

Subd. 4. **Rebate amounts.** (a) A $2,000 rebate may be issued under this section to an eligible purchaser to purchase or lease an eligible new electric vehicle.

(b) A $500 rebate may be issued under this section to an eligible purchaser or lessee of an eligible used electric vehicle.

(c) A purchaser or lessee whose household income at the time the eligible electric vehicle is purchased or leased is less than 150 percent of the current federal poverty guidelines established by the Department of Health and Human Services is eligible for a rebate in addition to a rebate under paragraph (a) or (b), as applicable, of $500 to purchase or lease an eligible new electric vehicle and $100 to purchase or lease an eligible used electric vehicle.

Subd. 5. **Limits.** The number of rebates allowed under this section is limited to:

(1) no more than one rebate per resident per household; and

(2) no more than one rebate per business entity per year.

Subd. 6. **Program administration.** (a) Rebate applications under this section must be filed with the commissioner on a form developed by the commissioner.

(b) The commissioner must develop administrative procedures governing the application and rebate award process. Applications must be reviewed and rebates awarded by the commissioner on a first-come, first-served basis.

(c) The commissioner must, in coordination with dealers and other state agencies as applicable, develop a procedure to allow a rebate to be used by an eligible purchaser or lessee at the point of sale so that the rebate amount may be subtracted from the selling price of the eligible electric vehicle.

(d) The commissioner may reduce the rebate amounts provided under subdivision 4 or restrict program eligibility based on fund availability or other factors.

Subd. 7. **Expiration.** This section expires June 30, 2025.

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

Sec. 7. **[216C.402] GRANT PROGRAM; MANUFACTURERS' CERTIFICATION OF AUTO DEALERS TO SELL ELECTRIC VEHICLES.**

Subdivision 1. **Establishment.** A grant program is established in the Department of Commerce to award grants to dealers to offset the costs of obtaining the necessary training and equipment that is required by electric vehicle manufacturers in order to certify a dealer to sell electric vehicles produced by the manufacturer.

Subd. 2. **Application.** An application for a grant under this section must be made to the commissioner on a form developed by the commissioner. The commissioner must develop administrative procedures and processes to review applications and award grants under this section.

Subd. 3. **Eligible applicants.** An applicant for a grant awarded under this section must be a dealer of new motor vehicles licensed under chapter 168 operating under a franchise from a manufacturer of electric vehicles.

Subd. 4. **Eligible expenditures.** Appropriations made to support the activities of this section must be used only to reimburse:

(1) a dealer for the reasonable costs to obtain training and certification for the dealer's employees from the electric vehicle manufacturer that awarded the franchise to the dealer;

(2) a dealer for the reasonable costs to purchase and install equipment to service and repair electric vehicles, as required by the electric vehicle manufacturer that awarded the franchise to the dealer; and

(3) the department for the reasonable costs to administer this section.

Subd. 5. **Limitation.** A grant awarded under this section to a single dealer must not exceed $40,000.

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

Sec. 8. **ELECTRIC VEHICLE CHARGING STATIONS; INSTALLATIONS IN STATE AND REGIONAL PARKS.**

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

(b) "DC Fast charger" means electric vehicle charging station equipment that transfers direct current electricity directly to an electric vehicle's battery.

(c) "Electric vehicle" has the meaning given in Minnesota Statutes, section 169.011, subdivision 26a.

(d) "Electric vehicle charging station" means infrastructure that connects an electric vehicle to a Level 2 or DC Fast charger to recharge the electric vehicle's batteries.

(e) "Level 2 charger" means electric vehicle charging station equipment that transfers 208- to 240-volt alternating current electricity to a device in an electric vehicle that converts alternating current to direct current to recharge an electric vehicle battery.

Subd. 2. **Program.** The commissioner of natural resources, in consultation with the commissioners of the Pollution Control Agency, administration, and commerce, must develop and fund the installation of a network of electric vehicle charging stations in Minnesota state parks located within the retail electric service area of a public utility subject to Minnesota Statutes, section 116C.779, subdivision 1. The commissioners must issue a request for proposals to entities that have experience installing, owning, operating, and maintaining electric vehicle charging stations. The request for proposal must establish technical specifications that electric vehicle charging stations are required to meet and must request responders to address:

(1) the optimal number and location of charging stations installed in a given state park;

(2) alternative arrangements that may be made to allocate responsibility for electric vehicle charging station (i) ownership, operation, and maintenance, and (ii) billing procedures; and

(3) any other issues deemed relevant by the commissioners.

Subd. 3. **Deployment; regional parks.** The commissioner of natural resources may allocate a portion of the appropriation under this section to install electric vehicle charging stations in regional parks located within the retail electric service area of a public utility that is subject to Minnesota Statutes, section 116C.779, subdivision 1.

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

Sec. 9. **ELECTRIC VEHICLE CHARGING STATIONS; INSTALLATIONS AT COUNTY GOVERNMENT CENTERS.**

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

(b) "DC Fast charger" means electric vehicle charging station equipment that transfers direct current electricity directly to an electric vehicle's battery.

(c) "Electric vehicle" has the meaning given in Minnesota Statutes, section 169.011, subdivision 26a.

(d) "Electric vehicle charging station" means infrastructure that connects an electric vehicle to a Level 2 or DC Fast charger to recharge the electric vehicle's batteries.

(e) "Level 2 charger" means electric vehicle charging station equipment that transfers 208- to 240-volt alternating current electricity to a device in an electric vehicle that converts alternating current to direct current to recharge an electric vehicle battery.

Subd. 2. **Program.** The commissioner of commerce must develop and fund the installation of a network of electric vehicle charging stations in public parking facilities at county government centers located in Minnesota. The commissioner must issue a request for proposals to entities that have experience installing, owning, operating, and maintaining electric vehicle charging stations. The request for proposal must establish technical specifications that electric vehicle charging stations are required to meet and must request responders to address:

(1) the optimal number and location of charging stations installed at each county government center;

(2) alternative arrangements that may be made to allocate responsibility for electric vehicle charging station (i) ownership, operation, and maintenance, and (ii) billing procedures;

(3) software used to allow payment for electricity consumed at the charging stations; and

(4) any other issues deemed relevant by the commissioner.

Subd. 3. **County role.** (a) A county has a right of first refusal with respect to ownership of electric vehicle charging stations receiving funding under this section and installed at the county government center.

(b) A county may enter into agreements to (1) wholly or partially own, operate, or maintain an electric vehicle charging system receiving funding under this section and installed at the county government center, or (2) receive reports on the electric vehicle charging system operations.

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

Sec. 10. **METROPOLITAN COUNCIL; ELECTRIC BUS PURCHASES.**

Beginning on the effective date of this act, any bus purchased by the Metropolitan Council for Metro Transit bus service must operate solely on electricity provided by rechargeable on-board batteries. The appropriation in section 11, subdivision 8, must be used to pay the incremental cost of buses that operate solely on electricity provided by rechargeable on-board batteries over the cost of diesel-operated buses that are otherwise comparable in size, features, and performance.

EFFECTIVE DATE. This section is effective the day following final enactment and expires the day after the appropriation under section 11, subdivision 8, has been spent or is canceled.

Sec. 11. **APPROPRIATIONS.**

Subdivision 1. **Electric vehicle rebates; Xcel service area.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $9,000,000 in fiscal year 2022 and $8,000,000 in fiscal year 2023 are appropriated from the renewable development account under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to award rebates to purchase or lease eligible electric vehicles under Minnesota Statutes, section 216C.401. Rebates must be awarded under this paragraph only to eligible purchasers located within the retail electric service area of the public utility that is subject to Minnesota Statutes, section 116C.779. These are onetime appropriations.

Subd. 2. **Electric vehicle rebates; non-Xcel service area.** $2,500,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of commerce to award rebates to purchase or lease eligible electric vehicles under Minnesota Statutes, section 216C.401. Rebates must be awarded under this paragraph only to eligible purchasers located outside the retail electric service area of the public utility that is subject to Minnesota Statutes, section 116C.779. This is a onetime appropriation.

Subd. 3. **Auto dealer grants; Xcel service area.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $2,000,000 in fiscal year 2022 is appropriated from the renewable development account under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to award grants under Minnesota Statutes, section 216C.402, to automobile dealers seeking certification from an electric vehicle manufacturer to sell electric vehicles. Rebates must be awarded under this paragraph only to eligible dealers located within the retail electric service area of the public utility that is subject to Minnesota Statutes, section 116C.779. This is a onetime appropriation.

Subd. 4. **Auto dealer grants; non-Xcel service area.** $500,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of commerce to award grants under Minnesota Statutes, section 216C.402, to automobile dealers seeking certification to sell electric vehicles. Rebates must be awarded under this paragraph only to eligible dealers located outside the retail electric service area of the public utility that is subject to Minnesota Statutes, section 116C.779. This is a onetime appropriation.

Subd. 5. **Electric school buses.** (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $2,000,000 in fiscal year 2022 is appropriated from the renewable development account established under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to purchase electric school buses under Minnesota Statutes, section 216B.1616. This is a onetime appropriation.

(b) $30,000 in fiscal year 2022 and $30,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce for activities associated with the electric school bus deployment program under Minnesota Statutes, section 216B.161. These are onetime appropriations.

(c) $28,000 in fiscal year 2022 and $28,000 in fiscal year 2023 are appropriated from the general fund to the Public Utilities Commission for activities associated with the electric school bus deployment program under Minnesota Statutes, section 216B.161. These are onetime appropriations.

Subd. 6. **Charging stations; parks.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $2,000,000 in fiscal year 2022 and $59,000 in fiscal year 2023 are appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the commissioner of natural resources to install electric vehicle charging stations in state and regional parks located in a county some portion of which is within the retail electric service area of the public utility subject to Minnesota Statutes, section 116C.779, subdivision 1, as described in section 8.

Subd. 7. **Charging stations; counties.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $2,000,000 in fiscal year 2022 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to install electric vehicle charging stations in parking facilities at county government centers located in a county some portion of which is within the retail electric service area of the public utility subject to Minnesota Statutes, section 116C.779, subdivision 1, as described in section 9. This is a onetime appropriation.

Subd. 8. **Electric buses; Metropolitan Council.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $5,000,000 in fiscal year 2022 is appropriated from the renewable development account under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the Metropolitan Council to defray the cost of purchasing electric buses, as described in section 10. This appropriation does not cancel and is available until there is insufficient money remaining to completely defray the cost of purchasing one additional electric bus, as described in section 10. Any remaining money cancels back to the renewable development account under Minnesota Statutes, section 116C.779, subdivision 1. This is a onetime appropriation.

ARTICLE 5
SOLAR ENERGY

Section 1. Minnesota Statutes 2020, section 216B.164, is amended by adding a subdivision to read:

Subd. 12. **Customer's access to electricity usage data.** A utility shall provide a customer's electricity usage data to the customer within ten days of receipt of a request from the customer that is accompanied by evidence that the energy usage data is relevant to the interconnection of a qualifying facility on behalf of the customer. For the purposes of this subdivision, "electricity usage data" includes but is not limited to the total amount of electricity used by a customer monthly, usage by time period if the customer operates under a tariff where costs vary by time-of-use, and usage data that is used to calculate a customer's demand charge.

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

Sec. 2. Minnesota Statutes 2020, section 216B.1641, is amended to read:

216B.1641 COMMUNITY SOLAR GARDEN.

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

(b) "Subscribed energy" means electricity generated by the community solar garden that is attributable to a subscriber's subscription.

(c) "Subscriber" means a retail customer who owns one or more subscriptions of a community solar garden interconnected with the retail customer's utility.

(d) "Subscription" means a contract between a subscriber and the owner of a solar garden.

Subd. 2. **Solar garden; project requirements.** (a) The public utility subject to section 116C.779 shall file by September 30, 2013, a plan with the commission to operate a community solar garden program which shall begin operations within 90 days after commission approval of the plan. Other public utilities may file an application at their election. The community solar garden program must be designed to offset the energy use of not less than five subscribers in each community solar garden facility of which no single subscriber has more than a 40 percent interest. The owner of the community solar garden may be a public utility or any other entity or organization that contracts to sell the output from the community solar garden to the utility under section 216B.164. There shall be no limitation on the number or cumulative generating capacity of community solar garden facilities other than the limitations imposed under section 216B.164, subdivision 4c, or other limitations provided in law or regulations.

(b) A solar garden is a facility that generates electricity by means of a ground-mounted or roof-mounted solar photovoltaic device whereby subscribers receive a bill credit for the electricity generated in proportion to the size of their subscription. The solar garden must have a nameplate capacity of no more than ~~one megawatt~~ three megawatts. Each subscription shall be sized to represent at least 200 watts of the community solar garden's generating capacity and to supply, when combined with other distributed generation resources serving the premises, no more than 120 percent of the average annual consumption of electricity by each subscriber at the premises to which the subscription is attributed.

(c) The solar generation facility must be located in the service territory of the public utility filing the plan. Subscribers must be retail customers of the public utility and, unless the facility has a minimum setback of 100 feet from the nearest residential property, must be located in the same county or a county contiguous to where the facility is located.

(d) The public utility must purchase from the community solar garden all energy generated by the solar garden. Unless specified elsewhere in this section, the purchase shall be at the most recent three-year average of the rate calculated under section 216B.164, subdivision 10, or, until that rate for the public utility has been approved by the commission, the applicable retail rate. A solar garden is eligible for any incentive programs offered under section 116C.7792. A subscriber's portion of the purchase shall be provided by a credit on the subscriber's bill.

Subd. 3. **Solar garden plan; requirements; nonutility status.** ~~(c)~~ (a) The commission may approve, disapprove, or modify a community solar garden ~~program~~ plan. Any plan approved by the commission must:

(1) reasonably allow for the creation, financing, and accessibility of community solar gardens;

(2) establish uniform standards, fees, and processes for the interconnection of community solar garden facilities that allow the utility to recover reasonable interconnection costs for each community solar garden;

(3) not apply different requirements to utility and nonutility community solar garden facilities;

(4) be consistent with the public interest;

(5) identify the information that must be provided to potential subscribers to ensure fair disclosure of future costs and benefits of subscriptions;

(6) include a program implementation schedule;

(7) identify all proposed rules, fees, and charges; ~~and~~

(8) identify the means by which the program will be promoted~~.~~;

(9) require that residential subscribers have a right to cancel a community solar garden subscription within three business days, as provided under section 325G.07;

(10) require that the following information is provided by the solar garden owner in writing to any prospective subscriber asked to make a prepayment to the solar garden owner prior to the delivery of subscribed energy by the solar garden:

(i) an estimate of the annual generation of subscribed energy, based on the methodology approved by the commission; and

(ii) an estimate of the length of time required to fully recover a subscriber's prepayments made to the owner of the solar garden prior to the delivery of subscribed energy, calculated using the formula developed by the commission under paragraph (d); and

(11) require new residential subscription agreements that require a prepayment to allow the subscriber to transfer the subscription to other new or current subscribers, or to cancel the subscription, on commercially reasonable terms; and

(12) require an owner of a solar garden to submit a report that meets the requirements of section 216C.51, subdivisions 3 and 4, each year the solar garden is in operation.

~~(f)~~ (b) Notwithstanding any other law, neither the manager of nor the subscribers to a community solar garden facility shall be considered a utility solely as a result of their participation in the community solar garden facility.

~~(g)~~ (c) Within 180 days of commission approval of a plan under this section, a utility shall begin crediting subscriber accounts for each community solar garden facility in its service territory, and shall file with the commissioner of commerce a description of its crediting system.

~~(h) For the purposes of this section, the following terms have the meanings given:~~

~~(1) "subscriber" means a retail customer of a utility who owns one or more subscriptions of a community solar garden facility interconnected with that utility; and~~

~~(2) "subscription" means a contract between a subscriber and the owner of a solar garden.~~

Subd. 4. **Community access project; eligibility.** (a) An owner of a community solar garden may apply to the utility to be designated as a community access project at any time:

(1) before the owner makes an initial payment under an interconnection agreement entered into with a public utility; or

(2) if the owner made an initial payment under an interconnection agreement between January 1, 2021, and the effective date of this act, before commercial operation begins.

(b) The utility must designate a solar garden as a community access project if the owner of a solar garden commits in writing to meet the following conditions:

(1) at least 50 percent of the solar garden's generating capacity is subscribed by residential customers;

(2) the contract between the owner of the solar garden and the public utility that purchases the garden's electricity, and any agreement between the utility or owner of the solar garden and subscribers, states that the owner of the solar garden does not discriminate against or screen subscribers based on income or credit score and that any customer of a utility with a community solar garden plan approved by the commission under subdivision 3 is eligible to become a subscriber;

(3) the solar garden is operated by an entity that maintains a physical address in Minnesota and has designated a contact person in Minnesota who responds to subscriber inquiries; and

(4) the agreement between the owner of the solar garden and subscribers states that the owner must adequately publicize and convene at least one meeting annually to provide an opportunity for subscribers to pose questions to the manager or owner.

Subd. 5. **Community access project; financial arrangements.** (a) If a solar garden is approved by the utility as a community access project:

(1) the public utility purchasing the electricity generated by the community access project may charge the owner of the community access project no more than one cent per watt alternating current based on the solar garden's generating capacity for any refundable deposit the utility requires of a solar garden during the application process;

(2) notwithstanding subdivision 2, paragraph (d), the public utility must purchase all energy generated by the community access project at the retail rate; and

(3) all renewable energy credits generated by the community access project belong to subscribers unless the operator:

(i) contracts to:

(A) sell the credits to a third party; or

(B) sell or transfer the credits to the utility; and

(ii) discloses a sale or transfer to subscribers at the time the subscribers enter into a subscription.

(b) If at any time after commercial operation begins a solar garden approved by the utility as a community access project fails to meet the conditions under subdivision 4, the solar garden is no longer subject to the provisions of this subdivision and subdivision 6, and must operate under the program rules established by the commission for a solar garden that does not qualify as a community access project.

(c) An owner of a solar garden whose designation as a community access project is revoked under this subdivision may reapply to the commission at any time to have the designation as a community access project reinstated under subdivision 4.

Subd. 6. **Community access project; reporting.** The owner of a community access project must include the following information in an annual report to the community access project subscribers and the utility:

(1) a description of the process by which subscribers can provide input to solar garden policy and decision making;

(2) the amount of revenues received by the solar garden in the previous year that were allocated to categories that include but are not limited to operating costs, debt service, profits distributed to subscribers, and profits distributed to others; and

(3) an estimate of the proportion of low- and moderate-income subscribers, and a description of one or more of the following methods used to make the estimate:

(i) evidence provided by a subscriber that the subscriber or a member of the subscriber's household receives assistance from any of the following sources:

(A) the federal Low-Income Home Energy Assistance Program;

(B) federal Section 8 housing assistance;

(C) medical assistance;

(D) the federal Supplemental Nutrition Assistance Program; or

(E) the federal National School Lunch Program;

(ii) characterization of the census tract where the subscriber resides as low- or moderate-income by the Federal Financial Institutions Examination Council; or

(iii) other methods approved by the commission.

Subd. 7. **Commission order.** Within 180 days of the effective date of this section, the commission must issue an order addressing the requirements of this section.

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

Sec. 3. **[216C.375] SOLAR FOR SCHOOLS PROGRAM.**

Subdivision 1. **Definitions.** (a) For the purposes of this section and section 216C.376, the following terms have the meanings given.

(b) "Developer" means an entity that installs a solar energy system on a school building that has been awarded a grant under this section.

(c) "Photovoltaic device" has the meaning given in section 216C.06, subdivision 16.

(d) "School" means a school that operates as part of an independent or special school district.

(e) "School district" means an independent or special school district.

(f) "Solar energy system" means photovoltaic or solar thermal devices.

Subd. 2. **Establishment; purpose.** A solar for schools program is established in the Department of Commerce. The purpose of the program is to (1) provide grants to stimulate the installation of solar energy systems on or adjacent to school buildings by reducing the cost, and (2) enable schools to use the solar energy system as a teaching tool that can be integrated into the school's curriculum.

Subd. 3. **Establishment of account.** (a) A solar for schools program account is established in the special revenue fund. Money received from the general fund must be transferred to the commissioner of commerce and credited to the account. Money deposited in the account remains in the account until expended and does not cancel to the general fund.

(b) When a grant is awarded under this section, the commissioner must reserve the grant amount in the account.

Subd. 4. **Expenditures.** (a) Money in the account must be used only:

(1) to award grants under this section; and

(2) to pay the reasonable costs incurred by the department to administer this section.

(b) Grant awards made with money in the account must be used only for grants for solar energy systems installed on or adjacent to school buildings receiving retail electric service from a utility that is not subject to section 116C.779, subdivision 1.

Subd. 5. **Eligible system.** (a) A grant may be awarded to a school under this section only if the solar energy system that is the subject of the grant:

(1) is installed on or adjacent to the school building that consumes the electricity generated by the solar energy system, on property within the service territory of the utility currently providing electric service to the school building; and

(2) has a capacity that does not exceed the lesser of 40 kilowatts or 120 percent of the estimated annual electricity consumption of the school building at which the solar energy system is installed.

(b) A school district that receives a rebate or other financial incentive under section 216B.241 for a solar energy system and that demonstrates considerable need for financial assistance, as determined by the commissioner, is eligible for a grant under this section for the same solar energy system.

Subd. 6. **Application process.** (a) The commissioner must issue a request for proposals to utilities, schools, and developers who may wish to apply for a grant under this section on behalf of a school.

(b) A utility or developer must submit an application to the commissioner on behalf of a school on a form prescribed by the commissioner. The form must include, at a minimum, the following information:

(1) the capacity of the proposed solar energy system and the amount of electricity that is expected to be generated;

(2) the current energy demand of the school building on which the solar energy generating system is to be installed, and information regarding any distributed energy resource, including subscription to a community solar garden, that currently provides electricity to the school building;

(3) a description of any solar thermal devices proposed as part of the solar energy system;

(4) the total cost to purchase and install the solar energy system and the solar energy system's life-cycle cost, including removal and disposal at the end of the system's life;

(5) a copy of the proposed contract agreement between the school and the utility or developer that includes provisions addressing responsibility for maintenance of the solar energy system;

(6) the school's plan to make the solar energy system serve as a visible learning tool for students, teachers, and visitors to the school, including how the solar energy system may be integrated into the school's curriculum and provisions for real-time monitoring of the solar energy system performance for display in a prominent location in the school or on-demand in the classroom;

(7) information that demonstrates the school district's level of need for financial assistance available under this section;

(8) information that demonstrates the school's readiness to implement the project, including but not limited to the availability of the site on which the solar energy system is to be installed and the level of the school's engagement with the utility providing electric service to the school building on which the solar energy system is to be installed on issues relevant to the implementation of the project, including metering and other issues;

(9) with respect to the installation and operation of the solar energy system, the willingness and ability of the developer or the utility to:

(i) pay employees and contractors a prevailing wage rate, as defined in section 177.42, subdivision 6; and

(ii) adhere to the provisions of section 177.43;

(10) how the developer or utility plans to reduce the school's initial capital expense to purchase and install the solar energy system, and to provide financial benefits to the school from the utilization of federal and state tax credits, utility incentives, and other financial incentives; and

(11) any other information deemed relevant by the commissioner.

(c) The commissioner must administer an open application process under this section at least twice annually.

(d) The commissioner must develop administrative procedures governing the application and grant award process.

Subd. 7. **Energy conservation review.** At the commissioner's request, a school awarded a grant under this section shall provide the commissioner information regarding energy conservation measures implemented at the school building at which the solar energy system is installed. The commissioner may make recommendations to the school regarding cost-effective conservation measures it can implement and may provide technical assistance and direct the school to available financial assistance programs.

Subd. 8. **Technical assistance.** The commissioner must provide technical assistance to schools to develop and execute projects under this section.

Subd. 9. **Grant payments.** The commissioner must award a grant from the account established under subdivision 3 to a school for the necessary costs associated with the purchase and installation of a solar energy system. The amount of the grant must be based on the commissioner's assessment of the school's need for financial assistance.

Subd. 10. **Limitations.** (a) No more than 50 percent of the grant payments awarded to schools under this section may be awarded to schools where the proportion of students eligible for free and reduced-price lunch under the National School Lunch Program is less than 50 percent.

(b) No more than ten percent of the total amount of grants awarded under this section may be awarded to schools that are part of the same school district.

Subd. 11. **Application deadline.** No application may be submitted under this section after December 31, 2025.

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

Sec. 4. **[216C.376] SOLAR FOR SCHOOLS PROGRAM FOR CERTAIN UTILITY SERVICE TERRITORY.**

Subdivision 1. **Establishment; purpose.** The utility subject to section 116C.779 must operate a program to develop and to supplement with additional funding financial arrangements that enable schools to install and operate solar energy systems that can be used as teaching tools and integrated into the school curriculum.

Subd. 2. **Required plan.** (a) By October 1, 2021, the public utility must file a plan for the solar for schools program with the commissioner. The plan must contain, at a minimum, the following elements:

(1) a description of how the public utility proposes to utilize funds appropriated to the program to assist schools to install solar energy systems;

(2) an estimate of the amount of financial assistance that the public utility proposes to provide to a school, on a per kilowatt-hour produced basis, and the length of time the public utility estimates financial assistance is provided to a school;

(3) administrative procedures governing the application and financial benefit award process, and the costs the public utility is projected to incur to administer the program;

(4) the public utility's proposed process for periodic reevaluation and modification of the program; and

(5) any additional information required by the commissioner.

(b) The public utility may not implement the program until the commissioner approves the public utility's plan submitted under this subdivision. The commissioner may modify a plan, and no later than December 31, 2021, the commissioner must approve a plan and the financial incentives the plan provides the public utility if the commissioner determines both are in the public interest. Any proposed modifications to the plan approved under this subdivision must be approved by the commissioner.

Subd. 3. **System eligibility.** A solar energy system is eligible to receive financial benefits under this section if the solar energy system meets all of the following conditions:

(1) the solar energy system must be located on or adjacent to a school building receiving retail electric service from the public utility and completely located within the public utility's electric service territory, provided that any land situated between the school building and the site where the solar energy system is installed is owned by the school district in which the school building operates; and

(2) the total aggregate nameplate capacity of all distributed generation serving the school building, including any subscriptions to a community solar garden under section 216B.1641, does not exceed the lesser of one megawatt alternating current or 120 percent of the average annual electric energy consumption of the school building.

Subd. 4. **Application process.** (a) A school seeking financial assistance under this section must submit an application to the public utility, including a plan for how the school uses the solar energy system as a visible learning tool for students, teachers, and visitors to the school, and how the solar energy system may be integrated into the school's curriculum.

(b) The public utility must award financial assistance under this section on a first-come, first-served basis.

(c) The public utility must discontinue accepting applications under this section after all funds appropriated to the program are allocated to program participants, including funds from canceled projects.

Subd. 5. **Benefits information.** Before signing an agreement with the public utility to receive financial assistance under this section, a school must obtain from the developer and provide to the public utility information the developer shared with potential investors in the project regarding future financial benefits to be realized from installation of a solar energy system at the school and potential financial risks.

Subd. 6. **Cost recovery; renewable energy credits.** (a) Payments by the public utility to a school receiving financial assistance under this section are fully recoverable by the public utility through the public utility's fuel clause adjustment.

(b) The renewable energy credits associated with the electricity generated by a solar energy system receiving financial assistance under this section are the property of the public utility that is subject to this section.

Subd. 7. **Limitation.** (a) No more than 50 percent of the financial assistance provided by the public utility to schools under this section may be provided to schools where the proportion of students eligible for free and reduced-price lunch under the National School Lunch Program is less than 50 percent.

(b) No more than ten percent of the total amount of financial assistance provided by the public utility to schools under this section may be provided to schools that are part of the same school district.

Subd. 8. **Technical assistance.** The commissioner must provide technical assistance to schools to develop and execute projects under this section.

Subd. 9. **Application deadline.** No application may be submitted under this section after December 31, 2025.

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

Sec. 5. Minnesota Statutes 2020, section 216E.01, subdivision 9a, is amended to read:

Subd. 9a. **Solar energy generating system.** "Solar energy generating system" means a set of devices whose primary purpose is to produce electricity by means of any combination of collecting, transferring, or converting solar-generated energy, and may include transmission lines designed for and capable of operating at 100 kilovolts or less that interconnect a solar energy generating system with a high voltage transmission line.

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

Sec. 6. **[500.216] LIMITS ON CERTAIN RESIDENTIAL SOLAR ENERGY SYSTEMS PROHIBITED.**

Subdivision 1. **General rule.** A private entity must not prohibit or refuse to permit installation, maintenance, or use of a roof-mounted solar energy system by the owner of a single-family dwelling, notwithstanding any covenant, restriction, or condition contained in a deed, security instrument, homeowners association document, or any other instrument affecting the transfer, sale of, or an interest in real property, except as provided in this section.

Subd. 2. **Applicability.** This section applies to single-family detached dwellings whose owner is the sole owner of the entire building in which the dwelling is located and who is solely responsible for the maintenance, repair, replacement, and insurance of the entire building.

Subd. 3. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Private entity" means a homeowners association, community association, or other association that is subject to a homeowners association document.

(c) "Homeowners association document" means a document containing the declaration, articles of incorporation, bylaws, or rules and regulations of:

(1) a common interest community, as defined in section 515B.1-103, regardless of whether the common interest community is subject to chapter 515B; and

(2) a residential community that is not a common interest community.

(d) "Solar energy system" has the meaning given in section 216C.06, subdivision 17.

Subd. 4. **Allowable conditions.** (a) This section does not prohibit a private entity from requiring that:

(1) a licensed contractor install a solar energy system;

(2) a roof-mounted solar energy system not extend above the peak of a pitched roof or beyond the edge of the roof;

(3) the owner or installer of a solar energy system indemnify or reimburse the private entity or the private entity's members for loss or damage caused by the installation, maintenance, use, repair, or removal of a solar energy system;

(4) the owner and each successive owner of a solar energy system list the private entity as a certificate holder on the homeowner's insurance policy; or

(5) the owner and each successive owner of a solar energy system be responsible for removing the system if reasonably necessary for the repair, maintenance, or replacement of common elements or limited common elements, as defined in section 515B.1-103.

(b) A private entity may impose other reasonable restrictions on the installation, maintenance, or use of solar energy systems, provided that those restrictions do not decrease the projected generation of energy by a solar energy system by more than 20 percent or increase the solar energy system's cost by more than (1) 20 percent for a solar water heater, or (2) $2,000 for a solar photovoltaic system, compared with the generation of energy and the cost of labor and materials certified by the designer or installer of the solar energy system as originally proposed without the restrictions. A private entity may obtain an alternative bid and design from a solar energy system designer or installer for the purposes of this paragraph.

(c) A solar energy system must meet applicable standards and requirements imposed by the state and by governmental units, as defined in section 462.384.

(d) A solar energy system for heating water must be certified by the Solar Rating Certification Corporation (SRCC) or an equivalent certification agency. A solar energy system for producing electricity must meet all applicable safety and performance standards established by the National Electrical Code, the Institute of Electrical and Electronics Engineers and accredited testing laboratories including but not limited to Underwriters Laboratories and, where applicable, rules of the Public Utilities Commission regarding safety and reliability.

(e) If approval by a private entity is required to install or use a solar energy system, the application for approval must be processed and approved in the same manner as an application for approval of an architectural modification to the property, and must not be willfully avoided or delayed.

(f) An application for approval must be made in writing and must contain certification that the applicant meets any conditions required by a private entity under this subdivision. An application must include a copy of the interconnection application submitted to the applicable electric utility.

(g) A private entity shall approve or deny an application in writing. If an application is not denied in writing within 60 days from the date of receipt of the application, the application is deemed approved unless the delay is the result of a reasonable request for additional information. If a private entity receives an incomplete application that it determines prevents it from reaching a decision to approve or disapprove the application, a new 60-day limit begins only if the private entity sends written notice to the applicant, within 15 business days of receiving the incomplete application, informing the applicant what additional information is required.

Sec. 7. Minnesota Statutes 2020, section 515.07, is amended to read:

515.07 COMPLIANCE WITH COVENANTS, BYLAWS, AND RULES.

Each apartment owner shall comply strictly with the bylaws and with the administrative rules adopted pursuant thereto, as either of the same may be lawfully amended from time to time, and with the covenants, conditions, and restrictions set forth in the declaration or in the owner's deed to the apartment. Failure to comply with any of the same shall be ground for an action to recover sums due, for damages or injunctive relief or both maintainable by the manager or board of directors on behalf of the association of apartment owners or, in a proper case, by an aggrieved apartment owner. This chapter is subject to ~~section~~ sections 500.215 and 500.216.

Sec. 8. Minnesota Statutes 2020, section 515B.2-103, is amended to read:

515B.2-103 CONSTRUCTION AND VALIDITY OF DECLARATION AND BYLAWS.

(a) All provisions of the declaration and bylaws are severable.

(b) The rule against perpetuities may not be applied to defeat any provision of the declaration or this chapter, or any instrument executed pursuant to the declaration or this chapter.

(c) In the event of a conflict between the provisions of the declaration and the bylaws, the declaration prevails except to the extent that the declaration is inconsistent with this chapter.

(d) The declaration and bylaws must comply with ~~section~~ sections 500.215 and 500.216.

Sec. 9. Minnesota Statutes 2020, section 515B.3-102, is amended to read:

515B.3-102 POWERS OF UNIT OWNERS' ASSOCIATION.

(a) Except as provided in subsections (b), (c), (d), and (e), and subject to the provisions of the declaration or bylaws, the association shall have the power to:

(1) adopt, amend and revoke rules and regulations not inconsistent with the articles of incorporation, bylaws and declaration, as follows: (i) regulating the use of the common elements; (ii) regulating the use of the units, and conduct of unit occupants, which may jeopardize the health, safety or welfare of other occupants, which involves noise or other disturbing activity, or which may damage the common elements or other units; (iii) regulating or prohibiting animals; (iv) regulating changes in the appearance of the common elements and conduct which may damage the common interest community; (v) regulating the exterior appearance of the common interest community, including, for example, balconies and patios, window treatments, and signs and other displays, regardless of whether inside a unit; (vi) implementing the articles of incorporation, declaration and bylaws, and exercising the powers granted by this section; and (vii) otherwise facilitating the operation of the common interest community;

(2) adopt and amend budgets for revenues, expenditures and reserves, and levy and collect assessments for common expenses from unit owners;

(3) hire and discharge managing agents and other employees, agents, and independent contractors;

(4) institute, defend, or intervene in litigation or administrative proceedings (i) in its own name on behalf of itself or two or more unit owners on matters affecting the common elements or other matters affecting the common interest community or, (ii) with the consent of the owners of the affected units on matters affecting only those units;

(5) make contracts and incur liabilities;

(6) regulate the use, maintenance, repair, replacement, and modification of the common elements and the units;

(7) cause improvements to be made as a part of the common elements, and, in the case of a cooperative, the units;

(8) acquire, hold, encumber, and convey in its own name any right, title, or interest to real estate or personal property, but (i) common elements in a condominium or planned community may be conveyed or subjected to a security interest only pursuant to section 515B.3-112, or (ii) part of a cooperative may be conveyed, or all or part of a cooperative may be subjected to a security interest, only pursuant to section 515B.3-112;

(9) grant or amend easements for public utilities, public rights-of-way or other public purposes, and cable television or other communications, through, over or under the common elements; grant or amend easements, leases, or licenses to unit owners for purposes authorized by the declaration; and, subject to approval by a vote of unit owners other than declarant or its affiliates, grant or amend other easements, leases, and licenses through, over or under the common elements;

(10) impose and receive any payments, fees, or charges for the use, rental, or operation of the common elements, other than limited common elements, and for services provided to unit owners;

(11) impose interest and late charges for late payment of assessments and, after notice and an opportunity to be heard before the board or a committee appointed by it, levy reasonable fines for violations of the declaration, bylaws, and rules and regulations of the association;

(12) impose reasonable charges for the review, preparation and recordation of amendments to the declaration, resale certificates required by section 515B.4-107, statements of unpaid assessments, or furnishing copies of association records;

(13) provide for the indemnification of its officers and directors, and maintain directors' and officers' liability insurance;

(14) provide for reasonable procedures governing the conduct of meetings and election of directors;

(15) exercise any other powers conferred by law, or by the declaration, articles of incorporation or bylaws; and

(16) exercise any other powers necessary and proper for the governance and operation of the association.

(b) Notwithstanding subsection (a) the declaration or bylaws may not impose limitations on the power of the association to deal with the declarant which are more restrictive than the limitations imposed on the power of the association to deal with other persons.

(c) Notwithstanding subsection (a), powers exercised under this section must comply with ~~section~~ sections 500.215 and 500.216.

(d) Notwithstanding subsection (a)(4) or any other provision of this chapter, the association, before instituting litigation or arbitration involving construction defect claims against a development party, shall:

(1) mail or deliver written notice of the anticipated commencement of the action to each unit owner at the addresses, if any, established for notices to owners in the declaration and, if the declaration does not state how notices are to be given to owners, to the owner's last known address. The notice shall specify the nature of the construction defect claims to be alleged, the relief sought, and the manner in which the association proposes to fund the cost of pursuing the construction defect claims; and

(2) obtain the approval of owners of units to which a majority of the total votes in the association are allocated. Votes allocated to units owned by the declarant, an affiliate of the declarant, or a mortgagee who obtained ownership of the unit through a foreclosure sale are excluded. The association may obtain the required approval by a vote at an annual or special meeting of the members or, if authorized by the statute under which the association is created and taken in compliance with that statute, by a vote of the members taken by electronic means or mailed ballots. If the association holds a meeting and voting by electronic means or mailed ballots is authorized by that statute, the association shall also provide for voting by those methods. Section 515B.3-110(c) applies to votes taken by electronic means or mailed ballots, except that the votes must be used in combination with the vote taken at a meeting and are not in lieu of holding a meeting, if a meeting is held, and are considered for purposes of determining whether a quorum was present. Proxies may not be used for a vote taken under this paragraph unless the unit owner executes the proxy after receipt of the notice required under subsection (d)(1) and the proxy expressly references this notice.

(e) The association may intervene in a litigation or arbitration involving a construction defect claim or assert a construction defect claim as a counterclaim, crossclaim, or third-party claim before complying with subsections (d)(1) and (d)(2) but the association's complaint in an intervention, counterclaim, crossclaim, or third-party claim shall be dismissed without prejudice unless the association has complied with the requirements of subsection (d) within 90 days of the association's commencement of the complaint in an intervention or the assertion of the counterclaim, crossclaim, or third-party claim.

Sec. 10. **PHOTOVOLTAIC DEMAND CREDIT RIDER.**

By October 1, 2021, an investor-owned utility that has not already done so must submit to the Public Utilities Commission a photovoltaic demand credit rider that reimburses all demand metered customers with solar photovoltaic systems greater than 40 kilowatts alternating current for the demand charge overbilling that occurs. The utility may submit to the commission multiple options to calculate reimbursement for demand charge overbilling. At least one submission must use a capacity value stack methodology. The commission is prohibited from approving a photovoltaic demand credit rider unless the rider allows stand-alone photovoltaic systems and photovoltaic systems coupled with storage. The commission must approve the photovoltaic demand credit rider by June 30, 2022.

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

Sec. 11. **SITING SOLAR ENERGY GENERATING SYSTEMS ON PRIME FARMLAND.**

(a) The Public Utilities Commission must amend Minnesota Rules, section 7850.4400, subpart 4, to allow the siting of a solar energy generating system on prime farmland that meets any of the following conditions:

(1) the site has been identified as a sensitive groundwater area by the Department of Natural Resources under Minnesota Statutes, section 103H.101;

(2) the owner of the solar energy generating system has entered into an agreement with the Board of Soil and Water Resources committing the owner to comply with the provisions of Minnesota Statutes, section 216B.1642, by establishing on the site perennial vegetation and foraging habitat beneficial to game birds, songbirds, and pollinators, and to report to the board every three years on progress made toward establishing beneficial habitat; or

(3) the solar energy generating system is colocated with and does not disrupt the operation of agricultural uses, including but not limited to grazing and harvesting forage.

(b) The commission shall comply with Minnesota Statutes, section 14.389, in adopting rules under this section.

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

Sec. 12. **DEPARTMENT OF ADMINISTRATION; MASTER SOLAR CONTRACT PROGRAM.**

The Department of Administration shall not extend the term of its current on-site solar photovoltaic master contract, but shall instead, no later than February 1, 2022, announce an open request for proposals for a new statewide on-site solar photovoltaic master contract to allow additional applicants to submit proposals to enable their participation in the state's solar master contract program.

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

Sec. 13. **APPROPRIATIONS.**

Subdivision 1. **Solar on schools; non-Xcel service territory.** $1,737,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of commerce to provide financial assistance to schools to purchase and install solar energy generating systems under Minnesota Statutes, section 216C.375. This appropriation remains available until expended and does not cancel to the general fund. This appropriation must be expended on schools located outside the electric service territory of the public utility that is subject to Minnesota Statutes, section 116C.779. The base in fiscal year 2024 is $388,000.

Subd. 2. **Solar on schools; Xcel service territory.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $5,000,000 in fiscal year 2022 and $5,000,000 in fiscal year 2023 are appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to provide financial assistance to schools to purchase and install solar energy generating systems under Minnesota Statutes, section 216C.376. This appropriation remains available until expended and does not cancel to the renewable development account. This appropriation must be expended on schools located within the electric service territory of the public utility that is subject to Minnesota Statutes, section 116C.779. These are onetime appropriations.

Subd. 3. **Solar devices; state parks.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $2,000,000 in fiscal year 2022 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the commissioner of natural resources to install solar photovoltaic devices in state parks located within the retail electric service area of a public utility subject to Minnesota Statutes, section 116C.779, subdivision 1. This appropriation is available until June 30, 2023. This is a onetime appropriation.

Subd. 4. **Solar devices; state buildings.** (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $4,000,000 in fiscal year 2022 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the commissioner of administration to install solar photovoltaic devices on state-owned buildings that are located within the retail electric service area of the public utility subject to Minnesota Statutes, section 116C.779, subdivision 1.

(b) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $59,000 in fiscal year 2022 and $38,000 in fiscal year 2023 are appropriated from the renewable development account to the commissioner of administration for costs to administer the installation of solar photovoltaic devices on state-owned buildings that are located within the retail electric service area of the public utility subject to Minnesota Statutes, section 116C.779, subdivision 1.

Subd. 5. **Solar on prime farmland.** (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $14,000 in fiscal year 2022 and $14,000 in fiscal year 2023 are appropriated from the renewable development account established under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the Board of Water and Soil Resources for activities associated with installing solar energy generating systems on prime farmland, as described in section 6.

(b) $46,000 in fiscal year 2022 is appropriated from the general fund to the Public Utilities Commission for activities associated with installing solar energy systems on prime farmland, as described in section 6. This is a onetime appropriation.

Subd. 6. **Mountain Iron solar plant expansion.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $5,500,000 in fiscal year 2021 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of employment and

economic development for a grant to the Mountain Iron Economic Development Authority to expand a city-owned solar module manufacturing plant building in the city's Renewable Energy Industrial Park. This is a onetime appropriation. Any unexpended funds remaining as of June 30, 2022, must be returned to the renewable development account under Minnesota Statutes, section 116C.779, subdivision 1.

Subd. 7. **Northfield distribution system upgrades.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $550,000 in fiscal year 2022 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the public utility that is subject to Minnesota Statutes, section 116C.779, subdivision 1, to upgrade the utility's distribution system in and bordering on the city of Northfield to enable the interconnection of additional customer-sited solar deployment. No later than October 15, 2021, the public utility that is to receive the transferred funds must submit a report to the commissioner of commerce, the Public Utilities Commission, and to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over energy policy and finance describing how the utility proposes to utilize the transfer made under this subdivision, including the specific locations identified for additional equipment installation, the nature of the equipment, and the amount of incremental capacity that results from the installation of the equipment. The commissioner must not transfer the funds appropriated under this subdivision to the public utility until the commissioner and the Public Utilities Commission have reviewed and approved the report.

ARTICLE 6
MISCELLANEOUS

Section 1. Minnesota Statutes 2020, section 115B.40, subdivision 1, is amended to read:

Subdivision 1. **Response to releases.** The commissioner may take any environmental response action, including emergency action, related to a release or threatened release of a hazardous substance, pollutant or contaminant, or decomposition gas from a qualified facility that the commissioner deems reasonable and necessary to protect the public health or welfare or the environment under the standards required in sections 115B.01 to 115B.20. The commissioner may undertake studies necessary to determine reasonable and necessary environmental response actions at individual facilities. The commissioner may develop general work plans for environmental studies, presumptive remedies, and generic remedial designs for facilities with similar characteristics, as well as implement reuse and redevelopment strategies. Prior to selecting environmental response actions for a facility, the commissioner shall hold at least one public informational meeting near the facility and provide for receiving and responding to comments related to the selection. The commissioner shall design, implement, and provide oversight consistent with the actions selected under this subdivision.

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

Sec. 2. Minnesota Statutes 2020, 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.

(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 following any year in which the commission has acted on recommendations submitted by the advisory group and the public utility. 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.

(r) 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.

(s) 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.

(t) 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.

(u) Of the amount in the renewable development account, priority must be given to making the payments required under section 216C.417.

Sec. 3. Minnesota Statutes 2020, section 216B.096, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) The terms used in this section have the meanings given them in this subdivision.

(b) "Cold weather period" means the period from October ~~15~~ 1 through April ~~15~~ 30 of the following year.

(c) "Customer" means a residential customer of a utility.

(d) "Disconnection" means the involuntary loss of utility heating service as a result of a physical act by a utility to discontinue service. Disconnection includes installation of a service or load limiter or any device that limits or interrupts utility service in any way.

(e) "Household income" means the combined income, as defined in section 290A.03, subdivision 3, of all residents of the customer's household, computed on an annual basis. Household income does not include any amount received for energy assistance.

(f) "Reasonably timely payment" means payment within five working days of agreed-upon due dates.

(g) "Reconnection" means the restoration of utility heating service after it has been disconnected.

(h) "Summary of rights and responsibilities" means a commission-approved notice that contains, at a minimum, the following:

(1) an explanation of the provisions of subdivision 5;

(2) an explanation of no-cost and low-cost methods to reduce the consumption of energy;

(3) a third-party notice;

(4) ways to avoid disconnection;

(5) information regarding payment agreements;

(6) an explanation of the customer's right to appeal a determination of income by the utility and the right to appeal if the utility and the customer cannot arrive at a mutually acceptable payment agreement; and

(7) a list of names and telephone numbers for county and local energy assistance and weatherization providers in each county served by the utility.

(i) "Third-party notice" means a commission-approved notice containing, at a minimum, the following information:

(1) a statement that the utility will send a copy of any future notice of proposed disconnection of utility heating service to a third party designated by the residential customer;

(2) instructions on how to request this service; and

(3) a statement that the residential customer should contact the person the customer intends to designate as the third-party contact before providing the utility with the party's name.

(j) "Utility" means a public utility as defined in section 216B.02, and a cooperative electric association electing to be a public utility under section 216B.026. Utility also means a municipally owned gas or electric utility for nonresident consumers of the municipally owned utility and a cooperative electric association when a complaint in connection with utility heating service during the cold weather period is filed under section 216B.17, subdivision 6 or 6a.

(k) "Utility heating service" means natural gas or electricity used as a primary heating source, including electricity service necessary to operate gas heating equipment, for the customer's primary residence.

(l) "Working days" means Mondays through Fridays, excluding legal holidays. The day of receipt of a personally served notice and the day of mailing of a notice shall not be counted in calculating working days.

Sec. 4. Minnesota Statutes 2020, section 216B.096, subdivision 3, is amended to read:

Subd. 3. **Utility obligations before cold weather period.** Each year, between ~~September 1~~ August 15 and October ~~15~~ 1, each utility must provide all customers, personally, by first class mail, or electronically for those requesting electronic billing, a summary of rights and responsibilities. The summary must also be provided to all new residential customers when service is initiated.

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

Sec. 5. Minnesota Statutes 2020, section 216B.097, subdivision 1, is amended to read:

Subdivision 1. **Application; notice to residential customer.** (a) A municipal utility or a cooperative electric association must not disconnect and must reconnect the utility service of a residential customer during the period between October ~~15~~ 1 and April ~~15~~ 30 if the disconnection affects the primary heat source for the residential unit and all of the following conditions are met:

(1) The household income of the customer is at or below 50 percent of the state median household income. A municipal utility or cooperative electric association utility may (i) verify income on forms it provides or (ii) obtain verification of income from the local energy assistance provider. A customer is deemed to meet the income requirements of this clause if the customer receives any form of public assistance, including energy assistance, that uses an income eligibility threshold set at or below 50 percent of the state median household income.

(2) A customer enters into and makes reasonably timely payments under a payment agreement that considers the financial resources of the household.

(3) A customer receives referrals to energy assistance, weatherization, conservation, or other programs likely to reduce the customer's energy bills.

(b) A municipal utility or a cooperative electric association must, between August 15 and October ~~15~~ 1 each year, notify all residential customers of the provisions of this section.

Sec. 6. Minnesota Statutes 2020, section 216B.097, subdivision 2, is amended to read:

Subd. 2. **Notice to residential customer facing disconnection.** Before disconnecting service to a residential customer during the period between October ~~15~~ 1 and April ~~15~~ 30, a municipal utility or cooperative electric association must provide the following information to a customer:

(1) a notice of proposed disconnection;

(2) a statement explaining the customer's rights and responsibilities;

(3) a list of local energy assistance providers;

(4) forms on which to declare inability to pay; and

(5) a statement explaining available time payment plans and other opportunities to secure continued utility service.

Sec. 7. Minnesota Statutes 2020, section 216B.097, subdivision 3, is amended to read:

Subd. 3. **Restrictions if disconnection necessary.** (a) If a residential customer must be involuntarily disconnected between October ~~15~~ 1 and April ~~15~~ 30 for failure to comply with subdivision 1, the disconnection must not occur:

(1) on a Friday, unless the customer declines to enter into a payment agreement offered that day in person or via personal contact by telephone by a municipal utility or cooperative electric association;

(2) on a weekend, holiday, or the day before a holiday;

(3) when utility offices are closed; or

(4) after the close of business on a day when disconnection is permitted, unless a field representative of a municipal utility or cooperative electric association who is authorized to enter into a payment agreement, accept payment, and continue service, offers a payment agreement to the customer.

Further, the disconnection must not occur until at least 20 days after the notice required in subdivision 2 has been mailed to the customer or 15 days after the notice has been personally delivered to the customer.

(b) If a customer does not respond to a disconnection notice, the customer must not be disconnected until the utility investigates whether the residential unit is actually occupied. If the unit is found to be occupied, the utility must immediately inform the occupant of the provisions of this section. If the unit is unoccupied, the utility must give seven days' written notice of the proposed disconnection to the local energy assistance provider before making a disconnection.

(c) If, prior to disconnection, a customer appeals a notice of involuntary disconnection, as provided by the utility's established appeal procedure, the utility must not disconnect until the appeal is resolved.

Sec. 8. Minnesota Statutes 2020, section 216B.164, subdivision 4, is amended to read:

Subd. 4. **Purchases; wheeling; costs.** (a) Except as otherwise provided in paragraph (c), this subdivision shall apply to all qualifying facilities having 40-kilowatt capacity or more as well as qualifying facilities as defined in subdivision 3 and net metered facilities under subdivision 3a, if interconnected to a cooperative electric association or municipal utility, or 1,000-kilowatt capacity or more if interconnected to a public utility, which elect to be governed by its provisions.

(b) The utility to which the qualifying facility is interconnected shall purchase all energy and capacity made available by the qualifying facility. The qualifying facility shall be paid the utility's full avoided capacity and energy costs as negotiated by the parties, as set by the commission, or as determined through competitive bidding approved by the commission. ~~The full avoided capacity and energy costs to be paid a qualifying facility that generates electric power by means of a renewable energy source are the utility's least cost renewable energy facility or the bid of a competing supplier of a least cost renewable energy facility, whichever is lower, unless the commission's resource plan order, under section 216B.2422, subdivision 2, provides that the use of a renewable resource to meet the identified capacity need is not in the public interest.~~

(c) For all qualifying facilities having 30-kilowatt capacity or more, the utility shall, at the qualifying facility's or the utility's request, provide wheeling or exchange agreements wherever practicable to sell the qualifying facility's output to any other Minnesota utility having generation expansion anticipated or planned for the ensuing ten years. The commission shall establish the methods and procedures to insure that except for reasonable wheeling charges and line losses, the qualifying facility receives the full avoided energy and capacity costs of the utility ultimately receiving the output.

(d) The commission shall set rates for electricity generated by renewable energy.

Sec. 9. Minnesota Statutes 2020, section 216B.2424, is amended by adding a subdivision to read:

Subd. 5b. **Definitions.** (a) For the purposes of subdivision 5c, the following terms have the meanings given.

(b) "Agreement period" means the period beginning January 1, 2023, and ending December 31, 2024.

(c) "Ash" means all species of the genus *Fraxinus*.

(d) "Cogeneration facility" means the St. Paul district heating and cooling system cogeneration facility that uses waste wood as the facility's primary fuel source, provides thermal energy to St. Paul, and sells electricity to a public utility through a power purchase agreement approved by the Public Utilities Commission.

(e) "Department" means the Department of Agriculture.

(f) "Emerald ash borer" means the insect known as emerald ash borer, *Agrilus planipennis* Fairmaire, in any stage of development.

(g) "Renewable energy technology" has the meaning given to "eligible energy technology" in section 216B.1691, subdivision 1.

(h) "St. Paul district heating and cooling system" means a system of boilers, distribution pipes, and other equipment that provides energy for heating and cooling in St. Paul, and includes the cogeneration facility.

(i) "Waste wood from ash trees" means ash logs and lumber, ash tree waste, and ash chips and mulch.

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

Sec. 10. Minnesota Statutes 2020, section 216B.2424, is amended by adding a subdivision to read:

Subd. 5c. **New power purchase agreement.** (a) No later than August 1, 2021, a public utility subject to subdivision 5 and the cogeneration facility may file a proposal with the commission to enter into a power purchase agreement that governs the public utility's purchase of electricity generated by the cogeneration facility. The power purchase agreement may extend no later than December 31, 2024, and must not be extended beyond that date except as provided in paragraph (f).

(b) The commission is prohibited from approving a new power purchase agreement filed under this subdivision that does not meet all of the following conditions:

(1) the cogeneration facility agrees that any waste wood from ash trees removed from Minnesota counties that have been designated as quarantined areas in Section IV of the Minnesota State Formal Quarantine for Emerald Ash Borer, issued by the commissioner of agriculture under section 18G.06, effective November 14, 2019, as amended, for utilization as biomass fuel by the cogeneration facility must be accompanied by evidence:

(i) demonstrating that the transport of biomass fuel from processed waste wood from ash trees to the cogeneration facility complies with the department's regulatory requirements under the Minnesota State Formal Quarantine for Emerald Ash Borer, which may consist of:

(A) a certificate authorized or prepared by the commissioner of agriculture or an employee of the Animal and Plant Health Inspection Service of the United States Department of Agriculture verifying compliance; or

(B) shipping documents demonstrating compliance; or

(ii) certifying that the waste wood from ash trees has been chipped to one inch or less in two dimensions, and was chipped within the county from which the ash trees were originally removed;

(2) the price per megawatt hour of electricity paid by the public utility demonstrates significant savings compared to the existing power purchase agreement, with a price that does not exceed $98 per megawatt hour;

(3) the proposal includes a proposal to the commission for one or more electrification projects that result in the St. Paul district heating and cooling system being powered by electricity generated from renewable energy technologies. The plan must evaluate electrification at three or more levels from ten to 100 percent, including 100 percent of the energy used by the St. Paul district heating and cooling system to be implemented by December 31, 2027. The proposal may also evaluate alternative dates for implementation. For each level of electrification analyzed, the proposal must contain:

(i) a description of the alternative electrification technologies evaluated and whose implementation is proposed as part of the electrification project;

(ii) an estimate of the cost of the electrification project to the public utility, the impact on the monthly energy bills of the public utility's Minnesota customers, and the impact on the monthly energy bills of St. Paul district heating and cooling system customers;

(iii) an estimate of the reduction in greenhouse gas emissions resulting from the electrification project, including greenhouse gas emissions associated with the transportation of waste wood;

(iv) estimated impacts on the operations of the St. Paul district heating and cooling system; and

(v) a timeline for the electrification project; and

(4) the power purchase agreement provides a net benefit to the utility customers or the state.

(c) The commission may approve, or approve as modified, a proposed electrification project that meets the requirements of this subdivision if it finds the electrification project is in the public interest, or the commission may reject the project if it finds that the project is not in the public interest. When determining whether an electrification project is in the public interest, the commission may consider the effects of the electrification project on air emissions from the St. Paul district heating and cooling system and how the emissions impact the environment and residents of affected neighborhoods.

(d) During the agreement period, the cogeneration facility must attempt to obtain funding to reduce the cost of generating electricity and enable the facility to continue to operate beyond the agreement period to address the removal of ash trees, as described in paragraph (b), clause (1), without any subsidy or contribution from any power purchase agreement after December 31, 2024. The cogeneration facility must submit periodic reports to the commission regarding the efforts made under this paragraph.

(e) Upon approval of the new power purchase agreement, the commission must require periodic reporting regarding progress toward development of a proposal for an electrification project.

(f) The commission is prohibited from approving either an extension of an existing power purchase agreement or a new power purchase agreement that operates after the agreement period unless it approves an electrification project. Nothing in this section requires any utility to enter into a power purchase agreement with the cogeneration facility after December 31, 2024.

(g) Upon approval of an electrification project, the commission must require periodic reporting regarding the progress toward implementation of the electrification project.

(h) If the commission approves the proposal submitted under paragraph (b), clause (3), the commission may allow the public utility to recover prudently incurred costs net of revenues resulting from the electrification project through an automatic cost recovery mechanism that allows for cost recovery outside of a general rate case. The cost recovery mechanism approved by the commission must:

(1) allow a reasonable return on the capital invested in the electrification project by the public utility, as determined by the commission; and

(2) recover costs only from the public utility's Minnesota electric service customers.

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

Sec. 11. Minnesota Statutes 2020, 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, subdivision 2, or a solar ~~electric~~ energy generation ~~facility~~ system, as defined in section 216E.01, subdivision 9a, if the system ~~or facility~~ is owned and operated by an independent power producer and the electric output of the system ~~or facility~~:

(i) is not sold to an entity that provides retail service in Minnesota or wholesale electric service to another entity in Minnesota other than an entity that is a federally recognized regional transmission organization or independent system operator; or

(ii) is sold to an entity that provides retail service in Minnesota or wholesale electric service to another entity in Minnesota other than an entity that is a federally recognized regional transmission organization or independent system operator, provided that the system represents solar or wind capacity that the entity purchasing the system's electric output was ordered by the commission to develop in the entity's most recent integrated resource plan approved under section 216B.2422; or

(8) a large wind energy conversion system, as defined in section 216F.01, subdivision 2, or a solar energy generating large energy facility, as defined in section 216B.2421, subdivision 2, engaging in a repowering project that:

(i) will not result in the facility exceeding the nameplate capacity under its most recent interconnection agreement; or

(ii) will result in the facility 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.

(b) For the purpose of this subdivision, "repowering project" means:

(1) modifying a large wind energy conversion system or a solar energy generating 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. 12. Minnesota Statutes 2020, section 216B.62, subdivision 3b, is amended to read:

Subd. 3b. **Assessment for department regional and national duties.** In addition to other assessments in subdivision 3, the department may assess up to $500,000 per fiscal year for performing its duties under section 216A.07, subdivision 3a. The amount in this subdivision shall be assessed to energy utilities in proportion to their respective gross operating revenues from retail sales of gas or electric service within the state during the last calendar year and shall be deposited into an account in the special revenue fund and is appropriated to the commissioner of commerce for the purposes of section 216A.07, subdivision 3a. An assessment made under this subdivision is not subject to the cap on assessments provided in subdivision 3 or any other law. For the purpose of this subdivision, an "energy utility" means public utilities, generation and transmission cooperative electric associations, and municipal power agencies providing natural gas or electric service in the state. ~~This subdivision expires June 30, 2021.~~

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

Sec. 13. **[216B.631] COMPENSATION FOR PARTICIPANTS IN PROCEEDINGS.**

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

(b) "Participant" means a person who meets the requirements of subdivision 2 and who:

(1) files comments or appears in a commission proceeding, other than public hearings, concerning one or more public utilities; or

(2) is permitted by the commission to intervene in a commission proceeding concerning one or more public utilities; and

(3) files a request for compensation under this section.

(c) "Proceeding" means an undertaking of the commission in which it seeks to resolve an issue affecting one or more public utilities and which results in a commission order.

(d) "Public utility" has the meaning given in section 216B.02, subdivision 4.

Subd. 2. **Participants; eligibility.** Any of the following participants is eligible to receive compensation under this section:

(1) a nonprofit organization that is:

(i) exempt from taxation under section 501(c)(3) of the United States Internal Revenue Code;

(ii) incorporated in Minnesota; and

(iii) governed under chapter 317A;

(2) a Tribal government of a federally recognized Indian Tribe that is located in Minnesota; or

(3) a Minnesota resident, except that an individual who owns a for-profit business that has earned revenue from a Minnesota utility in the past two years is not eligible for compensation.

Subd. 3. **Compensation; conditions.** (a) The commission may order a public utility to compensate all or part of an eligible participant's reasonable costs of participation in a proceeding that comes before the commission when the commission finds that the participant has materially assisted the commission's deliberation.

(b) In determining whether a participant has materially assisted the commission's deliberation, the commission must find that:

(1) the participant made a unique contribution to the record and represented an interest that would not otherwise have been adequately represented;

(2) the evidence or arguments presented or the positions taken by the participant were an important factor in producing a fair decision;

(3) the participant's position promoted a public purpose or policy;

(4) the evidence presented, arguments made, issues raised, or positions taken by the participant would not otherwise have been a part of the record;

(5) the participant was active in any stakeholder process made part of the proceeding; and

(6) the proceeding resulted in a commission order that adopted, in whole or in part, a position advocated by the participant.

(c) In reviewing a compensation request, the commission must consider whether the costs presented in the participant's claim are reasonable.

Subd. 4. **Compensation; amount.** (a) Compensation must not exceed $50,000 for a single participant in any proceeding, except that:

(1) if a proceeding extends longer than 12 months, a participant may request compensation of up to $50,000 for costs incurred in each calendar year; and

(2) in a general rate case proceeding under section 216B.16 or an integrated resource plan proceeding under section 216B.2422, the maximum single participant compensation must not exceed $75,000.

(b) A single participant must not be granted more than $200,000 under this section in a single calendar year.

(c) Compensation requests from joint participants must be presented as a single request.

(d) Notwithstanding paragraphs (a) and (b), the commission must not, in any calendar year, require a single public utility to pay aggregate compensation under this section that exceeds the following amounts:

(1) $100,000, for a public utility with up to $300,000,000 annual gross operating revenue in Minnesota;

(2) $275,000, for a public utility with more than $300,000,000 but less than $900,000,000 annual gross operating revenue in Minnesota;

(3) $375,000, for a public utility with more than $900,000,000 but less than $2,000,000,000 annual gross operating revenue in Minnesota; and

(4) $1,250,000, for a public utility with more than $2,000,000,000 annual gross operating revenue in Minnesota.

(e) When requests for compensation from any public utility approach the limits established in paragraph (d), the commission may prioritize requests from participants that received less than $150,000 in total compensation during the previous two years.

Subd. 5. **Compensation; process.** (a) A participant seeking compensation must file a request and an affidavit of service with the commission, and serve a copy of the request on each party to the proceeding. The request must be filed no more than 30 days after the later of: (1) the expiration of the period within which a petition for rehearing, amendment, vacation, reconsideration, or reargument must be filed; or (2) the date the commission issues an order following rehearing, amendment, vacation, reconsideration, or reargument.

(b) A compensation request must include:

(1) the name and address of the participant or nonprofit organization the participant is representing;

(2) evidence of the organization's nonprofit, tax-exempt status;

(3) the name and docket number of the proceeding for which compensation is requested;

(4) a list of actual annual revenue secured and expenses incurred for participation in commission proceedings separately for the preceding and current year, and projected revenue, revenue sources, and expenses for participation in commission proceedings for the current year;

(5) amounts of compensation awarded to the participant under this section during the current year and any pending requests for compensation, by docket;

(6) an itemization of the participant's costs, including hours worked and associated hourly rates for each individual contributing to the participation, not including overhead costs, participant revenues for the proceeding, and the total compensation request; and

(7) a narrative describing the unique contribution made to the proceeding by the participant.

(c) A participant shall comply with reasonable requests for information by the commission and other participants. A participant shall reply to information requests within ten calendar days of the date the request is received, unless this would place an extreme hardship upon the replying participant. The replying participant must provide a copy of the information to any other participant or interested person upon request. Disputes regarding information requests may be resolved by the commission.

(d) Within 30 days after service of the request for compensation, a party may file a response, together with an affidavit of service, with the commission. A copy of the response must be served on the requesting participant and all other parties to the proceeding.

(e) Within 15 days after the response is filed, the participant may file a reply with the commission. A copy of the reply and an affidavit of service must be served on all other parties to the proceeding.

(f) If additional costs are incurred by a participant as a result of additional proceedings following the commission's initial order, the participant may file an amended request within 30 days after the commission issues an amended order. Paragraphs (b) to (e) apply to an amended request.

(g) The commission must issue a decision on participant compensation within 60 days of the date a request for compensation is filed by a participant.

(h) The commission may extend the deadlines in paragraphs (d), (e), and (g) for up to 60 days upon the request of a participant or on the commission's own initiative, if applicable.

(i) A participant may request reconsideration of the commission's compensation decision within 30 days of the decision date.

Subd. 6. **Compensation; orders.** (a) If the commission issues an order requiring payment of participant compensation, the public utility that was the subject of the proceeding must pay the compensation to the participant and file proof of payment with the commission within 30 days after the later of: (1) the expiration of the period within which a petition for reconsideration of the commission's compensation decision must be filed; or (2) the date the commission issues an order following reconsideration of the commission's order on participant compensation.

(b) If the commission issues an order requiring payment of participant compensation in a proceeding involving multiple public utilities, the commission shall apportion costs among the public utilities in proportion to each public utility's annual revenue.

(c) The commission may issue orders necessary to allow a public utility to recover the costs of participant compensation on a timely basis.

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

Sec. 14. **[216C.51] UTILITY DIVERSITY REPORTING.**

Subdivision 1. **Policy.** It is the policy of this state to encourage each utility that serves Minnesota residents to focus on and improve the diversity of the utility's workforce and suppliers.

Subd. 2. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

(b) "Certification" means official recognition by a governmental unit that a business is a preferred vendor as a result of the characteristics of the business owner or owners or the location of the business.

(c) "Utility" has the meaning given in section 216C.06, subdivision 18.

Subd. 3. **Annual report.** (a) Beginning March 15, 2022, and each March 15 thereafter, each utility authorized to do business in Minnesota must file an annual diversity report to the commissioner on:

(1) the utility's goals and efforts to increase diversity in the workplace, including current workforce representation numbers and percentages; and

(2) all procurement goals and actual spending for female-owned, minority-owned, veteran-owned, and small business enterprises during the previous calendar year.

(b) The goals under paragraph (a), clause (2), must be expressed as a percentage of the total work performed by the utility submitting the report. The actual spending for female-owned, minority-owned, veteran-owned, and small business enterprises must also be expressed as a percentage of the total work performed by the utility submitting the report.

Subd. 4. **Report elements.** Each utility required to report under this section must include the following in the annual report:

(1) an explanation of the plan to increase diversity in the utility's workforce and suppliers during the next year;

(2) an explanation of the plan to increase the goals;

(3) an explanation of the challenges faced to increase workforce and supplier diversity, including suggestions regarding actions the department could take to help identify potential employees and vendors;

(4) a list of the certifications the company recognizes;

(5) a point of contact for a potential employee or vendor that wishes to work for or do business with the utility; and

(6) a list of successful actions taken to increase workforce and supplier diversity, in order to encourage other companies to emulate best practices.

Subd. 5. **State data.** Each annual report must include as much state-specific data as possible. If the submitting utility does not submit state-specific data, the utility must include any relevant national data the utility possesses, explain why the utility could not submit state-specific data, and explain how the utility intends to include state-specific data in future reports, if possible.

Subd. 6. **Publication; retention.** The department must publish an annual report on the department's website and must maintain each annual report for at least five years.

Sec. 15. Minnesota Statutes 2020, section 216E.03, subdivision 7, is amended to read:

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 generating plants and high-voltage transmission lines 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; ~~and~~

(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 the protection and enhancement of environmental quality, and to the reliability of state and regional energy supplies; and

(14) evaluation of the proposed project's impact on socioeconomic factors.

(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.

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

Sec. 16. Minnesota Statutes 2020, section 216E.04, subdivision 2, is amended to read:

Subd. 2. **Applicable projects.** The requirements and procedures in this section apply to the following projects:

(1) large electric power generating plants with a capacity of less than 80 megawatts;

(2) large electric power generating plants that are fueled by natural gas;

(3) high-voltage transmission lines of between 100 and 200 kilovolts;

(4) high-voltage transmission lines in excess of 200 kilovolts and less than ~~five~~ 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) 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; and

(8) large electric power generating plants that are powered by solar energy.

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

Sec. 17. Minnesota Statutes 2020, section 216F.012, is amended to read:

216F.012 SIZE ELECTION.

(a) A wind energy conversion system of less than 25 megawatts of nameplate capacity as determined under section 216F.011 is a small wind energy conversion system if, by July 1, 2009, the owner so elects in writing and submits a completed application for zoning approval and the written election to the county or counties in which the project is proposed to be located. The owner must notify the Public Utilities Commission of the election at the time the owner submits the election to the county.

(b) Notwithstanding paragraph (a), a wind energy conversion system with a nameplate capacity exceeding five megawatts that is proposed to be located wholly or partially within a wind access buffer adjacent to state lands that are part of the outdoor recreation system, as enumerated in section 86A.05, is a large wind energy conversion system. The Department of Natural Resources shall negotiate in good faith with a system owner regarding siting and may support the system owner in seeking a variance from the system setback requirements if it determines that a variance is in the public interest.

~~(c) The Public Utilities Commission shall issue an annual report to the chairs and ranking minority members of the house of representatives and senate committees with primary jurisdiction over energy policy and natural resource policy regarding any variances applied for and not granted for systems subject to paragraph (b).~~

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

Sec. 18. **[216F.084] WIND TURBINE LIGHTING SYSTEMS.**

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

(b) "Duration" means the length of time during which the lights of a wind turbine lighting system are lit.

(c) "Intensity" means the brightness of a wind turbine lighting system's lights.

(d) "Light-mitigating technology" means a sensor-based system that reduces the duration or intensity of wind turbine lighting systems by:

(1) using radio frequency or other sensors to detect aircraft approaching one or more wind turbines, or detecting visibility conditions at turbine sites; and

(2) automatically activating appropriate obstruction lights until the lights are no longer needed by the aircraft and are turned off or dimmed.

A light-mitigating technology may include an audio feature that transmits an audible warning message to provide a pilot additional information regarding a wind turbine the aircraft is approaching.

(e) "Repowering project" has the meaning given in section 216B.243, subdivision 8, paragraph (b).

(f) "Wind turbine lighting system" means a system of lights installed on an LWECS that meets the applicable Federal Aviation Administration requirements.

Subd. 2. **Application.** This section applies to an LWECS issued a site permit or site permit amendment, including a site permit amendment for an LWECS repowering project, by the commission under section 216F.04 or by a county under section 216F.08, provided that the application for a site permit or permit amendment is filed after July 1, 2021.

Subd. 3. **Required lighting system.** (a) An LWECS subject to this section must be equipped with a light-mitigating technology that meets the requirements established in Chapter 14 of the Federal Aviation Administration's Advisory Circular 70/760-1, Obstruction Marking and Lighting, as updated, unless the Federal Aviation Administration, after reviewing the LWECS site plan, rejects the use of the light-mitigating technology for the LWECS. A light-mitigating technology installed on a wind turbine in Minnesota must be purchased from a vendor approved by the Federal Aviation Administration.

(b) If the Federal Aviation Administration, after reviewing the LWECS site plan, rejects the use of a light-mitigating technology for the LWECS under paragraph (a), the LWECS must be equipped with a wind turbine lighting system that minimizes the duration or intensity of the lighting system while maintaining full compliance with the lighting standards established in Chapter 13 of the Federal Aviation Administration's Advisory Circular 70/760-1, Obstruction Marking and Lighting, as updated.

Subd. 4. **Exemptions.** (a) The Public Utilities Commission or a county that has assumed permitting authority under section 216F.08 must grant an owner of an LWECS an exemption from subdivision 3, paragraph (a), if the Federal Aviation Administration denies the owner's application to equip an LWECS with a light-mitigating technology.

(b) The Public Utilities Commission or a county that has assumed permitting authority under section 216F.08 must grant an owner of an LWECS an exemption from or an extension of time to comply with subdivision 3, paragraph (a), if after notice and public hearing the owner of the LWECS demonstrates to the satisfaction of the commission or county that:

(1) equipping an LWECS with a light-mitigating technology is technically infeasible;

(2) equipping an LWECS with a light-mitigating technology imposes a significant financial burden on the permittee; or

(3) a vendor approved by the Federal Aviation Administration cannot deliver a light-mitigating technology to the LWECS owner in a reasonable amount of time.

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

Sec. 19. **TRIBAL ADVOCACY COUNCIL ON ENERGY; DEPARTMENT OF COMMERCE SUPPORT.**

(a) The Department of Commerce must provide technical support and subject matter expertise to help facilitate efforts taken by the 11 federally recognized Indian Tribes in Minnesota to establish and operate a Tribal advocacy council on energy.

(b) When requested by a Tribal advocacy council on energy, the Department of Commerce must assist the council to:

(1) assess and evaluate common Tribal energy issues, including:

(i) identifying and prioritizing energy issues;

(ii) facilitating idea sharing among the Tribes to generate solutions to energy issues; and

(iii) assisting decision making with respect to resolving energy issues;

(2) develop new statewide energy policies or proposed legislation, including:

(i) organizing stakeholder meetings;

(ii) gathering input and other relevant information;

(iii) assisting with policy proposal development, evaluation, and decision making; and

(iv) helping facilitate actions taken to submit, and obtain approval for or have enacted, policies or legislation approved by the council;

(3) make efforts to raise awareness of and provide educational opportunities with respect to Tribal energy issues among Tribal members by:

(i) identifying information resources;

(ii) gathering feedback on issues and topics the council identifies as areas of interest; and

(iii) identifying topics for and helping to facilitate educational forums; and

(4) identify, evaluate, disseminate, and implement successful energy-related practices.

(c) Nothing in this section requires or otherwise obligates the 11 federally recognized Indian Tribes in Minnesota to establish a Tribal advocacy council on energy, nor does it require or obligate a federally recognized Indian Tribe in Minnesota to participate in or implement a decision or support an effort made by a Tribal advocacy council on energy.

(d) Any support provided by the Department of Commerce to a Tribal advocacy council on energy under this section must be provided only upon request of the council and is limited to issues and areas where the Department of Commerce's expertise and assistance is requested.

Sec. 20. **PILOT PROJECT; REPORTING REQUIREMENTS.**

Upon completion of the solar energy pilot project described in section 21, subdivision 3, paragraph (b), or by January 15, 2023, whichever is earlier, the commissioner of the Pollution Control Agency, in cooperation with the electric cooperative association operating the pilot project, must report to the chairs and ranking minority members of the legislative committees with jurisdiction over capital investment, energy, and environment on the following:

(1) project accomplishments and milestones, including any project growth, developments, or agreements that resulted from the project;

(2) challenges or barriers faced during development or after completion of the project;

(3) project financials, including expenses, utility agreements, and project viability; and

(4) replicability of the pilot project to other future closed landfill projects.

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

Sec. 21. **APPROPRIATIONS.**

Subdivision 1. **Microgrid research and application.** (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $2,400,000 in fiscal year 2022 and $1,200,000 in fiscal year 2023 are appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the University of St. Thomas Center for Microgrid Research for the purposes of paragraph (b). The base in fiscal year 2024 is $1,000,000, and the base in fiscal year 2025 is $400,000. The base in fiscal year 2026 is $400,000.

(b) The appropriations in this section must be used by the University of St. Thomas Center for Microgrid Research to:

(1) increase the center's capacity to provide industry partners opportunities to test near-commercial microgrid products on a real-world scale and to multiply opportunities for innovative research;

(2) procure advanced equipment and controls to enable the extension of the university's microgrid to additional buildings; and

(3) expand (i) hands-on educational opportunities to better understand the operations of microgrids to undergraduate and graduate electrical engineering students, and (ii) partnerships with community colleges.

Subd. 2. **Clean energy training; pilot project.** (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $2,500,000 in fiscal year 2022 is appropriated from the renewable development account to the commissioner of employment and economic development for a grant to Northgate Development, LLC, for a pilot project to provide training pathways into careers in clean energy for students and young adults in underserved communities. Any unexpended funds remaining at the end of the biennium cancel to the renewable development account. This is a onetime appropriation.

(b) The pilot project must develop skills among program participants, short of the level required for licensing under Minnesota Statutes, chapter 326B, that are relevant to the design, construction, operation, or maintenance of:

(1) systems producing solar or wind energy;

(2) improvements in energy efficiency, as defined in Minnesota Statutes, section 216B.241, subdivision 1;

(3) energy storage systems connected to renewable energy facilities, including battery technology;

(4) infrastructure for charging all-electric or electric hybrid vehicles; or

(5) grid technologies that manage load and provide services to the distribution grid that reduce energy consumption or shift demand to off-peak periods.

(c) Training must be designed to create pathways to a postsecondary degree, industry certification, or to a registered apprenticeship program under chapter 178 that is related to the fields in paragraph (b) and then to stable career employment at a living wage.

(d) Training must be provided at a location that is accessible by public transportation and must prioritize the inclusion of communities of color, indigenous people, and low-income individuals.

(e) Grant funds may be used for all expenses related to the training program, including curriculum, instructors, equipment, materials, and leasing and improving space for use by the program.

(f) No later than January 15, 2022, and by January 15 of 2023 and 2024, Northgate Development, LLC, shall submit an annual report to the commissioner of employment and economic development that must include, at a minimum, information on:

(1) program expenditures, including but not limited to amounts spent on curriculum, instructors, equipment, materials, and leasing and improving space for use by the program;

(2) other public or private funding sources, including in-kind donations, supporting the pilot program;

(3) the number of program participants;

(4) demographic information on program participants including but not limited to race, age, gender, and income; and

(5) the number of program participants placed in a postsecondary program, industry certification program, or registered apprenticeship program under Minnesota Statutes, chapter 178.

Subd. 3. **Landfill bond prepayment; solar pilot project.** (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $100,000 in fiscal year 2022 is appropriated from the renewable development account established under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the commissioner of management and budget to prepay and defease any outstanding general obligation bonds used to acquire property, finance improvements and betterments, or pay any other associated financing costs at the Anoka-Ramsey closed landfill. This amount may be deposited, invested, and applied to accomplish the purposes of this section as provided in Minnesota Statutes, section 475.67, subdivisions 5 to 10 and 13. Upon the prepayment and defeasance of all associated debt on the real property and improvements, all conditions set forth in Minnesota Statutes, section 16A.695, subdivision 3, are deemed to have been satisfied and the real property and improvements no longer constitute state bond financed property under Minnesota Statutes, section 16A.695. This is a onetime appropriation. Any funds appropriated under this section that remain unexpended after the purposes in this paragraph have been met cancel to the renewable development account.

(b) Once the purposes in paragraph (a) have been met, the commissioner of the Pollution Control Agency may take actions and execute agreements to facilitate the beneficial reuse of the Anoka-Ramsey closed landfill, and may specifically authorize the installation of a solar energy generating system, as defined in Minnesota Statutes, section 216E.01, subdivision 9a, as a pilot project at the closed landfill to be owned and operated by a cooperative electric association that has more than 130,000 customers in Minnesota. The appropriation in paragraph (a) must not be used to finance the pilot project, procure land rights, or to manage the solar energy generating system.

Subd. 4. **Participant compensation.** (a) $30,000 in fiscal year 2022 and $30,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce to address participant compensation issues in Public Utilities Commission proceedings, as described in Minnesota Statutes, section 216B.631.

(b) $28,000 in fiscal year 2022 and $28,000 in fiscal year 2023 are appropriated from the general fund to the Public Utilities Commission to address participant compensation issues under Minnesota Statutes, section 216B.631.

Subd. 5. **Commerce department; Energy Resources Division.** $3,493,000 in fiscal year 2022 and $3,547,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce for general operating activities of the Energy Resources Division.

Subd. 6. **Weatherization; vermiculite remediation.** $150,000 in fiscal year 2022 and $150,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce to remediate vermiculite insulation from households that are eligible for weatherization assistance under Minnesota's weatherization assistance program state plan under Minnesota Statutes, section 216C.264. Remediation must be done in conjunction with federal weatherization assistance program services.

Subd. 7. **Energy regulation and planning.** $851,000 in fiscal year 2022 and $870,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce for activities of the energy regulation and planning unit staff.

Subd. 8. **"Made in Minnesota" administration.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $100,000 in fiscal year 2022 and $100,000 in fiscal year 2023 are appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to administer the "Made in Minnesota" solar energy production incentive program under Minnesota Statutes, section 216C.417. Any remaining unspent funds cancel back to the renewable development account at the end of the biennium.

Subd. 9. **Grant cycle; proposal evaluation.** $500,000 in fiscal year 2022 and $500,000 in fiscal year 2023 are appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for costs associated with any third-party expert evaluation of a proposal submitted in response to a request for proposal to the renewable development advisory group under Minnesota Statutes, section 116C.779, subdivision 1, paragraph (l). No portion of this appropriation may be expended or retained by the commissioner of commerce. Any funds appropriated under this paragraph that are unexpended at the end of a fiscal year cancel to the renewable development account.

Subd. 10. **Petroleum Tank Release Compensation Board.** $1,056,000 in fiscal year 2022 and $1,056,000 in fiscal year 2023 are appropriated from the petroleum tank fund to the Petroleum Tank Release Compensation Board for its operations.

Subd. 11. **Public Utilities Commission.** $8,073,000 in fiscal year 2022 and $8,202,000 in fiscal year 2023 are appropriated from the general fund to the Public Utilities Commission for its general operations.

Sec. 22. **REPEALER.**

(a) Minnesota Statutes 2020, sections 115C.13; and 216B.16, subdivision 10, are repealed.

(b) Laws 2017, chapter 5, section 1, is repealed.

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

Delete the title and insert:

"A bill for an act relating to energy; establishing, modifying, and appropriating money for energy conservation and programs, energy transition programs, climate change, electric vehicle programs, solar energy programs, and other programs and provisions governing energy, renewable energy, and utility regulation; making technical changes; requiring reports; amending Minnesota Statutes 2020, sections 16B.86; 16B.87; 16C.135, subdivision 3; 16C.137, subdivision 1; 115B.40, subdivision 1; 116C.779, subdivision 1; 168.27, by adding a subdivision; 216B.096, subdivisions 2, 3; 216B.097, subdivisions 1, 2, 3; 216B.16, subdivisions 6, 13; 216B.164, subdivision 4, by adding a subdivision; 216B.1641; 216B.1645, subdivisions 1, 2; 216B.1691, subdivisions 1, 2a, 2b, 2d, 2e, 2f, 3, 4, 5, 7, 9, 10, by adding subdivisions; 216B.2401; 216B.241, subdivisions 1a, 1c, 1d, 1f, 1g, 2, 2b, 3, 5, 7, 8, by adding subdivisions; 216B.2412, subdivision 3; 216B.2422, subdivisions 1, 2, 3, 4, 5, by adding subdivisions; 216B.2424, by adding subdivisions; 216B.243, subdivision 8; 216B.62, subdivision 3b; 216C.05, subdivision 2; 216E.01, subdivision 9a; 216E.03, subdivisions 7, 10; 216E.04, subdivision 2; 216F.012; 216F.04; 216H.02, subdivision 1; 326B.106, subdivision 1; 515.07; 515B.2-103; 515B.3-102; proposing coding for new law in Minnesota Statutes, chapters 16B; 116J; 216B; 216C; 216F; 239; 500; repealing Minnesota Statutes 2020, sections 115C.13; 216B.16, subdivision 10; 216B.1691, subdivision 2; 216B.241, subdivisions 1, 1b, 2c, 4, 10; Laws 2017, chapter 5, section 1."

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

The report was adopted.

Schultz from the Committee on Human Services Finance and Policy to which was referred:

H. F. No. 2127, A bill for an act relating to human services; modifying provisions governing children and family services, community supports, direct care and treatment, and chemical and mental health services; making forecast adjustments; requiring reports; transferring money; making technical and conforming changes; appropriating money; amending Minnesota Statutes 2020, sections 119B.011, subdivision 15; 119B.025, subdivision 4; 245A.03, subdivision 7; 246.54, subdivision 1b; 254B.05, subdivision 5; 256.042, subdivisions 2, 4; 256.043, subdivision 3; 256B.0625, subdivision 20; 256B.0759, subdivisions 2, 4; 256B.092, subdivisions 4, 5, 12; 256B.0924, subdivision 6; 256B.094, subdivision 6; 256B.49, subdivisions 11, 11a, 17, by adding a subdivision; 256B.4914, subdivisions 5, 6, 7, 8, 9, by adding a subdivision; 256D.03, by adding a subdivision; 256D.051, by adding subdivisions; 256D.0516, subdivision 2; 256E.30, subdivision 2; 256E.34, subdivision 1; 256I.03, subdivision 13; 256I.05, subdivisions 1a, 11; 256I.06, subdivisions 6, 8; 256J.08, subdivisions 71, 79; 256J.21, subdivisions 2, 3, 4; 256J.33, subdivisions 1, 2; 256J.37, subdivisions 3, 3a; 256J.626, subdivision 1; 256N.25, subdivisions 2, 3; 256N.26, subdivisions 11, 13; 256P.01, by adding a subdivision; 256P.04, subdivisions 4, 8; 256P.06, subdivision 3; 256P.07; proposing coding for new law in Minnesota Statutes, chapters 256B; 256P; repealing Minnesota Statutes 2020, sections 245A.191; 256B.0596; 256B.0916, subdivisions 2, 3, 4, 5, 8, 11, 12; 256B.097; 256B.49, subdivisions 26, 27; 256D.051, subdivisions 1, 1a, 2, 2a, 3, 3a, 3b, 6b, 6c, 7, 8, 9, 18; 256D.052, subdivision 3; 256J.08, subdivisions 10, 53, 61, 62, 81, 83; 256J.30, subdivisions 5, 7, 8; 256J.33, subdivisions 3, 4, 5; 256J.34, subdivisions 1, 2, 3, 4; 256J.37, subdivision 10.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
ECONOMIC SUPPORTS

Section 1. Minnesota Statutes 2020, section 119B.011, subdivision 15, is amended to read:

Subd. 15. **Income.** "Income" means earned income as defined under section 256P.01, subdivision 3, unearned income as defined under section 256P.01, subdivision 8, and public assistance cash benefits, including the Minnesota family investment program, diversionary work program, work benefit, Minnesota supplemental aid, general assistance, refugee cash assistance, at-home infant child care subsidy payments, and child support and maintenance distributed to ~~the~~ a family under section 256.741, subdivision 2a, and nonrecurring income over $60 per quarter unless earmarked and used for the purpose for which it was intended. The following are deducted from income: funds used to pay for health insurance premiums for family members, and child or spousal support paid to or on behalf of a person or persons who live outside of the household. Income sources that are not included in this subdivision and section 256P.06, subdivision 3, are not counted as income.

EFFECTIVE DATE. This section is effective March 1, 2023.

Sec. 2. Minnesota Statutes 2020, section 119B.025, subdivision 4, is amended to read:

Subd. 4. **Changes in eligibility.** (a) The county shall process a change in eligibility factors according to paragraphs (b) to (g).

(b) A family is subject to the reporting requirements in section 256P.07, subdivision 6.

(c) If a family reports a change or a change is known to the agency before the family's regularly scheduled redetermination, the county must act on the change. The commissioner shall establish standards for verifying a change.

(d) A change in income occurs on the day the participant received the first payment reflecting the change in income.

(e) During a family's 12-month eligibility period, if the family's income increases and remains at or below 85 percent of the state median income, adjusted for family size, there is no change to the family's eligibility. The county shall not request verification of the change. The co-payment fee shall not increase during the remaining portion of the family's 12-month eligibility period.

(f) During a family's 12-month eligibility period, if the family's income increases and exceeds 85 percent of the state median income, adjusted for family size, the family is not eligible for child care assistance. The family must be given 15 calendar days to provide verification of the change. If the required verification is not returned or confirms ineligibility, the family's eligibility ends following a subsequent 15-day adverse action notice.

(g) Notwithstanding Minnesota Rules, parts 3400.0040, subpart 3, and 3400.0170, subpart 1, if an applicant or participant reports that employment ended, the agency may accept a signed statement from the applicant or participant as verification that employment ended.

EFFECTIVE DATE. This section is effective March 1, 2023.

Sec. 3. Minnesota Statutes 2020, section 256D.03, is amended by adding a subdivision to read:

Subd. 2b. **Budgeting and reporting.** County agencies shall determine eligibility and calculate benefit amounts for general assistance according to the provisions in sections 256P.06, 256P.07, 256P.09, and 256P.10.

EFFECTIVE DATE. This section is effective March 1, 2023.

Sec. 4. Minnesota Statutes 2020, section 256D.051, is amended by adding a subdivision to read:

Subd. 20. **SNAP employment and training.** The commissioner shall implement a Supplemental Nutrition Assistance Program (SNAP) employment and training program that meets the SNAP employment and training participation requirements of the United States Department of Agriculture governed by Code of Federal Regulations, title 7, section 273.7. The commissioner shall operate a SNAP employment and training program in which SNAP recipients elect to participate. In order to receive SNAP assistance beyond the time limit, unless residing in an area covered by a time-limit waiver governed by Code of Federal Regulations, title 7, section 273.24, nonexempt SNAP recipients who do not meet federal SNAP work requirements must participate in an employment and training program. In addition to county and tribal agencies that administer SNAP, the commissioner may contract with third-party providers for SNAP employment and training services.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 5. Minnesota Statutes 2020, section 256D.051, is amended by adding a subdivision to read:

Subd. 21. **County and tribal agency duties.** County or tribal agencies that administer SNAP shall inform adult SNAP recipients about employment and training services and providers in the recipient's area. County or tribal agencies that administer SNAP may elect to subcontract with a public or private entity approved by the commissioner to provide SNAP employment and training services.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 6. Minnesota Statutes 2020, section 256D.051, is amended by adding a subdivision to read:

Subd. 22. **Duties of commissioner.** In addition to any other duties imposed by law, the commissioner shall:

(1) supervise the administration of SNAP employment and training services to county, tribal, and contracted agencies under this section and Code of Federal Regulations, title 7, section 273.7;

(2) disburse money allocated and reimbursed for SNAP employment and training services to county, tribal, and contracted agencies;

(3) accept and supervise the disbursement of any funds that may be provided by the federal government or other sources for SNAP employment and training services;

(4) cooperate with other agencies, including any federal agency or agency of another state, in all matters concerning the powers and duties of the commissioner under this section;

(5) coordinate with the commissioner of employment and economic development to deliver employment and training services statewide;

(6) work in partnership with counties, tribes, and other agencies to enhance the reach and services of a statewide SNAP employment and training program; and

(7) identify eligible nonfederal funds to earn federal reimbursement for SNAP employment and training services.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 7. Minnesota Statutes 2020, section 256D.051, is amended by adding a subdivision to read:

Subd. 23. **Recipient duties.** Unless residing in an area covered by a time-limit waiver, nonexempt SNAP recipients must meet federal SNAP work requirements to receive SNAP assistance beyond the time limit.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 8. Minnesota Statutes 2020, section 256D.051, is amended by adding a subdivision to read:

Subd. 24. **Program funding.** (a) The United States Department of Agriculture annually allocates SNAP employment and training funds to the commissioner of human services for the operation of the SNAP employment and training program.

(b) The United States Department of Agriculture authorizes the disbursement of SNAP employment and training reimbursement funds to the commissioner of human services for the operation of the SNAP employment and training program.

(c) Except for funds allocated for state program development and administrative purposes or designated by the United States Department of Agriculture for a specific project, the commissioner of human services shall disburse money allocated for federal SNAP employment and training to counties and tribes that administer SNAP based on a formula determined by the commissioner that includes but is not limited to the county's or tribe's proportion of adult SNAP recipients as compared to the statewide total.

(d) The commissioner of human services shall disburse federal funds that the commissioner receives as reimbursement for SNAP employment and training costs to the state agency, county, tribe, or contracted agency that incurred the costs being reimbursed.

(e) The commissioner of human services may reallocate unexpended money disbursed under this section to county, tribal, or contracted agencies that demonstrate a need for additional funds.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 9. Minnesota Statutes 2020, section 256D.0515, is amended to read:

256D.0515 ASSET LIMITATIONS FOR SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM HOUSEHOLDS.

All Supplemental Nutrition Assistance Program (SNAP) households must be determined eligible for the benefit discussed under section 256.029. SNAP households must demonstrate that their gross income is equal to or less than ~~165~~ 200 percent of the federal poverty guidelines for the same family size.

Sec. 10. Minnesota Statutes 2020, section 256D.0516, subdivision 2, is amended to read:

Subd. 2. **SNAP reporting requirements.** The commissioner of human services shall implement simplified reporting as permitted under the Food and Nutrition Act of 2008, as amended, and the SNAP regulations in Code of Federal Regulations, title 7, part 273. SNAP benefit recipient households required to report periodically shall not be required to report more often than one time every six months. ~~This provision shall not apply to households receiving food benefits under the Minnesota family investment program waiver.~~

EFFECTIVE DATE. This section is effective March 1, 2023.

Sec. 11. Minnesota Statutes 2020, section 256E.34, subdivision 1, is amended to read:

Subdivision 1. **Distribution of appropriation.** The commissioner must distribute funds appropriated to the commissioner by law for that purpose to Hunger Solutions, a statewide association of food shelves organized as a nonprofit corporation as defined under section 501(c)(3) of the Internal Revenue Code of 1986, to distribute to qualifying food shelves. A food shelf qualifies under this section if:

(1) it is a nonprofit corporation, or is affiliated with a nonprofit corporation, as defined in section 501(c)(3) of the Internal Revenue Code of 1986 or a federally recognized tribal nation;

(2) it distributes standard food orders without charge to needy individuals. The standard food order must consist of at least a two-day supply or six pounds per person of nutritionally balanced food items;

(3) it does not limit food distributions to individuals of a particular religious affiliation, race, or other criteria unrelated to need or to requirements necessary to administration of a fair and orderly distribution system;

(4) it does not use the money received or the food distribution program to foster or advance religious or political views; and

(5) it has a stable address and directly serves individuals.

Sec. 12. Minnesota Statutes 2020, section 256I.03, subdivision 13, is amended to read:

Subd. 13. **Prospective budgeting.** "Prospective budgeting" ~~means estimating the amount of monthly income a person will have in the payment month~~ has the meaning given in section 256P.01, subdivision 9.

EFFECTIVE DATE. This section is effective March 1, 2023.

Sec. 13. Minnesota Statutes 2020, section 256I.06, subdivision 6, is amended to read:

Subd. 6. **Reports.** Recipients must report changes in circumstances according to section 256P.07 ~~that affect eligibility or housing support payment amounts, other than changes in earned income, within ten days of the change~~. Recipients with countable earned income must complete a household report form at least once every six months according to section 256P.10. ~~If the report form is not received before the end of the month in which it is due, the county agency must terminate eligibility for housing support payments. The termination shall be effective on the first day of the month following the month in which the report was due. If a complete report is received within the month eligibility was terminated, the individual is considered to have continued an application for housing support payment effective the first day of the month the eligibility was terminated.~~

EFFECTIVE DATE. This section is effective March 1, 2023.

Sec. 14. Minnesota Statutes 2020, section 256I.06, subdivision 8, is amended to read:

Subd. 8. **Amount of housing support payment.** (a) The amount of a room and board payment to be made on behalf of an eligible individual is determined by subtracting the individual's countable income under section 256I.04, subdivision 1, for a whole calendar month from the room and board rate for that same month. The housing support payment is determined by multiplying the housing support rate times the period of time the individual was a resident or temporarily absent under section 256I.05, subdivision 1c, paragraph (d).

~~(b) For an individual with earned income under paragraph (a), prospective budgeting must be used to determine the amount of the individual's payment for the following six-month period. An increase in income shall not affect an individual's eligibility or payment amount until the month following the reporting month. A decrease in income shall be effective the first day of the month after the month in which the decrease is reported.~~

~~(c)~~ (b) For an individual who receives housing support payments under section 256I.04, subdivision 1, paragraph (c), the amount of the housing support payment is determined by multiplying the housing support rate times the period of time the individual was a resident.

EFFECTIVE DATE. This section is effective March 1, 2023.

Sec. 15. Minnesota Statutes 2020, section 256J.08, subdivision 15, is amended to read:

Subd. 15. **Countable income.** "Countable income" means earned and unearned income that is ~~not excluded under section 256J.21, subdivision 2~~ described in section 256P.06, subdivision 3, or disregarded under section 256J.21, subdivision 3, or section 256P.03.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 16. Minnesota Statutes 2020, section 256J.08, subdivision 71, is amended to read:

Subd. 71. **Prospective budgeting.** "Prospective budgeting" ~~means a method of determining the amount of the assistance payment in which the budget month and payment month are the same~~ has the meaning given in section 256P.01, subdivision 9.

EFFECTIVE DATE. This section is effective March 1, 2023.

Sec. 17. Minnesota Statutes 2020, section 256J.08, subdivision 79, is amended to read:

Subd. 79. **Recurring income.** "Recurring income" means a form of income which is:

(1) received periodically, and may be received irregularly when receipt can be anticipated even though the date of receipt cannot be predicted; and

(2) from the same source or of the same type that is received and budgeted in a prospective month ~~and is received in one or both of the first two retrospective months~~.

EFFECTIVE DATE. This section is effective March 1, 2023.

Sec. 18. Minnesota Statutes 2020, section 256J.10, is amended to read:

256J.10 MFIP ELIGIBILITY REQUIREMENTS.

To be eligible for MFIP, applicants must meet the general eligibility requirements in sections 256J.11 to 256J.15, the property limitations in section 256P.02, and the income limitations in ~~section~~ sections 256J.21 and 256P.06.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 19. Minnesota Statutes 2020, section 256J.21, subdivision 3, is amended to read:

Subd. 3. **Initial income test.** The agency shall determine initial eligibility by considering all earned and unearned income ~~that is not excluded under subdivision 2~~ as defined in section 256P.06. To be eligible for MFIP, the assistance unit's countable income minus the earned income disregards in paragraph (a) and section 256P.03 must be below the family wage level according to section 256J.24, subdivision 7, for that size assistance unit.

(a) The initial eligibility determination must disregard the following items:

(1) the earned income disregard as determined in section 256P.03;

(2) dependent care costs must be deducted from gross earned income for the actual amount paid for dependent care up to a maximum of $200 per month for each child less than two years of age, and $175 per month for each child two years of age and older;

(3) all payments made according to a court order for spousal support or the support of children not living in the assistance unit's household shall be disregarded from the income of the person with the legal obligation to pay support; and

(4) an allocation for the unmet need of an ineligible spouse or an ineligible child under the age of 21 for whom the caregiver is financially responsible and who lives with the caregiver according to section 256J.36.

(b) ~~After initial eligibility is established,~~ The income test is for a six-month period. The assistance payment calculation is based on ~~the monthly income test~~ prospective budgeting according to section 256P.09.

EFFECTIVE DATE. This section is effective August 1, 2021, except for the amendments in subdivision 3, paragraph (b), which are effective March 1, 2023.

Sec. 20. Minnesota Statutes 2020, section 256J.21, subdivision 4, is amended to read:

Subd. 4. **~~Monthly~~ Income test and determination of assistance payment.** ~~The county agency shall determine ongoing eligibility and the assistance payment amount according to the monthly income test.~~ To be eligible for MFIP, the result of the computations in paragraphs (a) to (e) applied to prospective budgeting must be at least $1.

(a) Apply an income disregard as defined in section 256P.03, to gross earnings and subtract this amount from the family wage level. If the difference is equal to or greater than the MFIP transitional standard, the assistance payment is equal to the MFIP transitional standard. If the difference is less than the MFIP transitional standard, the assistance payment is equal to the difference. The earned income disregard in this paragraph must be deducted every month there is earned income.

(b) All payments made according to a court order for spousal support or the support of children not living in the assistance unit's household must be disregarded from the income of the person with the legal obligation to pay support.

(c) An allocation for the unmet need of an ineligible spouse or an ineligible child under the age of 21 for whom the caregiver is financially responsible and who lives with the caregiver must be made according to section 256J.36.

(d) Subtract unearned income dollar for dollar from the MFIP transitional standard to determine the assistance payment amount.

(e) When income is both earned and unearned, the amount of the assistance payment must be determined by first treating gross earned income as specified in paragraph (a). After determining the amount of the assistance payment under paragraph (a), unearned income must be subtracted from that amount dollar for dollar to determine the assistance payment amount.

~~(f) When the monthly income is greater than the MFIP transitional standard after deductions and the income will only exceed the standard for one month, the county agency must suspend the assistance payment for the payment month.~~

EFFECTIVE DATE. This section is effective March 1, 2023.

Sec. 21. Minnesota Statutes 2020, section 256J.21, subdivision 5, is amended to read:

Subd. 5. **Distribution of income.** (a) The income of all members of the assistance unit must be counted. Income may also be deemed from ineligible persons to the assistance unit. Income must be attributed to the person who earns it or to the assistance unit according to paragraphs ~~(a) to~~ (b) and (c).

~~(a) Funds distributed from a trust, whether from the principal holdings or sale of trust property or from the interest and other earnings of the trust holdings, must be considered income when the income is legally available to an applicant or participant. Trusts are presumed legally available unless an applicant or participant can document that the trust is not legally available.~~

(b) Income from jointly owned property must be divided equally among property owners unless the terms of ownership provide for a different distribution.

(c) Deductions are not allowed from the gross income of a financially responsible household member or by the members of an assistance unit to meet a current or prior debt.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 22. Minnesota Statutes 2020, section 256J.24, subdivision 5, is amended to read:

Subd. 5. **MFIP transitional standard.** (a) The MFIP transitional standard is based on the number of persons in the assistance unit eligible for both food and cash assistance. The amount of the transitional standard is published annually by the Department of Human Services.

(b) The amount of the MFIP cash assistance portion of the transitional standard is increased $100 per month per household. This increase shall be reflected in the MFIP cash assistance portion of the transitional standard published annually by the commissioner.

(c) On October 1 of each year, the commissioner of human services shall adjust the cash assistance portion under paragraph (a) for inflation based on the CPI-U for the prior calendar year.

EFFECTIVE DATE. This section is effective for the fiscal year beginning on July 1, 2021.

Sec. 23. Minnesota Statutes 2020, section 256J.30, subdivision 8, is amended to read:

Subd. 8. **Late MFIP household report forms.** (a) Paragraphs (b) to (e) apply to the reporting requirements in subdivision 7.

(b) When the county agency receives an incomplete MFIP household report form, the county agency must immediately ~~return the incomplete form and clearly state what the caregiver must do for the form to be complete~~ contact the caregiver by phone or in writing to acquire the necessary information to complete the form.

(c) The automated eligibility system must send a notice of proposed termination of assistance to the assistance unit if a complete MFIP household report form is not received by a county agency. The automated notice must be mailed to the caregiver by approximately the 16th of the month. When a caregiver submits an incomplete form on or after the date a notice of proposed termination has been sent, the termination is valid unless the caregiver submits a complete form before the end of the month.

(d) An assistance unit required to submit an MFIP household report form is considered to have continued its application for assistance if a complete MFIP household report form is received within a calendar month after the month in which the form was due and assistance shall be paid for the period beginning with the first day of that calendar month.

(e) A county agency must allow good cause exemptions from the reporting requirements under subdivision 5 when any of the following factors cause a caregiver to fail to provide the county agency with a completed MFIP household report form before the end of the month in which the form is due:

(1) an employer delays completion of employment verification;

(2) a county agency does not help a caregiver complete the MFIP household report form when the caregiver asks for help;

(3) a caregiver does not receive an MFIP household report form due to mistake on the part of the department or the county agency or due to a reported change in address;

(4) a caregiver is ill, or physically or mentally incapacitated; or

(5) some other circumstance occurs that a caregiver could not avoid with reasonable care which prevents the caregiver from providing a completed MFIP household report form before the end of the month in which the form is due.

Sec. 24. Minnesota Statutes 2020, section 256J.33, subdivision 1, is amended to read:

Subdivision 1. **Determination of eligibility.** (a) A county agency must determine MFIP eligibility prospectively ~~for a payment month~~ based on ~~retrospectively~~ assessing income and the county agency's best estimate of the circumstances that will exist in the payment month.

~~Except as described in section 256J.34, subdivision 1, when prospective eligibility exists,~~ (b) A county agency must calculate the amount of the assistance payment using ~~retrospective~~ prospective budgeting. To determine MFIP eligibility and the assistance payment amount, a county agency must apply countable income, described in ~~section~~ sections 256P.06 and 256J.37, subdivisions 3 to ~~10~~ 9, received by members of an assistance unit or by other persons whose income is counted for the assistance unit, described under sections ~~256J.21 and~~ 256J.37, subdivisions 1 to 2, and 256P.06, subdivision 1.

(c) This income must be applied to the MFIP standard of need or family wage level subject to this section and sections 256J.34 to 256J.36. Countable income received ~~in a calendar month and not otherwise excluded under section 256J.21, subdivision 2,~~ must be applied to the needs of an assistance unit.

(d) An assistance unit is not eligible when the countable income equals or exceeds the MFIP standard of need or the family wage level for the assistance unit.

EFFECTIVE DATE. Paragraph (a) is effective March 1, 2023. Paragraph (b) is effective March 1, 2023, except the amendment striking section 256J.21 and inserting section 256P.06 is effective August 1, 2021. Paragraph (c) is effective August 1, 2021, except the amendment striking "in a calendar month" is effective March 1, 2023. Paragraph (d) is effective March 1, 2023.

Sec. 25. Minnesota Statutes 2020, section 256J.33, subdivision 2, is amended to read:

Subd. 2. **Prospective eligibility.** An agency must determine whether the eligibility requirements that pertain to an assistance unit, including those in sections 256J.11 to 256J.15 and 256P.02, will be met prospectively for the payment ~~month~~ period. ~~Except for the provisions in section 256J.34, subdivision 1,~~ The income test will be applied ~~retrospectively~~ prospectively.

EFFECTIVE DATE. This section is effective March 1, 2023.

Sec. 26. Minnesota Statutes 2020, section 256J.33, subdivision 4, is amended to read:

Subd. 4. **Monthly income test.** A county agency must apply the monthly income test retrospectively for each month of MFIP eligibility. An assistance unit is not eligible when the countable income equals or exceeds the MFIP standard of need or the family wage level for the assistance unit. The income applied against the monthly income test must include:

(1) gross earned income from employment as described in chapter 256P, prior to mandatory payroll deductions, voluntary payroll deductions, wage authorizations, and after the disregards in section 256J.21, subdivision 4, and the allocations in section 256J.36~~, unless the employment income is specifically excluded under section 256J.21, subdivision 2~~;

(2) gross earned income from self-employment less deductions for self-employment expenses in section 256J.37, subdivision 5, but prior to any reductions for personal or business state and federal income taxes, personal FICA, personal health and life insurance, and after the disregards in section 256J.21, subdivision 4, and the allocations in section 256J.36;

(3) unearned income as described in section 256P.06, subdivision 3, after deductions for allowable expenses in section 256J.37, subdivision 9, and allocations in section 256J.36~~, unless the income has been specifically excluded in section 256J.21, subdivision 2~~;

(4) gross earned income from employment as determined under clause (1) which is received by a member of an assistance unit who is a minor child or minor caregiver and less than a half-time student;

(5) child support received by an assistance unit, excluded under ~~section 256J.21, subdivision 2, clause (49), or~~ section 256P.06, subdivision 3, clause (2), item (xvi);

(6) spousal support received by an assistance unit;

(7) the income of a parent when that parent is not included in the assistance unit;

(8) the income of an eligible relative and spouse who seek to be included in the assistance unit; and

(9) the unearned income of a minor child included in the assistance unit.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 27. Minnesota Statutes 2020, section 256J.37, subdivision 1, is amended to read:

Subdivision 1. **Deemed income from ineligible assistance unit members.** The income of ineligible assistance unit members, except individuals identified in section 256J.24, subdivision 3, paragraph (a), clause (1), must be deemed after allowing the following disregards:

(1) an earned income disregard as determined under section 256P.03;

(2) all payments made by the ineligible person according to a court order for spousal support or the support of children not living in the assistance unit's household; and

(3) an amount for the unmet needs of the ineligible persons who live in the household who, if eligible, would be assistance unit members under section 256J.24, subdivision 2 or 4, paragraph (b). This amount is equal to the difference between the MFIP transitional standard when the ineligible persons are included in the assistance unit and the MFIP transitional standard when the ineligible persons are not included in the assistance unit.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 28. Minnesota Statutes 2020, section 256J.37, subdivision 1b, is amended to read:

Subd. 1b. **Deemed income from parents of minor caregivers.** In households where minor caregivers live with a parent or parents or a stepparent who do not receive MFIP for themselves or their minor children, the income of the parents or a stepparent must be deemed after allowing the following disregards:

(1) income of the parents equal to 200 percent of the federal poverty guideline for a family size not including the minor parent and the minor parent's child in the household ~~according to section 256J.21, subdivision 2, clause (43)~~; and

(2) all payments made by parents according to a court order for spousal support or the support of children not living in the parent's household.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 29. Minnesota Statutes 2020, section 256J.37, subdivision 3, is amended to read:

Subd. 3. **Earned income of wage, salary, and contractual employees.** The agency must include gross earned income less any disregards in the initial ~~and monthly~~ income test. Gross earned income received by persons employed on a contractual basis must be prorated over the period covered by the contract even when payments are received over a lesser period of time.

EFFECTIVE DATE. This section is effective March 1, 2023.

Sec. 30. Minnesota Statutes 2020, section 256J.37, subdivision 3a, is amended to read:

Subd. 3a. **Rental subsidies; unearned income.** (a) Effective July 1, 2003, the agency shall count $50 of the value of public and assisted rental subsidies provided through the Department of Housing and Urban Development (HUD) as unearned income to the cash portion of the MFIP grant. The full amount of the subsidy must be counted as unearned income when the subsidy is less than $50. The income from this subsidy shall be budgeted according to section ~~256J.34~~ 256P.09.

(b) The provisions of this subdivision shall not apply to an MFIP assistance unit which includes a participant who is:

(1) age 60 or older;

(2) a caregiver who is suffering from an illness, injury, or incapacity that has been certified by a qualified professional when the illness, injury, or incapacity is expected to continue for more than 30 days and severely limits the person's ability to obtain or maintain suitable employment; or

(3) a caregiver whose presence in the home is required due to the illness or incapacity of another member in the assistance unit, a relative in the household, or a foster child in the household when the illness or incapacity and the need for the participant's presence in the home has been certified by a qualified professional and is expected to continue for more than 30 days.

(c) The provisions of this subdivision shall not apply to an MFIP assistance unit where the parental caregiver is an SSI participant.

EFFECTIVE DATE. This section is effective March 1, 2023.

Sec. 31. Minnesota Statutes 2020, section 256J.626, subdivision 1, is amended to read:

Subdivision 1. **Consolidated fund.** The consolidated fund is established to support counties and tribes in meeting their duties under this chapter. Counties and tribes must use funds from the consolidated fund to develop programs and services that are designed to improve participant outcomes as measured in section 256J.751, subdivision 2. Counties and tribes that administer MFIP eligibility may use the funds for any allowable expenditures under subdivision 2, including case management. Tribes that do not administer MFIP eligibility may use the funds for any allowable expenditures under subdivision 2, including case management, except those in subdivision 2, paragraph (a), clauses (1) and (6). All payments made through the MFIP consolidated fund to support a caregiver's pursuit of greater economic stability does not count when determining a family's available income.

Sec. 32. Minnesota Statutes 2020, section 256J.95, subdivision 9, is amended to read:

Subd. 9. **Property and income limitations.** The asset limits and exclusions in section 256P.02 apply to applicants and participants of DWP. All payments, ~~unless excluded in section 256J.21~~ as described in section 256P.06, subdivision 3, must be counted as income to determine eligibility for the diversionary work program. The agency shall treat income as outlined in section 256J.37, except for subdivision 3a. The initial income test and the disregards in section 256J.21, subdivision 3, shall be followed for determining eligibility for the diversionary work program.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 33. Minnesota Statutes 2020, section 256P.01, subdivision 3, is amended to read:

Subd. 3. **Earned income.** "Earned income" means ~~cash or in kind~~ income earned through the receipt of wages, salary, commissions, bonuses, tips, gratuities, profit from employment activities, net profit from self-employment activities, payments made by an employer for regularly accrued vacation or sick leave, severance pay based on accrued leave time, ~~payments from training programs at a rate at or greater than the state's minimum wage,~~ royalties, honoraria, or other profit from activity that results from the client's work, ~~service,~~ effort, or labor for purposes other than student financial assistance, rehabilitation programs, student training programs, or service programs such as AmeriCorps. The income must be in return for, or as a result of, legal activity.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 34. Minnesota Statutes 2020, section 256P.01, is amended by adding a subdivision to read:

Subd. 9. **Prospective budgeting.** "Prospective budgeting" means estimating the amount of monthly income that an assistance unit will have in the payment month.

EFFECTIVE DATE. This section is effective March 1, 2023.

Sec. 35. Minnesota Statutes 2020, section 256P.04, subdivision 4, is amended to read:

Subd. 4. **Factors to be verified.** (a) The agency shall verify the following at application:

(1) identity of adults;

(2) age, if necessary to determine eligibility;

(3) immigration status;

(4) income;

(5) spousal support and child support payments made to persons outside the household;

(6) vehicles;

(7) checking and savings accounts;

(8) inconsistent information, if related to eligibility;

(9) residence; and

(10) Social Security number~~; and~~.

~~(11) use of nonrecurring income under section 256P.06, subdivision 3, clause (2), item (ix), for the intended purpose for which it was given and received.~~

(b) Applicants who are qualified noncitizens and victims of domestic violence as defined under section 256J.08, subdivision 73, ~~clause (7)~~ clauses (8) and (9), are not required to verify the information in paragraph (a), clause (10). When a Social Security number is not provided to the agency for verification, this requirement is satisfied when each member of the assistance unit cooperates with the procedures for verification of Social Security numbers, issuance of duplicate cards, and issuance of new numbers which have been established jointly between the Social Security Administration and the commissioner.

EFFECTIVE DATE. This section is effective March 1, 2023, except for paragraph (b), which is effective July 1, 2021.

Sec. 36. Minnesota Statutes 2020, section 256P.04, subdivision 8, is amended to read:

Subd. 8. **Recertification.** The agency shall recertify eligibility ~~in an annual interview with the participant. The interview may be conducted by telephone, by Internet telepresence, or face-to-face in the county office or in another location mutually agreed upon. A participant must be given the option of a telephone interview or Internet telepresence to recertify eligibility~~ annually. During ~~the interview~~ recertification and reporting under section 256P.10, the agency shall verify the following:

(1) income, unless excluded, including self-employment earnings;

(2) assets when the value is within $200 of the asset limit; and

(3) inconsistent information, if related to eligibility.

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

Sec. 37. Minnesota Statutes 2020, section 256P.06, subdivision 2, is amended to read:

Subd. 2. **~~Exempted individuals~~ Exemptions.** (a) The following members of an assistance unit under chapters 119B and 256J are exempt from having their earned income count ~~towards~~ toward the income of an assistance unit:

(1) children under six years old;

(2) caregivers under 20 years of age enrolled at least half-time in school; and

(3) minors enrolled in school full time.

(b) The following members of an assistance unit are exempt from having their earned and unearned income count ~~towards~~ toward the income of an assistance unit for 12 consecutive calendar months, beginning the month following the marriage date, for benefits under chapter 256J if the household income does not exceed 275 percent of the federal poverty guideline:

(1) a new spouse to a caretaker in an existing assistance unit; and

(2) the spouse designated by a newly married couple, both of whom were already members of an assistance unit under chapter 256J.

(c) If members identified in paragraph (b) also receive assistance under section 119B.05, they are exempt from having their earned and unearned income count ~~towards~~ toward the income of the assistance unit if the household income prior to the exemption does not exceed 67 percent of the state median income for recipients for 26 consecutive biweekly periods beginning the second biweekly period after the marriage date.

(d) For individuals who are members of an assistance unit under chapters 256I and 256J, the assistance standard effective in January 2020 for a household of one under chapter 256J shall be counted as income under chapter 256I, and any subsequent increases to unearned income under chapter 256J shall be exempt.

Sec. 38. Minnesota Statutes 2020, section 256P.06, subdivision 3, is amended to read:

Subd. 3. **Income inclusions.** The following must be included in determining the income of an assistance unit:

(1) earned income; and

(2) unearned income, which includes:

(i) interest and dividends from investments and savings;

(ii) capital gains as defined by the Internal Revenue Service from any sale of real property;

(iii) proceeds from rent and contract for deed payments in excess of the principal and interest portion owed on property;

(iv) income from trusts, excluding special needs and supplemental needs trusts;

(v) interest income from loans made by the participant or household;

(vi) cash prizes and winnings according to guidance provided for the Supplemental Nutrition Assistance Program;

(vii) unemployment insurance income that is received by an adult member of the assistance unit unless the individual receiving unemployment insurance income is:

(A) 18 years of age and enrolled in a secondary school; or

(B) 18 or 19 years of age, a caregiver, and is enrolled in school at least half-time;

(viii) retirement, survivors, and disability insurance payments;

~~(ix) nonrecurring income over $60 per quarter unless earmarked and used for the purpose for which it is intended. Income and use of this income is subject to verification requirements under section 256P.04;~~

~~(x)~~ (ix) retirement benefits;

~~(xi)~~ (x) cash assistance benefits, as defined by each program in chapters 119B, 256D, 256I, and 256J;

~~(xii)~~ (xi) tribal per capita payments unless excluded by federal and state law;

~~(xiii)~~ (xii) income and payments from service and rehabilitation programs that meet or exceed the state's minimum wage rate;

~~(xiv)~~ (xiii) income from members of the United States armed forces unless excluded from income taxes according to federal or state law;

~~(xv)~~ (xiv) all child support payments for programs under chapters 119B, 256D, and 256I;

~~(xvi)~~ (xv) the amount of child support received that exceeds $100 for assistance units with one child and $200 for assistance units with two or more children for programs under chapter 256J; ~~and~~

~~(xvii)~~ (xvi) spousal support~~.~~; and

(xvii) workers' compensation.

EFFECTIVE DATE. This section is effective March 1, 2023, except subdivision 3, clause (2), item (vii), which is effective the day following final enactment and subdivision 3, clause (2), item (xvii), which is effective August 1, 2021.

Sec. 39. Minnesota Statutes 2020, section 256P.07, is amended to read:

256P.07 REPORTING OF ~~INCOME AND~~ CHANGES.

Subdivision 1. **Exempted programs.** Participants who receive Supplemental Security Income and qualify for Minnesota supplemental aid under chapter 256D ~~and~~ or for housing support under chapter 256I ~~on the basis of eligibility for Supplemental Security Income~~ are exempt from ~~this section~~ reporting income.

Subd. 1a. **Child care assistance programs.** Participants who qualify for child care assistance programs under chapter 119B are exempt from this section except for the reporting requirements in subdivision 6.

Subd. 2. **Reporting requirements.** An applicant or participant must provide information on an application and any subsequent reporting forms about the assistance unit's circumstances that affect eligibility or benefits. An applicant or assistance unit must report changes identified in ~~subdivision~~ subdivisions 3, 4, 5, 7, 8, and 9 during the application period or by the tenth of the month following the month that the change occurred. When information is not accurately reported, both an overpayment and a referral for a fraud investigation may result. When information or documentation is not provided, the receipt of any benefit may be delayed or denied, depending on the type of information required and its effect on eligibility.

Subd. 3. **Changes that must be reported.** ~~An assistance unit must report the changes or anticipated changes specified in clauses (1) to (12) within ten days of the date they occur, at the time of recertification of eligibility under section 256P.04, subdivisions 8 and 9, or within eight calendar days of a reporting period, whichever occurs first. An assistance unit must report other changes at the time of recertification of eligibility under section 256P.04, subdivisions 8 and 9, or at the end of a reporting period, as applicable. When an agency could have reduced or terminated assistance for one or more payment months if a delay in reporting a change specified under clauses (1) to (12) had not occurred, the agency must determine whether a timely notice could have been issued on the day that the~~

~~change occurred. When a timely notice could have been issued, each month's overpayment subsequent to that notice must be considered a client error overpayment under section 119B.11, subdivision 2a, or 256P.08. Changes in circumstances that must be reported within ten days must also be reported for the reporting period in which those changes occurred. Within ten days, an assistance unit must report:~~

~~(1) a change in earned income of $100 per month or greater with the exception of a program under chapter 119B;~~

~~(2) a change in unearned income of $50 per month or greater with the exception of a program under chapter 119B;~~

~~(3) a change in employment status and hours with the exception of a program under chapter 119B;~~

~~(4) a change in address or residence;~~

~~(5) a change in household composition with the exception of programs under chapter 256I;~~

~~(6) a receipt of a lump-sum payment with the exception of a program under chapter 119B;~~

~~(7) an increase in assets if over $9,000 with the exception of programs under chapter 119B;~~

~~(8) a change in citizenship or immigration status;~~

~~(9) a change in family status with the exception of programs under chapter 256I;~~

~~(10) a change in disability status of a unit member, with the exception of programs under chapter 119B;~~

~~(11) a new rent subsidy or a change in rent subsidy with the exception of a program under chapter 119B; and~~

~~(12) a sale, purchase, or transfer of real property with the exception of a program under chapter 119B.~~ An assistance unit must report changes or anticipated changes as described in this section.

(a) An assistance unit must report:

(1) a change in eligibility for Supplemental Security Income, Retirement Survivors Disability Insurance, or another federal income support;

(2) a change in address or residence;

(3) a change in household composition with the exception of programs under chapter 256I;

(4) cash prizes and winnings according to guidance provided for the Supplemental Nutrition Assistance Program;

(5) a change in citizenship or immigration status;

(6) a change in family status with the exception of programs under chapter 256I; and

(7) assets when the value is at or above the asset limit.

(b) When an agency could have reduced or terminated assistance for one or more payment months if a delay in reporting a change specified in clauses (1) to (7) had not occurred, the agency must determine whether a timely notice could have been issued on the day that the change occurred. When a timely notice could have been issued, each month's overpayment subsequent to the notice must be considered a client error overpayment under section 256P.08.

Subd. 4. **MFIP-specific reporting.** In addition to subdivision 3, an assistance unit under chapter 256J, ~~within ten days of the change,~~ must report:

(1) a pregnancy not resulting in birth when there are no other minor children; ~~and~~

(2) a change in school attendance of a parent under 20 years of age ~~or of an employed child.~~; and

(3) an individual who is 18 or 19 years of age attending high school who graduates or drops out of school.

Subd. 5. **DWP-specific reporting.** In addition to subdivisions 3 and 4, an assistance unit participating in the diversionary work program under section 256J.95 must report on an application:

(1) shelter expenses; and

(2) utility expenses.

Subd. 6. **Child care assistance programs-specific reporting.** (a) ~~In addition to subdivision 3,~~ An assistance unit under chapter 119B, within ten days of the change, must report:

(1) a change in a parentally responsible individual's custody schedule for any child receiving child care assistance program benefits;

(2) a permanent end in a parentally responsible individual's authorized activity; ~~and~~

(3) if the unit's family's annual included income exceeds 85 percent of the state median income, adjusted for family size~~.~~;

(4) a change in address or residence;

(5) a change in household composition;

(6) a change in citizenship or immigration status; and

(7) a change in family status.

(b) An assistance unit subject to section 119B.095, subdivision 1, paragraph (b), must report a change in the unit's authorized activity status.

(c) An assistance unit must notify the county when the unit wants to reduce the number of authorized hours for children in the unit.

Subd. 7. **Minnesota supplemental aid-specific reporting.** (a) In addition to subdivision 3 and notwithstanding the exemption in subdivision 1, an assistance unit participating in the Minnesota supplemental aid program under ~~section 256D.44, subdivision 5, paragraph (g), within ten days of the change,~~ chapter 256D must report ~~shelter expenses.~~:

(1) a change in unearned income of $50 per month or greater; and

(2) a change in earned income of $100 per month or greater.

(b) An assistance unit receiving housing assistance under section 256D.44, subdivision 5, paragraph (g), including assistance units who also receive Supplemental Security Income, must report:

(1) a change in shelter expenses; and

(2) a new rent subsidy or a change in a rent subsidy.

Subd. 8. **Housing support-specific reporting.** (a) In addition to subdivision 3, an assistance unit participating in the housing support program under chapter 256I must report:

(1) a change in unearned income of $50 per month or greater; and

(2) a change in earned income of $100 per month or greater, with the exception of participants already subject to six-month reporting requirements in section 256P.10.

(b) Notwithstanding the exemptions in subdivisions 1 and 3, an assistance unit receiving housing support under chapter 256I, including an assistance unit that receives Supplemental Security Income, must report:

(1) a new rent subsidy or a change in a rent subsidy;

(2) a change in the disability status of a unit member; and

(3) a change in household composition if the assistance unit is a participant in housing support under section 256I.04, subdivision 3, paragraph (a), clause (3).

Subd. 9. **General assistance-specific reporting.** In addition to subdivision 3, an assistance unit participating in the general assistance program under chapter 256D must report:

(1) a change in unearned income of $50 per month or greater;

(2) a change in earned income of $100 per month or greater, with the exception of participants who are already subject to six-month reporting requirements in section 256P.10; and

(3) changes in any condition that would result in the loss of a basis for eligibility in section 256D.05, subdivision 1, paragraph (a).

EFFECTIVE DATE. This section is effective March 1, 2023.

Sec. 40. **[256P.09] PROSPECTIVE BUDGETING OF BENEFITS.**

Subdivision 1. **Exempted programs.** Assistance units who qualify for child care assistance programs under chapter 119B; housing support assistance units under chapter 256I who are not subject to reporting under section 256P.10; and assistance units who qualify for Minnesota Supplemental Aid under chapter 256D are exempt from this section.

Subd. 2. **Prospective budgeting of benefits.** An agency must use prospective budgeting to calculate an assistance payment amount.

Subd. 3. **Income changes.** Prospective budgeting must be used to determine the amount of the assistance unit's benefit for the following six-month period. An increase in income shall not affect an assistance unit's eligibility or benefit amount until the next case review unless otherwise required by section 256P.07. A decrease in income shall be effective on the date that the change occurs if the change is reported by the tenth of the month following the month when the change occurred. If the decrease in income is not reported by the tenth of the month following the month when the change occurred, the change in income shall be effective the month following the month when the change is reported.

EFFECTIVE DATE. This section is effective March 1, 2023.

Sec. 41. **[256P.10] SIX-MONTH REPORTING.**

Subdivision 1. **Exempted programs.** Assistance units who qualify for child care assistance programs under chapter 119B; assistance units who qualify for Minnesota Supplemental Aid under chapter 256D; and assistance units who qualify for housing support under chapter 256I and also receive Supplemental Security Income are exempt from this section.

Subd. 2. **Reporting.** (a) Every six months, an assistance unit that qualifies for the Minnesota family investment program under chapter 256J; an assistance unit that qualifies for general assistance under chapter 256D with earned income of $100 per month or greater; or an assistance unit that qualifies for housing support under chapter 256I with earned income of $100 per month or greater is subject to six month case reviews. The initial reporting period may be shorter than six months in order to align with other program reporting periods.

(b) An assistance unit that qualifies for the Minnesota family investment program and an assistance unit that qualifies for general assistance as described in paragraph (a) must complete household report forms as prescribed by the commissioner for redetermination of benefits.

(c) An assistance unit that qualifies for housing support as described in paragraph (a) must complete household report forms as prescribed by the commissioner to provide information about earned income.

(d) An assistance unit that qualifies for housing support and also receives assistance through the Minnesota family investment program shall be subject to the requirements of this section for purposes of the Minnesota family investment program but not for housing support.

(e) An assistance unit must submit a household report form in compliance with the provisions in section 256P.04, subdivision 11.

(f) An assistance unit may choose to report changes under this section at any time.

Subd. 3. **When to terminate assistance.** (a) An agency must terminate benefits when the participant fails to submit the household report form before the end of the six month review period. If the participant submits the household report form within 30 days of the termination of benefits, benefits must be reinstated and made available retroactively for the full benefit month.

(b) When an assistance unit is determined to be ineligible for assistance according to this section and chapter 256D, 256I, or 256J, the agency must terminate assistance.

EFFECTIVE DATE. This section is effective March 1, 2023.

Sec. 42. Laws 2020, First Special Session chapter 7, section 1, as amended by Laws 2020, Third Special Session chapter 1, section 3, is amended by adding a subdivision to read:

Subd. 5. **Waivers and modifications.** When the peacetime emergency declared by the governor in response to the COVID-19 outbreak expires, is terminated, or is rescinded by the proper authority, the following waivers and modifications to human services programs issued by the commissioner of human services pursuant to Executive Orders 20-12 and 20-42, including any amendments to the waivers or modifications issued before the peacetime emergency expires, shall remain in effect until December 31, 2021, unless necessary federal approval is not received at any time for a waiver or modification:

(1) Executive Order 21-15: when determining eligibility for cash assistance programs, not counting as income any emergency economic relief provided through the American Rescue Plan Act of 2021; and

(2) CV.04.A4: waiving interviews for annual eligibility recertifications of households receiving cash assistance in which all necessary information has been submitted and verified.

Sec. 43. **DIRECTION TO COMMISSIONER; LONG-TERM HOMELESS SUPPORTIVE SERVICES REPORT.**

(a) No later than January 15, 2023, the commissioner of human services shall produce a report which shows the projects funded under Minnesota Statutes, section 256K.26, and provide a copy of the report to the chairs and ranking minority members of the legislative committees with jurisdiction over services for persons experiencing homelessness.

(b) This report must be updated annually for two additional years and the commissioner must provide copies of the updated reports to the chairs and ranking minority members of the legislative committees with jurisdiction over services for persons experiencing homelessness by January 15, 2024, and January 15, 2025.

Sec. 44. **2021 REPORT TO LEGISLATURE ON RUNAWAY AND HOMELESS YOUTH.**

Subdivision 1. **Report development.** The commissioner of human services is exempt from preparing the report required under Minnesota Statutes, section 256K.45, subdivision 2, in 2023 and shall instead update the information in the 2007 legislative report on runaway and homeless youth. In developing the updated report, the commissioner must use existing data, studies, and analysis provided by state, county, and other entities including:

(1) Minnesota Housing Finance Agency analysis on housing availability;

(2) the Minnesota state plan to end homelessness;

(3) the continuum of care counts of youth experiencing homelessness and assessments as provided by Department of Housing and Urban Development (HUD) required coordinated entry systems;

(4) the biannual Department of Human Services report on the Homeless Youth Act;

(5) the Wilder Research homeless study;

(6) the Voices of Youth Count sponsored by Hennepin County; and

(7) privately funded analysis, including:

(i) nine evidence-based principles to support youth in overcoming homelessness;

(ii) the return on investment analysis conducted for YouthLink by Foldes Consulting; and

(iii) the evaluation of Homeless Youth Act resources conducted by Rainbow Research.

Subd. 2. **Key elements; due date.** (a) The report must include three key elements where significant learning has occurred in the state since the 2007 report, including:

(1) the unique causes of youth homelessness;

(2) targeted responses to youth homelessness, including the significance of positive youth development as fundamental to each targeted response; and

(3) recommendations based on existing reports and analysis on how to end youth homelessness.

(b) To the extent that data is available, the report must include:

(1) a general accounting of the federal and philanthropic funds leveraged to support homeless youth activities;

(2) a general accounting of the increase in volunteer responses to support youth experiencing homelessness; and

(3) a data-driven accounting of geographic areas or distinct populations that have gaps in service or are not yet served by homeless youth responses.

(c) The commissioner of human services shall consult with and incorporate the expertise of community-based providers of homeless youth services and other expert stakeholders to complete the report. The commissioner shall submit the report to the chairs and ranking minority members of the legislative committees with jurisdiction over youth homelessness by December 15, 2022.

Sec. 45. **REPEALER.**

(a) Minnesota Statutes 2020, sections 256D.051, subdivisions 1, 1a, 2, 2a, 3, 3a, 3b, 6b, 6c, 7, 8, 9, and 18; 256D.052, subdivision 3; and 256J.21, subdivisions 1 and 2, are repealed.

(b) Minnesota Statutes 2020, sections 256J.08, subdivisions 10, 53, 61, 62, 81, and 83; 256J.30, subdivisions 5, 7, and 8; 256J.33, subdivisions 3, 4, and 5; 256J.34, subdivisions 1, 2, 3, and 4; and 256J.37, subdivision 10, are repealed.

EFFECTIVE DATE. Paragraph (a) is effective August 1, 2021. Paragraph (b) is effective March 1, 2023.

ARTICLE 2
CHILD PROTECTION

Section 1. Minnesota Statutes 2020, section 256N.25, subdivision 2, is amended to read:

Subd. 2. **Negotiation of agreement.** (a) When a child is determined to be eligible for Northstar kinship assistance or adoption assistance, the financially responsible agency, or, if there is no financially responsible agency, the agency designated by the commissioner, must negotiate with the caregiver to develop an agreement under subdivision 1. If and when the caregiver and agency reach concurrence as to the terms of the agreement, both parties shall sign the agreement. The agency must submit the agreement, along with the eligibility determination outlined in sections 256N.22, subdivision 7, and 256N.23, subdivision 7, to the commissioner for final review, approval, and signature according to subdivision 1.

(b) A monthly payment is provided as part of the adoption assistance or Northstar kinship assistance agreement to support the care of children unless the child is eligible for adoption assistance and determined to be an at-risk child, in which case no payment will be made unless and until the caregiver obtains written documentation from a qualified expert that the potential disability upon which eligibility for the agreement was based has manifested itself.

(1) The amount of the payment made on behalf of a child eligible for Northstar kinship assistance or adoption assistance is determined through agreement between the prospective relative custodian or the adoptive parent and the financially responsible agency, or, if there is no financially responsible agency, the agency designated by the commissioner, using the assessment tool established by the commissioner in section 256N.24, subdivision 2, and the associated benefit and payments outlined in section 256N.26. Except as provided under section 256N.24, subdivision 1, paragraph (c), the assessment tool establishes the monthly benefit level for a child under foster care. The monthly payment under a Northstar kinship assistance agreement or adoption assistance agreement may be negotiated up to the monthly benefit level under foster care. In no case may the amount of the payment under a Northstar kinship assistance agreement or adoption assistance agreement exceed the foster care maintenance payment which would have been paid during the month if the child with respect to whom the Northstar kinship assistance or adoption assistance payment is made had been in a foster family home in the state.

(2) The rate schedule for the agreement is determined based on the age of the child on the date that the prospective adoptive parent or parents or relative custodian or custodians sign the agreement.

(3) The income of the relative custodian or custodians or adoptive parent or parents must not be taken into consideration when determining eligibility for Northstar kinship assistance or adoption assistance or the amount of the payments under section 256N.26.

(4) With the concurrence of the relative custodian or adoptive parent, the amount of the payment may be adjusted periodically using the assessment tool established by the commissioner in section 256N.24, subdivision 2, and the agreement renegotiated under subdivision 3 when there is a change in the child's needs or the family's circumstances.

(5) An adoptive parent of an at-risk child with an adoption assistance agreement may request a reassessment of the child under section 256N.24, subdivision 10, and renegotiation of the adoption assistance agreement under subdivision 3 to include a monthly payment, if the caregiver has written documentation from a qualified expert that the potential disability upon which eligibility for the agreement was based has manifested itself. Documentation of the disability must be limited to evidence deemed appropriate by the commissioner.

(c) For Northstar kinship assistance agreements:

(1) the initial amount of the monthly Northstar kinship assistance payment must be equivalent to the foster care rate in effect at the time that the agreement is signed ~~less any offsets under section 256N.26, subdivision 11~~, or a lesser negotiated amount if agreed to by the prospective relative custodian and specified in that agreement, unless the Northstar kinship assistance agreement is entered into when a child is under the age of six; and

(2) the amount of the monthly payment for a Northstar kinship assistance agreement for a child who is under the age of six must be as specified in section 256N.26, subdivision 5.

(d) For adoption assistance agreements:

(1) for a child in foster care with the prospective adoptive parent immediately prior to adoptive placement, the initial amount of the monthly adoption assistance payment must be equivalent to the foster care rate in effect at the time that the agreement is signed ~~less any offsets in section 256N.26, subdivision 11~~, or a lesser negotiated amount if agreed to by the prospective adoptive parents and specified in that agreement, unless the child is identified as at-risk or the adoption assistance agreement is entered into when a child is under the age of six;

(2) for an at-risk child who must be assigned level A as outlined in section 256N.26, no payment will be made unless and until the potential disability manifests itself, as documented by an appropriate professional, and the commissioner authorizes commencement of payment by modifying the agreement accordingly;

(3) the amount of the monthly payment for an adoption assistance agreement for a child under the age of six, other than an at-risk child, must be as specified in section 256N.26, subdivision 5;

(4) for a child who is in the Northstar kinship assistance program immediately prior to adoptive placement, the initial amount of the adoption assistance payment must be equivalent to the Northstar kinship assistance payment in effect at the time that the adoption assistance agreement is signed or a lesser amount if agreed to by the prospective adoptive parent and specified in that agreement, unless the child is identified as an at-risk child; and

(5) for a child who is not in foster care placement or the Northstar kinship assistance program immediately prior to adoptive placement or negotiation of the adoption assistance agreement, the initial amount of the adoption assistance agreement must be determined using the assessment tool and process in this section and the corresponding payment amount outlined in section 256N.26.

Sec. 2. Minnesota Statutes 2020, section 256N.25, subdivision 3, is amended to read:

Subd. 3. **Renegotiation of agreement.** (a) A relative custodian or adoptive parent of a child with a Northstar kinship assistance or adoption assistance agreement may request renegotiation of the agreement when there is a change in the needs of the child or in the family's circumstances. When a relative custodian or adoptive parent requests renegotiation of the agreement, a reassessment of the child must be completed consistent with section 256N.24, subdivisions 10 and 11. If the reassessment indicates that the child's level has changed, the financially responsible agency or, if there is no financially responsible agency, the agency designated by the commissioner or the commissioner's designee, and the caregiver must renegotiate the agreement to include a payment with the level determined through the reassessment process. The agreement must not be renegotiated unless the commissioner, the financially responsible agency, and the caregiver mutually agree to the changes. The effective date of any renegotiated agreement must be determined by the commissioner.

(b) An adoptive parent of an at-risk child with an adoption assistance agreement may request renegotiation of the agreement to include a monthly payment under section 256N.26 if the caregiver has written documentation from a qualified expert that the potential disability upon which eligibility for the agreement was based has manifested itself. Documentation of the disability must be limited to evidence deemed appropriate by the commissioner. Prior to renegotiating the agreement, a reassessment of the child must be conducted as outlined in section 256N.24, subdivision 10. The reassessment must be used to renegotiate the agreement to include an appropriate monthly payment. The agreement must not be renegotiated unless the commissioner, the financially responsible agency, and the caregiver mutually agree to the changes. The effective date of any renegotiated agreement must be determined by the commissioner.

~~(c) Renegotiation of a Northstar kinship assistance or adoption assistance agreement is required when one of the circumstances outlined in section 256N.26, subdivision 13, occurs.~~

Sec. 3. Minnesota Statutes 2020, section 256N.26, subdivision 11, is amended to read:

Subd. 11. **Child income or income attributable to the child.** (a) A monthly Northstar kinship assistance or adoption assistance payment must be considered as income and resources attributable to the child. Northstar kinship assistance and adoption assistance are exempt from garnishment, except as permissible under the laws of the state where the child resides.

(b) When a child is placed into foster care, any income and resources attributable to the child are treated as provided in sections 252.27 and 260C.331, or 260B.331, as applicable to the child being placed.

(c) ~~Consideration of income and resources attributable to the child must be part of the negotiation process outlined in section 256N.25, subdivision 2. In some circumstances, the receipt of other income on behalf of the child may impact the amount of the monthly payment received by the relative custodian or adoptive parent on behalf of the child through Northstar Care for Children.~~ Supplemental Security Income (SSI), retirement survivor's disability insurance (RSDI), veteran's benefits, railroad retirement benefits, and black lung benefits are considered income and resources attributable to the child.

Sec. 4. Minnesota Statutes 2020, section 256N.26, subdivision 13, is amended to read:

Subd. 13. **Treatment of retirement survivor's disability insurance, veteran's benefits, railroad retirement benefits, and black lung benefits.** ~~(a)~~ If a child placed in foster care receives retirement survivor's 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 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. ~~The monthly amount of the other benefits must be considered an offset to the amount of the payment the child is determined eligible for under Northstar Care for Children.~~

~~(b) If a child becomes eligible for retirement survivor's disability insurance, veteran's benefits, railroad retirement benefits, or black lung benefits, after the initial amount of the payment under Northstar Care for Children is finalized, the permanent caregiver shall contact the commissioner to redetermine the payment under Northstar Care for Children. The monthly amount of the other benefits must be considered an offset to the amount of the payment the child is determined eligible for under Northstar Care for Children.~~

~~(c) If a child ceases to be eligible for retirement survivor's disability insurance, veteran's benefits, railroad retirement benefits, or black lung benefits after the initial amount of the payment under Northstar Care for Children is finalized, the permanent caregiver shall contact the commissioner to redetermine the payment under Northstar Care for Children. The monthly amount of the payment under Northstar Care for Children must be the amount the child was determined to be eligible for prior to consideration of any offset.~~

~~(d) If the monthly payment received on behalf of the child under retirement survivor's disability insurance, veteran's benefits, railroad retirement benefits, or black lung benefits changes after the adoption assistance or Northstar kinship assistance agreement is finalized, the permanent caregiver shall notify the commissioner as to the new monthly payment amount, regardless of the amount of the change in payment. If the monthly payment changes by $75 or more, even if the change occurs incrementally over the duration of the term of the adoption assistance or Northstar kinship assistance agreement, the monthly payment under Northstar Care for Children must be adjusted without further consent to reflect the amount of the increase or decrease in the offset amount. Any subsequent change to the payment must be reported and handled in the same manner. A change of monthly payments of less than $75 is not a permissible reason to renegotiate the adoption assistance or Northstar kinship assistance agreement under section 256N.25, subdivision 3. The commissioner shall review and revise the limit at which the adoption assistance or Northstar kinship assistance agreement must be renegotiated in accordance with subdivision 9.~~

Sec. 5. Minnesota Statutes 2020, section 260.761, subdivision 2, is amended to read:

Subd. 2. **Agency and court notice to tribes.** (a) When a local social services agency has information that a family assessment ~~or,~~ investigation, or noncaregiver sex trafficking assessment being conducted may involve an Indian child, the local social services agency shall notify the Indian child's tribe of the family assessment ~~or,~~ investigation, or noncaregiver sex trafficking assessment according to section 260E.18. The local social services agency shall provide initial notice ~~shall be provided~~ by telephone and by e-mail or facsimile. The local social services agency shall request that the tribe or a designated tribal representative participate in evaluating the family circumstances, identifying family and tribal community resources, and developing case plans.

(b) When a local social services agency has information that a child receiving services may be an Indian child, the local social services agency shall notify the tribe by telephone and by e-mail or facsimile of the child's full name and date of birth, the full names and dates of birth of the child's biological parents, and, if known, the full names and dates of birth of the child's grandparents and of the child's Indian custodian. This notification must be provided ~~so~~ for the tribe ~~can~~ to determine if the child is enrolled in the tribe or eligible for tribal membership, and ~~must be provided~~ the agency must provide this notification to the tribe within seven days of receiving information that the child may be an Indian child. If information regarding the child's grandparents or Indian custodian is not available within the seven-day period, the local social services agency shall continue to request this information and shall notify the tribe when it is received. Notice shall be provided to all tribes to which the child may have any tribal lineage. If the identity or location of the child's parent or Indian custodian and tribe cannot be determined, the local social services agency shall provide the notice required in this paragraph to the United States secretary of the interior.

(c) In accordance with sections 260C.151 and 260C.152, when a court has reason to believe that a child placed in emergency protective care is an Indian child, the court administrator or a designee shall, as soon as possible and before a hearing takes place, notify the tribal social services agency by telephone and by e-mail or facsimile of the date, time, and location of the emergency protective case hearing. The court shall make efforts to allow appearances by telephone for tribal representatives, parents, and Indian custodians.

(d) A local social services agency must provide the notices required under this subdivision at the earliest possible time to facilitate involvement of the Indian child's tribe. Nothing in this subdivision is intended to hinder the ability of the local social services agency and the court to respond to an emergency situation. Lack of participation by a tribe shall not prevent the tribe from intervening in services and proceedings at a later date. A tribe may participate in a case at any time. At any stage of the local social services agency's involvement with an Indian child, the agency shall provide full cooperation to the tribal social services agency, including disclosure of all data concerning the Indian child. Nothing in this subdivision relieves the local social services agency of satisfying the notice requirements in the Indian Child Welfare Act.

Sec. 6. Minnesota Statutes 2020, section 260C.007, subdivision 14, is amended to read:

Subd. 14. **Egregious harm.** "Egregious harm" means the infliction of bodily harm to a child or neglect of a child which demonstrates a grossly inadequate ability to provide minimally adequate parental care. ~~The~~ Egregious harm ~~need~~ must not have occurred in the state or in the county where a termination of parental rights action ~~is otherwise properly venued~~ has proper venue. Egregious harm includes, but is not limited to:

(1) conduct ~~towards~~ toward a child that constitutes a violation of sections 609.185 to 609.2114, 609.222, subdivision 2, 609.223, or any other similar law of any other state;

(2) the infliction of "substantial bodily harm" to a child, as defined in section 609.02, subdivision 7a;

(3) conduct ~~towards~~ toward a child that constitutes felony malicious punishment of a child under section 609.377;

(4) conduct ~~towards~~ toward a child that constitutes felony unreasonable restraint of a child under section 609.255, subdivision 3;

(5) conduct ~~towards~~ toward a child that constitutes felony neglect or endangerment of a child under section 609.378;

(6) conduct ~~towards~~ toward a child that constitutes assault under section 609.221, 609.222, or 609.223;

(7) conduct ~~towards~~ toward a child that constitutes sex trafficking, solicitation, inducement, ~~or~~ promotion of, or receiving profit derived from prostitution under section 609.322;

(8) conduct ~~towards~~ toward a child that constitutes murder or voluntary manslaughter as defined by United States Code, title 18, section 1111(a) or 1112(a);

(9) conduct ~~towards~~ toward a child that constitutes aiding or abetting, attempting, conspiring, or soliciting to commit a murder or voluntary manslaughter that constitutes a violation of United States Code, title 18, section 1111(a) or 1112(a); or

(10) conduct toward a child that constitutes criminal sexual conduct under sections 609.342 to 609.345.

Sec. 7. Minnesota Statutes 2020, section 260E.01, is amended to read:

260E.01 POLICY.

(a) The legislature hereby declares that the public policy of this state is to protect children whose health or welfare may be jeopardized through maltreatment. While it is recognized that most parents want to keep their children safe, sometimes circumstances or conditions interfere with their ability to do so. When this occurs, the health and safety of the children must be of paramount concern. Intervention and prevention efforts must address immediate concerns for child safety and the ongoing risk of maltreatment and should engage the protective capacities of families. In furtherance of this public policy, it is the intent of the legislature under this chapter to:

(1) protect children and promote child safety;

(2) strengthen the family;

(3) make the home, school, and community safe for children by promoting responsible child care in all settings; and

(4) provide, when necessary, a safe temporary or permanent home environment for maltreated children.

(b) In addition, it is the policy of this state to:

(1) require the reporting of maltreatment of children in the home, school, and community settings;

(2) provide for ~~the~~ voluntary reporting of maltreatment of children;

(3) require an investigation when the report alleges sexual abuse or substantial child endangerment, except when the report alleges sex trafficking by a noncaregiver sex trafficker;

(4) provide a family assessment, if appropriate, when the report does not allege sexual abuse or substantial child endangerment; ~~and~~

(5) provide a noncaregiver sex trafficking assessment when the report alleges sex trafficking by a noncaregiver sex trafficker; and

(6) provide protective, family support, and family preservation services when needed in appropriate cases.

Sec. 8. Minnesota Statutes 2020, section 260E.02, subdivision 1, is amended to read:

Subdivision 1. **Establishment of team.** A county shall establish a multidisciplinary child protection team that may include, but is not ~~be~~ limited to, the director of the local welfare agency or designees, the county attorney or designees, the county sheriff or designees, representatives of health and education, representatives of mental health, representatives of agencies providing specialized services or responding to youth who experience or are at risk of

experiencing sex trafficking or sexual exploitation, or other appropriate human services or community-based agencies, and parent groups. As used in this section, a "community-based agency" may include, but is not limited to, schools, social services agencies, family service and mental health collaboratives, children's advocacy centers, early childhood and family education programs, Head Start, or other agencies serving children and families. A member of the team must be designated as the lead person of the team responsible for the planning process to develop standards for the team's activities with battered women's and domestic abuse programs and services.

Sec. 9. Minnesota Statutes 2020, section 260E.03, is amended by adding a subdivision to read:

Subd. 15a. **Noncaregiver sex trafficker.** "Noncaregiver sex trafficker" means an individual who is alleged to have engaged in the act of sex trafficking a child, who is not a person responsible for the child's care, who does not have a significant relationship with the child as defined in section 609.341, and who is not a person in a current or recent position of authority as defined in section 609.341, subdivision 10.

Sec. 10. Minnesota Statutes 2020, section 260E.03, is amended by adding a subdivision to read:

Subd. 15b. **Noncaregiver sex trafficking assessment.** "Noncaregiver sex trafficking assessment" is a comprehensive assessment of child safety, the risk of subsequent child maltreatment, and strengths and needs of the child and family. The local welfare agency shall only perform a noncaregiver sex trafficking assessment when a maltreatment report alleges sex trafficking of a child by someone other than the child's caregiver. A noncaregiver sex trafficking assessment does not include a determination of whether child maltreatment occurred. A noncaregiver sex trafficking assessment includes a determination of a family's need for services to address the safety of the child or children, the safety of family members, and the risk of subsequent child maltreatment.

Sec. 11. Minnesota Statutes 2020, section 260E.03, subdivision 22, is amended to read:

Subd. 22. **Substantial child endangerment.** "Substantial child endangerment" means that a person responsible for a child's care, by act or omission, commits or attempts to commit an act against a child ~~under their~~ in the person's care that constitutes any of the following:

(1) egregious harm under subdivision 5;

(2) abandonment under section 260C.301, subdivision 2;

(3) neglect under subdivision 15, paragraph (a), clause (2), that substantially endangers the child's physical or mental health, including a growth delay, which may be referred to as failure to thrive, that has been diagnosed by a physician and is due to parental neglect;

(4) murder in the first, second, or third degree under section 609.185, 609.19, or 609.195;

(5) manslaughter in the first or second degree under section 609.20 or 609.205;

(6) assault in the first, second, or third degree under section 609.221, 609.222, or 609.223;

(7) sex trafficking, solicitation, inducement, ~~and~~ or promotion of prostitution under section 609.322;

(8) criminal sexual conduct under sections 609.342 to 609.3451;

(9) solicitation of children to engage in sexual conduct under section 609.352;

(10) malicious punishment or neglect or endangerment of a child under section 609.377 or 609.378;

(11) use of a minor in sexual performance under section 617.246; or

(12) parental behavior, status, or condition ~~that mandates that~~ requiring the county attorney to file a termination of parental rights petition under section 260C.503, subdivision 2.

Sec. 12. Minnesota Statutes 2020, section 260E.14, subdivision 2, is amended to read:

Subd. 2. **Sexual abuse.** (a) The local welfare agency is the agency responsible for investigating an allegation of sexual abuse if the alleged offender is the parent, guardian, sibling, or an individual functioning within the family unit as a person responsible for the child's care, or a person with a significant relationship to the child if that person resides in the child's household.

(b) The local welfare agency is also responsible for assessing or investigating when a child is identified as a victim of sex trafficking.

Sec. 13. Minnesota Statutes 2020, section 260E.14, subdivision 5, is amended to read:

Subd. 5. **Law enforcement.** (a) The local law enforcement agency is the agency responsible for investigating a report of maltreatment if a violation of a criminal statute is alleged.

(b) Law enforcement and the responsible agency must coordinate their investigations or assessments as required under this chapter when ~~the~~: (1) a report alleges maltreatment that is a violation of a criminal statute by a person who is a parent, guardian, sibling, person responsible for the child's care ~~functioning~~ within the family unit, or by a person who lives in the child's household and who has a significant relationship to the child~~,~~ in a setting other than a facility as defined in section 260E.03; or (2) a report alleges sex trafficking of a child.

Sec. 14. Minnesota Statutes 2020, section 260E.17, subdivision 1, is amended to read:

Subdivision 1. **Local welfare agency.** (a) Upon receipt of a report, the local welfare agency shall determine whether to conduct a family assessment ~~or~~, an investigation, or a noncaregiver sex trafficking assessment as appropriate to prevent or provide a remedy for maltreatment.

(b) The local welfare agency shall conduct an investigation when the report involves sexual abuse, except as indicated in paragraph (f), or substantial child endangerment.

(c) The local welfare agency shall begin an immediate investigation ~~if,~~ at any time when the local welfare agency is ~~using~~ responding with a family assessment ~~response,~~ and the local welfare agency determines that there is reason to believe that sexual abuse ~~or~~, substantial child endangerment, or a serious threat to the child's safety exists.

(d) The local welfare agency may conduct a family assessment for reports that do not allege sexual abuse, except as indicated in paragraph (f), or substantial child endangerment. In determining that a family assessment is appropriate, the local welfare agency may consider issues of child safety, parental cooperation, and the need for an immediate response.

(e) The local welfare agency may conduct a family assessment ~~on~~ for a report that was initially screened and assigned for an investigation. In determining that a complete investigation is not required, the local welfare agency must document the reason for terminating the investigation and notify the local law enforcement agency if the local law enforcement agency is conducting a joint investigation.

(f) The local welfare agency shall conduct a noncaregiver sex trafficking assessment when a maltreatment report alleges sex trafficking of a child and the alleged offender is a noncaregiver sex trafficker as defined by section 260E.03, subdivision 15a.

(g) During a noncaregiver sex trafficking assessment, the local welfare agency shall initiate an immediate investigation if there is reason to believe that a child's parent, caregiver, or household member allegedly engaged in the act of sex trafficking a child or was alleged to have engaged in any conduct requiring the agency to conduct an investigation.

Sec. 15. Minnesota Statutes 2020, section 260E.18, is amended to read:

260E.18 NOTICE TO CHILD'S TRIBE.

The local welfare agency shall provide immediate notice, according to section 260.761, subdivision 2, to an Indian child's tribe when the agency has reason to believe that the family assessment ~~or,~~ investigation, or noncaregiver sex trafficking assessment may involve an Indian child. For purposes of this section, "immediate notice" means notice provided within 24 hours.

Sec. 16. Minnesota Statutes 2020, section 260E.20, subdivision 2, is amended to read:

Subd. 2. **Face-to-face contact.** (a) Upon receipt of a screened in report, the local welfare agency shall ~~conduct a~~ have face-to-face contact with the child reported to be maltreated and with the child's primary caregiver sufficient to complete a safety assessment and ensure the immediate safety of the child.

(b) Except in a noncaregiver sex trafficking assessment, the local welfare agency shall have face-to-face contact with the child and primary caregiver ~~shall occur~~ immediately if sexual abuse or substantial child endangerment is alleged and within five calendar days for all other reports. If the alleged offender was not already interviewed as the primary caregiver, the local welfare agency shall also conduct a face-to-face interview with the alleged offender in the early stages of the assessment or investigation, except in a noncaregiver sex trafficking assessment.

(c) At the initial contact with the alleged offender, the local welfare agency or the agency responsible for assessing or investigating the report must inform the alleged offender of the complaints or allegations made against the individual in a manner consistent with laws protecting the rights of the person who made the report. The interview with the alleged offender may be postponed if it would jeopardize an active law enforcement investigation. In a noncaregiver sex trafficking assessment, the local child welfare agency is not required to interview the alleged offender.

(d) The local welfare agency or the agency responsible for assessing or investigating the report must provide the alleged offender with an opportunity to make a statement, except in a noncaregiver sex trafficking assessment where the local welfare agency may rely on law enforcement data. The alleged offender may submit supporting documentation relevant to the assessment or investigation.

Sec. 17. Minnesota Statutes 2020, section 260E.24, subdivision 2, is amended to read:

Subd. 2. **Determination after family assessment or a noncaregiver sex trafficking assessment.** After conducting a family assessment or a noncaregiver sex trafficking assessment, the local welfare agency shall determine whether child protective services are needed to address the safety of the child and other family members and the risk of subsequent maltreatment.

Sec. 18. Minnesota Statutes 2020, section 260E.24, subdivision 7, is amended to read:

Subd. 7. **Notification at conclusion of family assessment or a noncaregiver sex trafficking assessment.** Within ten working days of the conclusion of a family assessment or a noncaregiver sex trafficking assessment, the local welfare agency shall notify the parent or guardian of the child of the need for services to address child safety concerns or significant risk of subsequent maltreatment. The local welfare agency and the family may also jointly agree that family support and family preservation services are needed.

Sec. 19. Minnesota Statutes 2020, section 260E.33, subdivision 1, is amended to read:

Subdivision 1. **Following a family assessment or a noncaregiver sex trafficking assessment.** Administrative reconsideration is not applicable to a family assessment or noncaregiver sex trafficking assessment since no determination concerning maltreatment is made.

Sec. 20. Minnesota Statutes 2020, section 260E.35, subdivision 6, is amended to read:

Subd. 6. **Data retention.** (a) Notwithstanding sections 138.163 and 138.17, a record maintained or a record derived from a report of maltreatment by a local welfare agency, agency responsible for assessing or investigating the report, court services agency, or school under this chapter shall be destroyed as provided in paragraphs (b) to (e) by the responsible authority.

(b) For a report alleging maltreatment that was not accepted for an assessment or an investigation, a family assessment case, a noncaregiver sex trafficking assessment case, and a case where an investigation results in no determination of maltreatment or the need for child protective services, the record must be maintained for a period of five years after the date that the report was not accepted for assessment or investigation or the date of the final entry in the case record. A record of a report that was not accepted must contain sufficient information to identify the subjects of the report, the nature of the alleged maltreatment, and the reasons ~~as to~~ why the report was not accepted. Records under this paragraph may not be used for employment, background checks, or purposes other than to assist in future screening decisions and risk and safety assessments.

(c) All records relating to reports that, upon investigation, indicate ~~either~~ maltreatment or a need for child protective services shall be maintained for ten years after the date of the final entry in the case record.

(d) All records regarding a report of maltreatment, including a notification of intent to interview that was received by a school under section 260E.22, subdivision 7, shall be destroyed by the school when ordered to do so by the agency conducting the assessment or investigation. The agency shall order the destruction of the notification when other records relating to the report under investigation or assessment are destroyed under this subdivision.

(e) Private or confidential data released to a court services agency under subdivision 3, paragraph (d), must be destroyed by the court services agency when ordered to do so by the local welfare agency that released the data. The local welfare agency or agency responsible for assessing or investigating the report shall order destruction of the data when other records relating to the assessment or investigation are destroyed under this subdivision.

ARTICLE 3
CHILD PROTECTION POLICY

Section 1. Minnesota Statutes 2020, section 245.4885, subdivision 1, is amended to read:

Subdivision 1. **Admission criteria.** (a) Prior to admission or placement, except in the case of an emergency, all children referred for treatment of severe emotional disturbance in a treatment foster care setting, residential treatment facility, or informally admitted to a regional treatment center shall undergo an assessment to determine the appropriate level of care if public funds are used to pay for the child's services.

(b) The responsible social services agency shall determine the appropriate level of care for a child when county-controlled funds are used to pay for the child's services or placement in a qualified residential treatment facility under chapter 260C and licensed by the commissioner under chapter 245A. In accordance with section 260C.157, a juvenile treatment screening team shall conduct a screening of a child before the team may recommend whether to place a child in a qualified residential treatment program as defined in section 260C.007, subdivision 26d. When a social services agency does not have responsibility for a child's placement and the child is

enrolled in a prepaid health program under section 256B.69, the enrolled child's contracted health plan must determine the appropriate level of care for the child. When Indian Health Services funds or funds of a tribally owned facility funded under the Indian Self-Determination and Education Assistance Act, Public Law 93-638, are to be used for a child, the Indian Health Services or 638 tribal health facility must determine the appropriate level of care for the child. When more than one entity bears responsibility for a child's coverage, the entities shall coordinate level of care determination activities for the child to the extent possible.

(c) The responsible social services agency must make the child's level of care determination available to the child's juvenile treatment screening team, as permitted under chapter 13. The level of care determination shall inform the juvenile treatment screening team process and the assessment in section 260C.704 when considering whether to place the child in a qualified residential treatment program. When the responsible social services agency is not involved in determining a child's placement, the child's level of care determination shall determine whether the proposed treatment:

(1) is necessary;

(2) is appropriate to the child's individual treatment needs;

(3) cannot be effectively provided in the child's home; and

(4) provides a length of stay as short as possible consistent with the individual child's ~~need~~ needs.

(d) When a level of care determination is conducted, the responsible social services agency or other entity may not determine that a screening of a child under section 260C.157 or referral or admission to a treatment foster care setting or residential treatment facility is not appropriate solely because services were not first provided to the child in a less restrictive setting and the child failed to make progress toward or meet treatment goals in the less restrictive setting. The level of care determination must be based on a diagnostic assessment of a child that includes a functional assessment which evaluates the child's family, school, and community living situations; and an assessment of the child's need for care out of the home using a validated tool which assesses a child's functional status and assigns an appropriate level of care to the child. The validated tool must be approved by the commissioner of human services and may be the validated tool approved for the child's assessment under section 260C.704 if the juvenile treatment screening team recommended placement of the child in a qualified residential treatment program. If a diagnostic assessment including a functional assessment has been completed by a mental health professional within the past 180 days, a new diagnostic assessment need not be completed unless in the opinion of the current treating mental health professional the child's mental health status has changed markedly since the assessment was completed. The child's parent shall be notified if an assessment will not be completed and of the reasons. A copy of the notice shall be placed in the child's file. Recommendations developed as part of the level of care determination process shall include specific community services needed by the child and, if appropriate, the child's family, and shall indicate whether ~~or not~~ these services are available and accessible to the child and the child's family.

(e) During the level of care determination process, the child, child's family, or child's legal representative, as appropriate, must be informed of the child's eligibility for case management services and family community support services and that an individual family community support plan is being developed by the case manager, if assigned.

(f) When the responsible social services agency has authority, the agency must engage the child's parents in case planning under sections 260C.212 and 260C.708 and chapter 260D unless a court terminates the parent's rights or court orders restrict the parent from participating in case planning, visitation, or parental responsibilities.

(g) The level of care determination, ~~and~~ placement decision, and recommendations for mental health services must be documented in the child's record, as required in ~~chapter~~ chapters 260C and 260D.

EFFECTIVE DATE. This section is effective September 30, 2021.

Sec. 2. Minnesota Statutes 2020, section 245A.02, is amended by adding a subdivision to read:

Subd. 3c. **At risk of becoming a victim of sex trafficking or commercial sexual exploitation.** For the purposes of section 245A.25, a youth who is "at risk of becoming a victim of sex trafficking or commercial sexual exploitation" means a youth who meets the criteria established by the commissioner of human services for this purpose.

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

Sec. 3. Minnesota Statutes 2020, section 245A.02, is amended by adding a subdivision to read:

Subd. 4a. **Children's residential facility.** "Children's residential facility" is defined as a residential program licensed under this chapter or chapter 241 according to the applicable standards in Minnesota Rules, parts 2960.0010 to 2960.0710.

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

Sec. 4. Minnesota Statutes 2020, section 245A.02, is amended by adding a subdivision to read:

Subd. 6d. **Foster family setting.** "Foster family setting" has the meaning given in Minnesota Rules, chapter 2960.3010, subpart 23, and includes settings licensed by the commissioner of human services or the commissioner of corrections.

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

Sec. 5. Minnesota Statutes 2020, section 245A.02, is amended by adding a subdivision to read:

Subd. 6e. **Foster residence setting.** "Foster residence setting" has the meaning given in Minnesota Rules, chapter 2960.3010, subpart 26, and includes settings licensed by the commissioner of human services or the commissioner of corrections.

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

Sec. 6. Minnesota Statutes 2020, section 245A.02, is amended by adding a subdivision to read:

Subd. 18a. **Trauma.** For the purposes of section 245A.25, "trauma" means an event, series of events, or set of circumstances experienced by an individual as physically or emotionally harmful or life-threatening and has lasting adverse effects on the individual's functioning and mental, physical, social, emotional, or spiritual well-being. Trauma includes the cumulative emotional or psychological harm of group traumatic experiences transmitted across generations within a community that are often associated with racial and ethnic population groups that have suffered major intergenerational losses.

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

Sec. 7. Minnesota Statutes 2020, section 245A.02, is amended by adding a subdivision to read:

Subd. 23. **Victim of sex trafficking or commercial sexual exploitation.** For the purposes of section 245A.25, "victim of sex trafficking or commercial sexual exploitation" means a person who meets the definitions in section 260C.007, subdivision 31, clauses (4) and (5).

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

Sec. 8. Minnesota Statutes 2020, section 245A.02, is amended by adding a subdivision to read:

Subd. 24. **Youth.** For the purposes of section 245A.25, "youth" means a "child" as defined in section 260C.007, subdivision 4, and includes individuals under 21 years of age who are in foster care pursuant to section 260C.451.

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

Sec. 9. Minnesota Statutes 2020, section 245A.041, is amended by adding a subdivision to read:

Subd. 6. **First date of working in a facility or setting; documentation requirements.** Children's residential facility and foster residence setting license holders must document the first date that a person who is a background study subject begins working in the license holder's facility or setting. If the license holder does not maintain documentation of each background study subject's first date of working in the facility or setting in the license holder's personnel files, the license holder must provide documentation to the commissioner that contains the first date that each background study subject began working in the license holder's program upon the commissioner's request.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 10. **[245A.25] RESIDENTIAL PROGRAM CERTIFICATIONS FOR COMPLIANCE WITH THE FAMILY FIRST PREVENTION SERVICES ACT.**

Subdivision 1. **Certification scope and applicability.** (a) This section establishes the requirements that a children's residential facility or child foster residence setting must meet to be certified for the purposes of Title IV-E funding requirements as:

(1) a qualified residential treatment program;

(2) a residential setting specializing in providing care and supportive services for youth who have been or are at risk of becoming victims of sex trafficking or commercial sexual exploitation;

(3) a residential setting specializing in providing prenatal, postpartum, or parenting support for youth; or

(4) a supervised independent living setting for youth who are 18 years of age or older.

(b) This section does not apply to a foster family setting in which the license holder resides in the foster home.

(c) Children's residential facilities licensed as detention settings according to Minnesota Rules, parts 2960.0230 to 2960.0290, or secure programs according to Minnesota Rules, parts 2960.0300 to 2960.0420, may not be certified under this section.

(d) For purposes of this section, "license holder" means an individual, organization, or government entity that was issued a children's residential facility or foster residence setting license by the commissioner of human services under this chapter or by the commissioner of corrections under chapter 241.

(e) Certifications issued under this section for foster residence settings may only be issued by the commissioner of human services and are not delegated to county or private licensing agencies under section 245A.16.

Subd. 2. **Program certification types and requests for certification.** (a) By July 1, 2021, the commissioner of human services must offer certifications to license holders for the following types of programs:

(1) qualified residential treatment programs;

(2) residential settings specializing in providing care and supportive services for youth who have been or are at risk of becoming victims of sex trafficking or commercial sexual exploitation;

(3) residential settings specializing in providing prenatal, postpartum, or parenting support for youth; and

(4) supervised independent living settings for youth who are 18 years of age or older.

(b) An applicant or license holder must submit a request for certification under this section on a form and in a manner prescribed by the commissioner of human services. The decision of the commissioner of human services to grant or deny a certification request is final and not subject to appeal under chapter 14.

Subd. 3. **Trauma-informed care.** (a) Programs certified under subdivisions 4 or 5 must provide services to a person according to a trauma-informed model of care that meets the requirements of this subdivision, except that programs certified under subdivision 5 are not required to meet the requirements of paragraph (e).

(b) For the purposes of this section, "trauma-informed care" is defined as care that:

(1) acknowledges the effects of trauma on a person receiving services and on the person's family;

(2) modifies services to respond to the effects of trauma on the person receiving services;

(3) emphasizes skill and strength-building rather than symptom management; and

(4) focuses on the physical and psychological safety of the person receiving services and the person's family.

(c) The license holder must have a process for identifying the signs and symptoms of trauma in a youth and must address the youth's needs related to trauma. This process must include:

(1) screening for trauma by completing a trauma-specific screening tool with each youth upon the youth's admission or obtaining the results of a trauma-specific screening tool that was completed with the youth within 30 days prior to the youth's admission to the program; and

(2) ensuring that trauma-based interventions targeting specific trauma-related symptoms are available to each youth when needed to assist the youth in obtaining services. For qualified residential treatment programs, this must include the provision of services in paragraph (e).

(d) The license holder must develop and provide services to each youth according to the principles of trauma-informed care including:

(1) recognizing the impact of trauma on a youth when determining the youth's service needs and providing services to the youth;

(2) allowing each youth to participate in reviewing and developing the youth's individualized treatment or service plan;

(3) providing services to each youth that are person-centered and culturally responsive; and

(4) adjusting services for each youth to address additional needs of the youth.

(e) In addition to the other requirements of this subdivision, qualified residential treatment programs must use a trauma-based treatment model that includes:

(1) assessing each youth to determine if the youth needs trauma-specific treatment interventions;

(2) identifying in each youth's treatment plan how the program will provide trauma-specific treatment interventions to the youth;

(3) providing trauma-specific treatment interventions to a youth that target the youth's specific trauma-related symptoms; and

(4) training all clinical staff of the program on trauma-specific treatment interventions.

(f) At the license holder's program, the license holder must provide a physical, social, and emotional environment that:

(1) promotes the physical and psychological safety of each youth;

(2) avoids aspects that may be retraumatizing;

(3) responds to trauma experienced by each youth and the youth's other needs; and

(4) includes designated spaces that are available to each youth for engaging in sensory and self-soothing activities.

(g) The license holder must base the program's policies and procedures on trauma-informed principles. In the program's policies and procedures, the license holder must:

(1) describe how the program provides services according to a trauma-informed model of care;

(2) describe how the program's environment fulfills the requirements of paragraph (f);

(3) prohibit the use of aversive consequences for a youth's violation of program rules or any other reason;

(4) describe the process for how the license holder incorporates trauma-informed principles and practices into the organizational culture of the license holder's program; and

(5) if the program is certified to use restrictive procedures under Minnesota Rules, part 2960.0710, describe how the program uses restrictive procedures only when necessary for a youth in a manner that addresses the youth's history of trauma and avoids causing the youth additional trauma.

(h) Prior to allowing a staff person to have direct contact, as defined in section 245C.02, subdivision 11, with a youth and annually thereafter, the license holder must train each staff person about:

(1) concepts of trauma-informed care and how to provide services to each youth according to these concepts; and

(2) impacts of each youth's culture, race, gender, and sexual orientation on the youth's behavioral health and traumatic experiences.

Subd. 4. **Qualified residential treatment programs; certification requirements.** (a) To be certified as a qualified residential treatment program, a license holder must meet:

(1) the definition of a qualified residential treatment program in section 260C.007, subdivision 26d;

(2) the requirements for providing trauma-informed care and using a trauma-based treatment model in subdivision 3; and

(3) the requirements of this subdivision.

(b) For each youth placed at the license holder's program, the license holder must collaborate with the responsible social services agency and other appropriate parties to implement the youth's out-of-home placement plan and the youth's short-term and long-term mental health and behavioral health goals in the assessment required by sections 260C.212, subdivision 1; 260C.704; and 260C.708.

(c) A qualified residential treatment program must use a trauma-based treatment model that meets all of the requirements of subdivision 3 that is designed to address the needs, including clinical needs, of youth with serious emotional or behavioral disorders or disturbances. The license holder must develop, document, and review a treatment plan for each youth according to the requirements of Minnesota Rules, parts 2960.0180, subpart 2, item B; and 2960.0190, subpart 2.

(d) The following types of staff must be on-site according to the program's treatment model and must be available 24 hours a day and seven days a week to provide care within the scope of their practice:

(1) a registered nurse or licensed practical nurse licensed by the Minnesota Board of Nursing to practice professional nursing or practical nursing as defined in section 148.171, subdivisions 14 and 15; and

(2) other licensed clinical staff to meet each youth's clinical needs.

(e) A qualified residential treatment program must be accredited by one of the following independent, not-for-profit organizations:

(1) the Commission on Accreditation of Rehabilitation Facilities (CARF);

(2) the Joint Commission;

(3) the Council on Accreditation (COA); or

(4) another independent, not-for-profit accrediting organization approved by the Secretary of the United States Department of Health and Human Services.

(f) The license holder must facilitate participation of a youth's family members in the youth's treatment program, consistent with the youth's best interests and according to the youth's out-of-home placement plan required by sections 260C.212, subdivision 1; and 260C.708.

(g) The license holder must contact and facilitate outreach to each youth's family members, including the youth's siblings, and must document outreach to the youth's family members in the youth's file, including the contact method and each family member's contact information. In the youth's file, the license holder must record and maintain the contact information for all known biological family members and fictive kin of the youth.

(h) The license holder must document in the youth's file how the program integrates family members into the treatment process for the youth, including after the youth's discharge from the program, and how the program maintains the youth's connections to the youth's siblings.

(i) The program must provide discharge planning and family-based aftercare support to each youth for at least six months after the youth's discharge from the program. When providing aftercare to a youth, the program must have monthly contact with the youth and the youth's caregivers to promote the youth's engagement in aftercare services and to regularly evaluate the family's needs. The program's monthly contact with the youth may be face-to-face, by telephone, or virtual.

(j) The license holder must maintain a service delivery plan that describes how the program provides services according to the requirements in paragraphs (b) to (i).

Subd. 5. **Residential settings specializing in providing care and supportive services for youth who have been or are at risk of becoming victims of sex trafficking or commercial sexual exploitation; certification requirements.** (a) To be certified as a residential setting specializing in providing care and supportive services for youth who have been or are at risk of becoming victims of sex trafficking or commercial sexual exploitation, a license holder must meet the requirements of this subdivision.

(b) Settings certified according to this subdivision are exempt from the requirements of section 245A.04, subdivision 11, paragraph (b).

(c) The program must use a trauma-informed model of care that meets all of the applicable requirements of subdivision 3, and that is designed to address the needs, including emotional and mental health needs, of youth who have been or are at risk of becoming victims of sex trafficking or commercial sexual exploitation.

(d) The program must provide high quality care and supportive services for youth who have been or are at risk of becoming victims of sex trafficking or commercial sexual exploitation and must:

(1) offer a safe setting to each youth designed to prevent ongoing and future trafficking of the youth;

(2) provide equitable, culturally responsive, and individualized services to each youth;

(3) assist each youth with accessing medical, mental health, legal, advocacy, and family services based on the youth's individual needs;

(4) provide each youth with relevant educational, life skills, and employment supports based on the youth's individual needs;

(5) offer a trafficking prevention education curriculum and provide support for each youth at risk of future sex trafficking or commercial sexual exploitation; and

(6) engage with the discharge planning process for each youth and the youth's family.

(e) The license holder must maintain a service delivery plan that describes how the program provides services according to the requirements in paragraphs (c) and (d).

(f) The license holder must ensure that each staff person who has direct contact, as defined in section 245C.02, subdivision 11, with a youth served by the license holder's program completes a human trafficking training approved by the Department of Human Services' Children and Family Services Administration before the staff person has direct contact with a youth served by the program and annually thereafter. For programs certified prior to January 1, 2022, the license holder must ensure that each staff person at the license holder's program completes the initial training by January 1, 2022.

Subd. 6. **Residential settings specializing in providing prenatal, postpartum, or parenting supports for youth; certification requirements.** (a) To be certified as a residential setting specializing in providing prenatal, postpartum, or parenting supports for youth, a license holder must meet the requirements of this subdivision.

(b) The license holder must collaborate with the responsible social services agency and other appropriate parties to implement each youth's out-of-home placement plan required by section 260C.212, subdivision 1.

(c) The license holder must specialize in providing prenatal, postpartum, or parenting supports for youth and must:

(1) provide equitable, culturally responsive, and individualized services to each youth;

(2) assist each youth with accessing postpartum services during the same period of time that a woman is considered pregnant for the purposes of medical assistance eligibility under section 256B.055, subdivision 6, including providing each youth with:

(i) sexual and reproductive health services and education; and

(ii) a postpartum mental health assessment and follow-up services; and

(3) discharge planning that includes the youth and the youth's family.

(d) On or before the date of a child's initial physical presence at the facility, the license holder must provide education to the child's parent related to safe bathing and reducing the risk of sudden unexpected infant death and abusive head trauma from shaking infants and young children. The license holder must use the educational material developed by the commissioner of human services to comply with this requirement. At a minimum, the education must address:

(1) instruction that: (i) a child or infant should never be left unattended around water; (ii) a tub should be filled with only two to four inches of water for infants; and (iii) an infant should never be put into a tub when the water is running; and

(2) the risk factors related to sudden unexpected infant death and abusive head trauma from shaking infants and young children and means of reducing the risks, including the safety precautions identified in section 245A.1435 and the risks of co-sleeping.

The license holder must document the parent's receipt of the education and keep the documentation in the parent's file. The documentation must indicate whether the parent agrees to comply with the safeguards described in this paragraph. If the parent refuses to comply, program staff must provide additional education to the parent as described in the parental supervision plan. The parental supervision plan must include the intervention, frequency, and staff responsible for the duration of the parent's participation in the program or until the parent agrees to comply with the safeguards described in this paragraph.

(e) On or before the date of a child's initial physical presence at the facility, the license holder must document the parent's capacity to meet the health and safety needs of the child while on the facility premises considering the following factors:

(1) the parent's physical and mental health;

(2) the parent being under the influence of drugs, alcohol, medications, or other chemicals;

(3) the child's physical and mental health; and

(4) any other information available to the license holder indicating that the parent may not be able to adequately care for the child.

(f) The license holder must have written procedures specifying the actions that staff shall take if a parent is or becomes unable to adequately care for the parent's child.

(g) If the parent refuses to comply with the safeguards described in paragraph (d) or is unable to adequately care for the child, the license holder must develop a parental supervision plan in conjunction with the parent. The plan must account for any factors in paragraph (e) that contribute to the parent's inability to adequately care for the child. The plan must be dated and signed by the staff person who completed the plan.

(h) The license holder must have written procedures addressing whether the program permits a parent to arrange for supervision of the parent's child by another youth in the program. If permitted, the facility must have a procedure that requires staff approval of the supervision arrangement before the supervision by the nonparental youth occurs. The procedure for approval must include an assessment of the nonparental youth's capacity to assume the supervisory responsibilities using the criteria in paragraph (e). The license holder must document the license holder's approval of the supervisory arrangement and the assessment of the nonparental youth's capacity to supervise the child and must keep this documentation in the file of the parent whose child is being supervised by the nonparental youth.

(i) The license holder must maintain a service delivery plan that describes how the program provides services according to paragraphs (b) to (h).

Subd. 7. **Supervised independent living settings for youth 18 years of age or older; certification requirements.** (a) To be certified as a supervised independent living setting for youth who are 18 years of age or older, a license holder must meet the requirements of this subdivision.

(b) A license holder must provide training, counseling, instruction, supervision, and assistance for independent living, to meet the needs of the youth being served.

(c) A license holder may provide services to assist the youth with locating housing, money management, meal preparation, shopping, health care, transportation, and any other support services necessary to meet the youth's needs and improve the youth's ability to conduct such tasks independently.

(d) The service plan for the youth must contain an objective of independent living skills.

(e) The license holder must maintain a service delivery plan that describes how the program provides services according to paragraphs (b) to (d).

Subd. 8. **Monitoring and inspections.** (a) For a program licensed by the commissioner of human services, the commissioner of human services may review a program's compliance with certification requirements by conducting an inspection, a licensing review, or an investigation of the program. The commissioner may issue a correction order to the license holder for a program's noncompliance with the certification requirements of this section. For a program licensed by the commissioner of human services, a license holder must make a request for reconsideration of a correction order according to section 245A.06, subdivision 2.

(b) For a program licensed by the commissioner of corrections, the commissioner of human services may review the program's compliance with the requirements for a certification issued under this section biennially and may issue a correction order identifying the program's noncompliance with the requirements of this section. The correction order must state the following:

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

(2) the specific law or rule violated; and

(3) the time allowed for the program to correct each violation.

(c) For a program licensed by the commissioner of corrections, if a license holder believes that there are errors in the correction order of the commissioner of human services, the license holder may ask the Department of Human Services to reconsider the parts of the correction order that the license holder alleges are in error. To submit a request for reconsideration, the license holder must send a written request for reconsideration by United States mail to the commissioner of human services. The request for reconsideration must be postmarked within 20 calendar days of the date that the correction order was received by the license holder and must:

(1) specify the parts of the correction order that are alleged to be in error;

(2) explain why the parts of the correction order are in error; and

(3) include documentation to support the allegation of error.

A request for reconsideration does not stay any provisions or requirements of the correction order. The commissioner of human services' disposition of a request for reconsideration is final and not subject to appeal under chapter 14.

(d) Nothing in this subdivision prohibits the commissioner of human services from decertifying a license holder according to subdivision 9 prior to issuing a correction order.

Subd. 9. **Decertification.** (a) The commissioner of human services may rescind a certification issued under this section if a license holder fails to comply with the certification requirements in this section.

(b) The license holder may request reconsideration of a decertification by notifying the commissioner of human services by certified mail or personal service. The license holder must request reconsideration of a decertification in writing. If the license holder sends the request for reconsideration of a decertification by certified mail, the license holder must send the request by United States mail to the commissioner of human services and the request must be postmarked within 20 calendar days after the license holder received the notice of decertification. If the license holder requests reconsideration of a decertification by personal service, the request for reconsideration must be received by the commissioner of human services within 20 calendar days after the license holder received the notice of decertification. When submitting a request for reconsideration of a decertification, the license holder must submit a written argument or evidence in support of the request for reconsideration.

(c) The commissioner of human services' disposition of a request for reconsideration is final and not subject to appeal under chapter 14.

Subd. 10. **Variances.** The commissioner of human services may grant variances to the requirements in this section that do not affect a youth's health or safety or compliance with federal requirements for Title IV-E funding if the conditions in section 245A.04, subdivision 9, are met.

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

Sec. 11. Minnesota Statutes 2020, section 256.01, subdivision 14b, is amended to read:

Subd. 14b. **American Indian child welfare projects.** (a) The commissioner of human services may authorize projects to initiate tribal delivery of child welfare services to American Indian children and their parents and custodians living on the reservation. The commissioner has authority to solicit and determine which tribes may participate in a project. Grants may be issued to Minnesota Indian tribes to support the projects. The commissioner may waive existing state rules as needed to accomplish the projects. The commissioner may authorize projects to use alternative methods of (1) screening, investigating, and assessing reports of child maltreatment, and (2) administrative reconsideration, administrative appeal, and judicial appeal of maltreatment determinations, provided the alternative methods used by the projects comply with the provisions of section 256.045 and chapter 260E that deal with the rights of individuals who are the subjects of reports or investigations, including notice and appeal rights and data practices requirements. The commissioner shall only authorize alternative methods that comply with the public policy under section 260E.01. The commissioner may seek any federal approval necessary to carry out the projects as well as seek and use any funds available to the commissioner, including use of federal funds, foundation funds, existing grant funds, and other funds. The commissioner is authorized to advance state funds as necessary to operate the projects. Federal reimbursement applicable to the projects is appropriated to the commissioner for the purposes of the projects. The projects must be required to address responsibility for safety, permanency, and well-being of children.

(b) For the purposes of this section, "American Indian child" means a person under 21 years old and who is a tribal member or eligible for membership in one of the tribes chosen for a project under this subdivision and who is residing on the reservation of that tribe.

(c) In order to qualify for an American Indian child welfare project, a tribe must:

(1) be one of the existing tribes with reservation land in Minnesota;

(2) have a tribal court with jurisdiction over child custody proceedings;

(3) have a substantial number of children for whom determinations of maltreatment have occurred;

(4)(i) have capacity to respond to reports of abuse and neglect under chapter 260E; or (ii) have codified the tribe's screening, investigation, and assessment of reports of child maltreatment procedures, if authorized to use an alternative method by the commissioner under paragraph (a);

(5) provide a wide range of services to families in need of child welfare services; ~~and~~

(6) have a tribal-state title IV-E agreement in effect~~.~~<u>; and</u>

<u>(7) enter into host Tribal contracts pursuant to section 256.0112, subdivision 6.</u>

(d) Grants awarded under this section may be used for the nonfederal costs of providing child welfare services to American Indian children on the tribe's reservation, including costs associated with:

(1) assessment and prevention of child abuse and neglect;

(2) family preservation;

(3) facilitative, supportive, and reunification services;

(4) out-of-home placement for children removed from the home for child protective purposes; and

(5) other activities and services approved by the commissioner that further the goals of providing safety, permanency, and well-being of American Indian children.

(e) When a tribe has initiated a project and has been approved by the commissioner to assume child welfare responsibilities for American Indian children of that tribe under this section, the affected county social service agency is relieved of responsibility for responding to reports of abuse and neglect under chapter 260E for those children during the time within which the tribal project is in effect and funded. The commissioner shall work with tribes and affected counties to develop procedures for data collection, evaluation, and clarification of ongoing role and financial responsibilities of the county and tribe for child welfare services prior to initiation of the project. Children who have not been identified by the tribe as participating in the project shall remain the responsibility of the county. Nothing in this section shall alter responsibilities of the county for law enforcement or court services.

(f) Participating tribes may conduct children's mental health screenings under section 245.4874, subdivision 1, paragraph (a), clause (12), for children who are eligible for the initiative and living on the reservation and who meet one of the following criteria:

(1) the child must be receiving child protective services;

(2) the child must be in foster care; or

(3) the child's parents must have had parental rights suspended or terminated.

Tribes may access reimbursement from available state funds for conducting the screenings. Nothing in this section shall alter responsibilities of the county for providing services under section 245.487.

(g) Participating tribes may establish a local child mortality review panel. In establishing a local child mortality review panel, the tribe agrees to conduct local child mortality reviews for child deaths or near-fatalities occurring on the reservation under subdivision 12. Tribes with established child mortality review panels shall have access to nonpublic data and shall protect nonpublic data under subdivision 12, paragraphs (c) to (e). The tribe shall provide written notice to the commissioner and affected counties when a local child mortality review panel has been established and shall provide data upon request of the commissioner for purposes of sharing nonpublic data with members of the state child mortality review panel in connection to an individual case.

(h) The commissioner shall collect information on outcomes relating to child safety, permanency, and well-being of American Indian children who are served in the projects. Participating tribes must provide information to the state in a format and completeness deemed acceptable by the state to meet state and federal reporting requirements.

(i) In consultation with the White Earth Band, the commissioner shall develop and submit to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services a plan to transfer legal responsibility for providing child protective services to White Earth Band member children residing in Hennepin County to the White Earth Band. The plan shall include a financing proposal, definitions of key terms, statutory amendments required, and other provisions required to implement the plan. The commissioner shall submit the plan by January 15, 2012.

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

Sec. 12. Minnesota Statutes 2020, section 256.0112, subdivision 6, is amended to read:

Subd. 6. **Contracting within and across county lines; lead county contracts; lead tribal contracts.** Paragraphs (a) to (e) govern contracting within and across county lines and lead county contracts. Paragraphs (a) to (e) govern contracting within and across reservation boundaries and lead tribal contracts for initiative tribes under section 256.01, subdivision 14b. For purposes of this subdivision, "local agency" includes a tribe or a county agency.

(a) Once a local agency and an approved vendor execute a contract that meets the requirements of this subdivision, the contract governs all other purchases of service from the vendor by all other local agencies for the term of the contract. The local agency that negotiated and entered into the contract becomes the lead tribe or county for the contract.

(b) When the local agency in the county or reservation where a vendor is located wants to purchase services from that vendor and the vendor has no contract with the local agency or any other tribe or county, the local agency must negotiate and execute a contract with the vendor.

(c) When a local agency ~~in one county~~ wants to purchase services from a vendor located in another county or reservation, it must notify the local agency in the county or reservation where the vendor is located. Within 30 days of being notified, the local agency in the vendor's county or reservation must:

(1) if it has a contract with the vendor, send a copy to the inquiring local agency;

(2) if there is a contract with the vendor for which another local agency is the lead tribe or county, identify the lead tribe or county to the inquiring agency; or

(3) if no local agency has a contract with the vendor, inform the inquiring agency whether it will negotiate a contract and become the lead tribe or county. If the agency where the vendor is located will not negotiate a contract with the vendor because of concerns related to clients' health and safety, the agency must share those concerns with the inquiring local agency.

(d) If the local agency in the county where the vendor is located declines to negotiate a contract with the vendor or fails to respond within 30 days of receiving the notification under paragraph (c), the inquiring agency is authorized to negotiate a contract and must notify the local agency that declined or failed to respond.

(e) When the inquiring ~~county~~ local agency under paragraph (d) becomes the lead tribe or county for a contract and the contract expires and needs to be renegotiated, that tribe or county must again follow the requirements under paragraph (c) and notify the local agency where the vendor is located. The local agency where the vendor is located has the option of becoming the lead tribe or county for the new contract. If the local agency does not exercise the option, paragraph (d) applies.

(f) This subdivision does not affect the requirement to seek county concurrence under section 256B.092, subdivision 8a, when the services are to be purchased for a person with a developmental disability or under section 245.4711, subdivision 3, when the services to be purchased are for an adult with serious and persistent mental illness.

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

Sec. 13. Minnesota Statutes 2020, section 260C.007, subdivision 6, is amended to read:

Subd. 6. **Child in need of protection or services.** "Child in need of protection or services" means a child who is in need of protection or services because the child:

(1) is abandoned or without parent, guardian, or custodian;

(2)(i) has been a victim of physical or sexual abuse as defined in section 260E.03, subdivision 18 or 20, (ii) resides with or has resided with a victim of child abuse as defined in subdivision 5 or domestic child abuse as defined in subdivision 13, (iii) resides with or would reside with a perpetrator of domestic child abuse as defined in subdivision 13 or child abuse as defined in subdivision 5 or 13, or (iv) is a victim of emotional maltreatment as defined in subdivision 15;

(3) is without necessary food, clothing, shelter, education, or other required care for the child's physical or mental health or morals because the child's parent, guardian, or custodian is unable or unwilling to provide that care;

(4) is without the special care made necessary by a physical, mental, or emotional condition because the child's parent, guardian, or custodian is unable or unwilling to provide that care;

(5) is medically neglected, which includes, but is not limited to, the withholding of medically indicated treatment from an infant with a disability with a life-threatening condition. The term "withholding of medically indicated treatment" means the failure to respond to the infant's life-threatening conditions by providing treatment, including appropriate nutrition, hydration, and medication which, in the treating physician's or advanced practice registered nurse's reasonable medical judgment, will be most likely to be effective in ameliorating or correcting all conditions, except that the term does not include the failure to provide treatment other than appropriate nutrition, hydration, or medication to an infant when, in the treating physician's or advanced practice registered nurse's reasonable medical judgment:

(i) the infant is chronically and irreversibly comatose;

(ii) the provision of the treatment would merely prolong dying, not be effective in ameliorating or correcting all of the infant's life-threatening conditions, or otherwise be futile in terms of the survival of the infant; or

(iii) the provision of the treatment would be virtually futile in terms of the survival of the infant and the treatment itself under the circumstances would be inhumane;

(6) is one whose parent, guardian, or other custodian for good cause desires to be relieved of the child's care and custody, including a child who entered foster care under a voluntary placement agreement between the parent and the responsible social services agency under section 260C.227;

(7) has been placed for adoption or care in violation of law;

(8) is without proper parental care because of the emotional, mental, or physical disability, or state of immaturity of the child's parent, guardian, or other custodian;

(9) is one whose behavior, condition, or environment is such as to be injurious or dangerous to the child or others. An injurious or dangerous environment may include, but is not limited to, the exposure of a child to criminal activity in the child's home;

(10) is experiencing growth delays, which may be referred to as failure to thrive, that have been diagnosed by a physician and are due to parental neglect;

(11) is a sexually exploited youth;

(12) has committed a delinquent act or a juvenile petty offense before becoming ~~ten~~ 13 years old;

(13) is a runaway;

(14) is a habitual truant;

(15) has been found incompetent to proceed or has been found not guilty by reason of mental illness or mental deficiency in connection with a delinquency proceeding, a certification under section 260B.125, an extended jurisdiction juvenile prosecution, or a proceeding involving a juvenile petty offense; or

(16) has a parent whose parental rights to one or more other children were involuntarily terminated or whose custodial rights to another child have been involuntarily transferred to a relative and there is a case plan prepared by the responsible social services agency documenting a compelling reason why filing the termination of parental rights petition under section 260C.503, subdivision 2, is not in the best interests of the child.

Sec. 14. Minnesota Statutes 2020, section 260C.007, subdivision 26c, is amended to read:

Subd. 26c. **Qualified individual.** (a) "Qualified individual" means a trained culturally competent professional or licensed clinician, including a mental health professional under section 245.4871, subdivision 27, who is ~~not~~ qualified to conduct the assessment approved by the commissioner. The qualified individual must not be an employee of the responsible social services agency and who is not connected to or affiliated with any placement setting in which a responsible social services agency has placed children.

(b) When the Indian Child Welfare Act of 1978, United States Code, title 25, sections 1901 to 1963, applies to a child, the county must contact the child's tribe without delay to give the tribe the option to designate a qualified individual who is a trained culturally competent professional or licensed clinician, including a mental health professional under section 245.4871, subdivision 27, who is not employed by the responsible social services agency and who is not connected to or affiliated with any placement setting in which a responsible social services agency has placed children. Only a federal waiver that demonstrates maintained objectivity may allow a responsible social services agency employee or tribal employee affiliated with any placement setting in which the responsible social services agency has placed children to be designated the qualified individual.

Sec. 15. Minnesota Statutes 2020, section 260C.007, subdivision 31, is amended to read:

Subd. 31. **Sexually exploited youth.** "Sexually exploited youth" means an individual who:

(1) is alleged to have engaged in conduct which would, if committed by an adult, violate any federal, state, or local law relating to being hired, offering to be hired, or agreeing to be hired by another individual to engage in sexual penetration or sexual conduct;

(2) is a victim of a crime described in section 609.342, 609.343, 609.344, 609.345, 609.3451, 609.3453, 609.352, 617.246, or 617.247;

(3) is a victim of a crime described in United States Code, title 18, section 2260; 2421; 2422; 2423; 2425; 2425A; or 2256; ~~or~~

(4) is a sex trafficking victim as defined in section 609.321, subdivision 7b~~.~~; or

(5) is a victim of commercial sexual exploitation as defined in United States Code, title 22, section 7102(11)(A) and (12).

EFFECTIVE DATE. This section is effective September 30, 2021.

Sec. 16. Minnesota Statutes 2020, section 260C.157, subdivision 3, is amended to read:

Subd. 3. **Juvenile treatment screening team.** (a) The responsible social services agency shall establish a juvenile treatment screening team to conduct screenings under this chapter ~~and section 245.487, subdivision 3,~~ and chapter 260D for a child to receive treatment for an emotional disturbance, a developmental disability, or related condition in a residential treatment facility licensed by the commissioner of human services under chapter 245A, or licensed or approved by a tribe. A screening team is not required for a child to be in: (1) a residential facility specializing in prenatal, postpartum, or parenting support; (2) a facility specializing in high-quality residential care

and supportive services to children and youth who ~~are~~ have been or are at risk of becoming victims of sex-trafficking ~~victims or are at risk of becoming sex trafficking victims~~ or commercial sexual exploitation; (3) supervised settings for youth who are 18 years ~~old~~ of age or older and living independently; or (4) a licensed residential family-based treatment facility for substance abuse consistent with section 260C.190. Screenings are also not required when a child must be placed in a facility due to an emotional crisis or other mental health emergency.

(b) The responsible social services agency shall conduct screenings within 15 days of a request for a screening, unless the screening is for the purpose of residential treatment and the child is enrolled in a prepaid health program under section 256B.69, in which case the agency shall conduct the screening within ten working days of a request. The responsible social services agency shall convene the juvenile treatment screening team, which may be constituted under section 245.4885 or 256B.092 or Minnesota Rules, parts 9530.6600 to 9530.6655. The team shall consist of social workers; persons with expertise in the treatment of juveniles who are emotionally ~~disabled~~ disturbed, chemically dependent, or have a developmental disability; and the child's parent, guardian, or permanent legal custodian. The team may include the child's relatives as defined in section 260C.007, subdivisions 26b and 27, the child's foster care provider, and professionals who are a resource to the child's family such as teachers, medical or mental health providers, and clergy, as appropriate, consistent with the family and permanency team as defined in section 260C.007, subdivision 16a. Prior to forming the team, the responsible social services agency must consult with the child's parents, the child if the child is age 14 or older, ~~the child's parents,~~ and, if applicable, the child's tribe to obtain recommendations regarding which individuals to include on the team and to ensure that the team is family-centered and will act in the child's best ~~interest~~ interests. If the child, child's parents, or legal guardians raise concerns about specific relatives or professionals, the team should not include those individuals. This provision does not apply to paragraph (c).

(c) If the agency provides notice to tribes under section 260.761, and the child screened is an Indian child, the responsible social services agency must make a rigorous and concerted effort to include a designated representative of the Indian child's tribe on the juvenile treatment screening team, unless the child's tribal authority declines to appoint a representative. The Indian child's tribe may delegate its authority to represent the child to any other federally recognized Indian tribe, as defined in section 260.755, subdivision 12. The provisions of the Indian Child Welfare Act of 1978, United States Code, title 25, sections 1901 to 1963, and the Minnesota Indian Family Preservation Act, sections 260.751 to 260.835, apply to this section.

(d) If the court, prior to, or as part of, a final disposition or other court order, proposes to place a child with an emotional disturbance or developmental disability or related condition in residential treatment, the responsible social services agency must conduct a screening. If the team recommends treating the child in a qualified residential treatment program, the agency must follow the requirements of sections 260C.70 to 260C.714.

The court shall ascertain whether the child is an Indian child and shall notify the responsible social services agency and, if the child is an Indian child, shall notify the Indian child's tribe as paragraph (c) requires.

(e) When the responsible social services agency is responsible for placing and caring for the child and the screening team recommends placing a child in a qualified residential treatment program as defined in section 260C.007, subdivision 26d, the agency must: (1) begin the assessment and processes required in section 260C.704 without delay; and (2) conduct a relative search according to section 260C.221 to assemble the child's family and permanency team under section 260C.706. Prior to notifying relatives regarding the family and permanency team, the responsible social services agency must consult with the child's parent or legal guardian, the child if the child is age 14 or older, ~~the child's parents~~ and, if applicable, the child's tribe to ensure that the agency is providing notice to individuals who will act in the child's best ~~interest~~ interests. The child and the child's parents may identify a culturally competent qualified individual to complete the child's assessment. The agency shall make efforts to refer the assessment to the identified qualified individual. The assessment may not be delayed for the purpose of having the assessment completed by a specific qualified individual.

(f) When a screening team determines that a child does not need treatment in a qualified residential treatment program, the screening team must:

(1) document the services and supports that will prevent the child's foster care placement and will support the child remaining at home;

(2) document the services and supports that the agency will arrange to place the child in a family foster home; or

(3) document the services and supports that the agency has provided in any other setting.

(g) When the Indian child's tribe or tribal health care services provider or Indian Health Services provider proposes to place a child for the primary purpose of treatment for an emotional disturbance, a developmental disability, or co-occurring emotional disturbance and chemical dependency, the Indian child's tribe or the tribe delegated by the child's tribe shall submit necessary documentation to the county juvenile treatment screening team, which must invite the Indian child's tribe to designate a representative to the screening team.

(h) The responsible social services agency must conduct and document the screening in a format approved by the commissioner of human services.

EFFECTIVE DATE. This section is effective September 30, 2021.

Sec. 17. Minnesota Statutes 2020, section 260C.212, subdivision 1a, is amended to read:

Subd. 1a. **Out-of-home placement plan update.** (a) Within 30 days of placing the child in foster care, the agency must file the child's initial out-of-home placement plan with the court. After filing the child's initial out-of-home placement plan, the agency shall update and file the child's out-of-home placement plan with the court as follows:

(1) when the agency moves a child to a different foster care setting, the agency shall inform the court within 30 days of the child's placement change or court-ordered trial home visit. The agency must file the child's updated out-of-home placement plan with the court at the next required review hearing;

(2) when the agency places a child in a qualified residential treatment program as defined in section 260C.007, subdivision 26d, or moves a child from one qualified residential treatment program to a different qualified residential treatment program, the agency must update the child's out-of-home placement plan within 60 days. To meet the requirements of section 260C.708, the agency must file the child's out-of-home placement plan ~~with the court as part of the 60-day hearing and~~ along with the agency's report seeking the court's approval of the child's placement at a qualified residential treatment program under section 260C.71. After the court issues an order, the agency must update the child's out-of-home placement plan ~~after the court hearing~~ to document the court's approval or disapproval of the child's placement in a qualified residential treatment program;

(3) when the agency places a child with the child's parent in a licensed residential family-based substance use disorder treatment program under section 260C.190, the agency must identify the treatment program where the child will be placed in the child's out-of-home placement plan prior to the child's placement. The agency must file the child's out-of-home placement plan with the court at the next required review hearing; and

(4) under sections 260C.227 and 260C.521, the agency must update the child's out-of-home placement plan and file the child's out-of-home placement plan with the court.

(b) When none of the items in paragraph (a) apply, the agency must update the child's out-of-home placement plan no later than 180 days after the child's initial placement and every six months thereafter, consistent with section 260C.203, paragraph (a).

EFFECTIVE DATE. This section is effective September 30, 2021.

Sec. 18. Minnesota Statutes 2020, section 260C.212, subdivision 13, is amended to read:

Subd. 13. **Protecting missing and runaway children and youth at risk of sex trafficking or commercial sexual exploitation.** (a) The local social services agency shall expeditiously locate any child missing from foster care.

(b) The local social services agency shall report immediately, but no later than 24 hours, after receiving information on a missing or abducted child to the local law enforcement agency for entry into the National Crime Information Center (NCIC) database of the Federal Bureau of Investigation, and to the National Center for Missing and Exploited Children.

(c) The local social services agency shall not discharge a child from foster care or close the social services case until diligent efforts have been exhausted to locate the child and the court terminates the agency's jurisdiction.

(d) The local social services agency shall determine the primary factors that contributed to the child's running away or otherwise being absent from care and, to the extent possible and appropriate, respond to those factors in current and subsequent placements.

(e) The local social services agency shall determine what the child experienced while absent from care, including screening the child to determine if the child is a possible sex trafficking or commercial sexual exploitation victim as defined in section ~~609.321, subdivision 7b~~ 260C.007, subdivision 31.

(f) The local social services agency shall report immediately, but no later than 24 hours, to the local law enforcement agency any reasonable cause to believe a child is, or is at risk of being, a sex trafficking or commercial sexual exploitation victim.

(g) The local social services agency shall determine appropriate services as described in section 145.4717 with respect to any child for whom the local social services agency has responsibility for placement, care, or supervision when the local social services agency has reasonable cause to believe that the child is, or is at risk of being, a sex trafficking or commercial sexual exploitation victim.

EFFECTIVE DATE. This section is effective September 30, 2021.

Sec. 19. Minnesota Statutes 2020, section 260C.4412, is amended to read:

260C.4412 PAYMENT FOR RESIDENTIAL PLACEMENTS.

(a) When a child is placed in a foster care group residential setting under Minnesota Rules, parts 2960.0020 to 2960.0710, a foster residence licensed under chapter 245A that meets the standards of Minnesota Rules, parts 2960.3200 to 2960.3230, or a children's residential facility licensed or approved by a tribe, foster care maintenance payments must be made on behalf of the child to cover the cost of providing food, clothing, shelter, daily supervision, school supplies, child's personal incidentals and supports, reasonable travel for visitation, or other transportation needs associated with the items listed. Daily supervision in the group residential setting includes routine day-to-day direction and arrangements to ensure the well-being and safety of the child. It may also include reasonable costs of administration and operation of the facility.

(b) The commissioner of human services shall specify the title IV-E administrative procedures under section 256.82 for each of the following residential program settings:

(1) residential programs licensed under chapter 245A or licensed by a tribe, including:

(i) qualified residential treatment programs as defined in section 260C.007, subdivision 26d;

(ii) program settings specializing in providing prenatal, postpartum, or parenting supports for youth; and

(iii) program settings providing high-quality residential care and supportive services to children and youth who are, or are at risk of becoming, sex trafficking victims;

(2) licensed residential family-based substance use disorder treatment programs as defined in section 260C.007, subdivision 22a; and

(3) supervised settings in which a foster child age 18 or older may live independently, consistent with section 260C.451.

(c) A lead county contract under section 256.0112, subdivision 6, is not required to establish the foster care maintenance payment in paragraph (a) for foster residence settings licensed under chapter 245A that meet the standards of Minnesota Rules, parts 2960.3200 to 2960.3230. The foster care maintenance payment for these settings must be consistent with section 256N.26, subdivision 3, and subject to the annual revision as specified in section 256N.26, subdivision 9.

Sec. 20. Minnesota Statutes 2020, section 260C.452, is amended to read:

260C.452 SUCCESSFUL TRANSITION TO ADULTHOOD.

Subdivision 1. **Scope and purpose.** (a) For purposes of this section, "youth" means a person who is at least 14 years of age and under 23 years of age.

(b) This section pertains to a ~~child~~ youth who:

(1) is in foster care and is 14 years of age or older, including a youth who is under the guardianship of the commissioner of human services~~, or who~~;

(2) has a permanency disposition of permanent custody to the agency~~, or who~~;

(3) will leave foster care ~~at 18 to 21 years of age.~~ when the youth is 18 years of age or older and under 21 years of age;

(4) has left foster care due to adoption when the youth was 16 years of age or older;

(5) has left foster care due to a transfer of permanent legal and physical custody to a relative, or Tribal equivalent, when the youth was 16 years of age or older; or

(6) was reunified with the youth's primary caretaker when the youth was 14 years of age or older and under 18 years of age.

(c) The purpose of this section is to provide support to each youth who is transitioning to adulthood by providing services to the youth in the areas of:

(1) education;

(2) employment;

(3) daily living skills such as financial literacy training and driving instruction; preventive health activities including promoting abstinence from substance use and smoking; and nutrition education and pregnancy prevention;

(4) forming meaningful, permanent connections with caring adults;

(5) engaging in age and developmentally appropriate activities under section 260C.212, subdivision 14, and positive youth development;

(6) financial, housing, counseling, and other services to assist a youth over 18 years of age in achieving self-sufficiency and accepting personal responsibility for the transition from adolescence to adulthood; and

(7) making vouchers available for education and training.

(d) The responsible social services agency may provide support and case management services to a youth as defined in paragraph (a) until the youth reaches the age of 23 years. According to section 260C.451, a youth's placement in a foster care setting will end when the youth reaches the age of 21 years.

Subd. 1a. **Case management services.** Case management services include the responsibility for planning, coordinating, authorizing, monitoring, and evaluating services for a youth and shall be provided to a youth by the responsible social services agency or the contracted agency. Case management services include the out-of-home placement plan under section 260C.212, subdivision 1, when the youth is in out-of-home placement.

Subd. 2. **Independent living plan.** When the ~~child~~ youth is 14 years of age or older and is receiving support from the responsible social services agency under this section, the responsible social services agency, in consultation with the ~~child~~ youth, shall complete the youth's independent living plan according to section 260C.212, subdivision 1, paragraph (c), clause (12), regardless of the youth's current placement status.

~~Subd. 3. **Notification.** Six months before the child is expected to be discharged from foster care, the responsible social services agency shall provide written notice to the child regarding the right to continued access to services for certain children in foster care past 18 years of age and of the right to appeal a denial of social services under section 256.045.~~

Subd. 4. **Administrative or court review of placements.** (a) When the ~~child~~ youth is 14 years of age or older, the court, in consultation with the ~~child~~ youth, shall review the youth's independent living plan according to section 260C.203, paragraph (d).

(b) The responsible social services agency shall file a copy of the notification ~~required in subdivision 3~~ of foster care benefits for a youth who is 18 years of age or older according to section 260C.451, subdivision 1, with the court. If the responsible social services agency does not file the notice by the time the ~~child~~ youth is 17-1/2 years of age, the court shall require the responsible social services agency to file the notice.

(c) When a youth is 18 years of age or older, the court shall ensure that the responsible social services agency assists the ~~child~~ youth in obtaining the following documents before the ~~child~~ youth leaves foster care: a Social Security card; an official or certified copy of the ~~child's~~ youth's birth certificate; a state identification card or driver's license, tribal enrollment identification card, green card, or school visa; health insurance information; the ~~child's~~ youth's school, medical, and dental records; a contact list of the ~~child's~~ youth's medical, dental, and mental health providers; and contact information for the ~~child's~~ youth's siblings, if the siblings are in foster care.

(d) For a ~~child~~ youth who will be discharged from foster care at 18 years of age or older because the youth is not eligible for extended foster care benefits or chooses to leave foster care, the responsible social services agency must develop a personalized transition plan as directed by the ~~child~~ youth during the 90-day period immediately prior to the expected date of discharge. The transition plan must be as detailed as the ~~child~~ youth elects and include specific options, including but not limited to:

(1) affordable housing with necessary supports that does not include a homeless shelter;

(2) health insurance, including eligibility for medical assistance as defined in section 256B.055, subdivision 17;

(3) education, including application to the Education and Training Voucher Program;

(4) local opportunities for mentors and continuing support services~~, including the Healthy Transitions and Homeless Prevention program, if available~~;

(5) workforce supports and employment services;

(6) a copy of the ~~child's~~ youth's consumer credit report as defined in section 13C.001 and assistance in interpreting and resolving any inaccuracies in the report, at no cost to the ~~child~~ youth;

(7) information on executing a health care directive under chapter 145C and on the importance of designating another individual to make health care decisions on behalf of the ~~child~~ youth if the ~~child~~ youth becomes unable to participate in decisions;

(8) appropriate contact information through 21 years of age if the ~~child~~ youth needs information or help dealing with a crisis situation; and

(9) official documentation that the youth was previously in foster care.

Subd. 5. **Notice of termination of ~~foster care~~ social services.** (a) ~~When~~ Before a ~~child~~ youth who is 18 years of age or older leaves foster care ~~at 18 years of age or older~~, the responsible social services agency shall give the ~~child~~ youth written notice that foster care shall terminate 30 days from the date that the notice is sent by the agency according to section 260C.451, subdivision 8.

~~(b) The child or the child's guardian ad litem may file a motion asking the court to review the responsible social services agency's determination within 15 days of receiving the notice. The child shall not be discharged from foster care until the motion is heard. The responsible social services agency shall work with the child to transition out of foster care.~~

~~(c) The written notice of termination of benefits shall be on a form prescribed by the commissioner and shall give notice of the right to have the responsible social services agency's determination reviewed by the court under this section or sections 260C.203, 260C.317, and 260C.515, subdivision 5 or 6. A copy of the termination notice shall be sent to the child and the child's attorney, if any, the foster care provider, the child's guardian ad litem, and the court. The responsible social services agency is not responsible for paying foster care benefits for any period of time after the child leaves foster care.~~

(b) Before case management services will end for a youth who is at least 18 years of age and under 23 years of age, the responsible social services agency shall give the youth: (1) written notice that case management services for the youth shall terminate; and (2) written notice that the youth has the right to appeal the termination of case management services under section 256.045, subdivision 3, by responding in writing within ten days of the date that the agency mailed the notice. The termination notice must include information about services for which the youth is eligible and how to access the services.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 21. Minnesota Statutes 2020, section 260C.704, is amended to read:

260C.704 REQUIREMENTS FOR THE QUALIFIED INDIVIDUAL'S ASSESSMENT OF THE CHILD FOR PLACEMENT IN A QUALIFIED RESIDENTIAL TREATMENT PROGRAM.

(a) A qualified individual must complete an assessment of the child prior to ~~or within 30 days of~~ the child's placement in a qualified residential treatment program in a format approved by the commissioner of human services~~,~~ ~~and~~ unless, due to a crisis, the child must immediately be placed in a qualified residential treatment program. When a child must immediately be placed in a qualified residential treatment program without an assessment, the qualified individual must complete the child's assessment within 30 days of the child's placement. The qualified individual must:

(1) assess the child's needs and strengths, using an age-appropriate, evidence-based, validated, functional assessment approved by the commissioner of human services;

(2) determine whether the child's needs can be met by the child's family members or through placement in a family foster home; or, if not, determine which residential setting would provide the child with the most effective and appropriate level of care to the child in the least restrictive environment;

(3) develop a list of short- and long-term mental and behavioral health goals for the child; and

(4) work with the child's family and permanency team using culturally competent practices.

If a level of care determination was conducted under section 245.4885, that information must be shared with the qualified individual and the juvenile treatment screening team.

(b) The child and the child's parents, when appropriate, may request that a specific culturally competent qualified individual complete the child's assessment. The agency shall make efforts to refer the child to the identified qualified individual to complete the assessment. The assessment must not be delayed for a specific qualified individual to complete the assessment.

(c) The qualified individual must provide the assessment, when complete, to the responsible social services agency~~, the child's parents or legal guardians, the guardian ad litem, and the court~~. If the assessment recommends placement of the child in a qualified residential treatment facility, the agency must distribute the assessment to the child's parent or legal guardian and file the assessment with the court report as required in section 260C.71, subdivision 2. If the assessment does not recommend placement in a qualified residential treatment facility, the agency must provide a copy of the assessment to the parents or legal guardians and the guardian ad litem and file the assessment determination with the court at the next required hearing as required in section 260C.71, subdivision 5. If court rules and chapter 13 permit disclosure of the results of the child's assessment, the agency may share the results of the child's assessment with the child's foster care provider, other members of the child's family, and the family and permanency team. The agency must not share the child's private medical data with the family and permanency team unless: (1) chapter 13 permits the agency to disclose the child's private medical data to the family and permanency team; or (2) the child's parent has authorized the agency to disclose the child's private medical data to the family and permanency team.

(d) For an Indian child, the assessment of the child must follow the order of placement preferences in the Indian Child Welfare Act of 1978, United States Code, title 25, section 1915.

(e) In the assessment determination, the qualified individual must specify in writing:

(1) the reasons why the child's needs cannot be met by the child's family or in a family foster home. A shortage of family foster homes is not an acceptable reason for determining that a family foster home cannot meet a child's needs;

(2) why the recommended placement in a qualified residential treatment program will provide the child with the most effective and appropriate level of care to meet the child's needs in the least restrictive environment possible and how placing the child at the treatment program is consistent with the short-term and long-term goals of the child's permanency plan; and

(3) if the qualified individual's placement recommendation is not the placement setting that the parent, family and permanency team, child, or tribe prefer, the qualified individual must identify the reasons why the qualified individual does not recommend the parent's, family and permanency team's, child's, or tribe's placement preferences. The out-of-home placement plan under section 260C.708 must also include reasons why the qualified individual did not recommend the preferences of the parents, family and permanency team, child, or tribe.

(f) If the qualified individual determines that the child's family or a family foster home or other less restrictive placement may meet the child's needs, the agency must move the child out of the qualified residential treatment program and transition the child to a less restrictive setting within 30 days of the determination. If the responsible social services agency has placement authority of the child, the agency must make a plan for the child's placement according to section 260C.212, subdivision 2. The agency must file the child's assessment determination with the court at the next required hearing.

(g) If the qualified individual recommends placing the child in a qualified residential treatment program and if the responsible social services agency has placement authority of the child, the agency shall make referrals to appropriate qualified residential treatment programs and upon acceptance by an appropriate program, place the child in an approved or certified qualified residential treatment program.

EFFECTIVE DATE. This section is effective September 30, 2021.

Sec. 22. Minnesota Statutes 2020, section 260C.706, is amended to read:

260C.706 FAMILY AND PERMANENCY TEAM REQUIREMENTS.

(a) When the responsible social services agency's juvenile treatment screening team, as defined in section 260C.157, recommends placing the child in a qualified residential treatment program, the agency must assemble a family and permanency team within ten days.

(1) The team must include all appropriate biological family members, the child's parents, legal guardians or custodians, foster care providers, and relatives as defined in section 260C.007, subdivisions ~~26c~~ 26b and 27, and professionals, as appropriate, who are a resource to the child's family, such as teachers, medical or mental health providers, or clergy.

(2) When a child is placed in foster care prior to the qualified residential treatment program, the agency shall include relatives responding to the relative search notice as required under section 260C.221 on this team, unless the juvenile court finds that contacting a specific relative would ~~endanger~~ present a safety or health risk to the parent, guardian, child, sibling, or any other family member.

(3) When a qualified residential treatment program is the child's initial placement setting, the responsible social services agency must engage with the child and the child's parents to determine the appropriate family and permanency team members.

(4) When the permanency goal is to reunify the child with the child's parent or legal guardian, the purpose of the relative search and focus of the family and permanency team is to preserve family relationships and identify and develop supports for the child and parents.

(5) The responsible agency must make a good faith effort to identify and assemble all appropriate individuals to be part of the child's family and permanency team and request input from the parents regarding relative search efforts consistent with section 260C.221. The out-of-home placement plan in section 260C.708 must include all contact information for the team members, as well as contact information for family members or relatives who are not a part of the family and permanency team.

(6) If the child is age 14 or older, the team must include members of the family and permanency team that the child selects in accordance with section 260C.212, subdivision 1, paragraph (b).

(7) Consistent with section 260C.221, a responsible social services agency may disclose relevant and appropriate private data about the child to relatives in order for the relatives to participate in caring and planning for the child's placement.

(8) If the child is an Indian child under section 260.751, the responsible social services agency must make active efforts to include the child's tribal representative on the family and permanency team.

(b) The family and permanency team shall meet regarding the assessment required under section 260C.704 to determine whether it is necessary and appropriate to place the child in a qualified residential treatment program and to participate in case planning under section 260C.708.

(c) When reunification of the child with the child's parent or legal guardian is the permanency plan, the family and permanency team shall support the parent-child relationship by recognizing the parent's legal authority, consulting with the parent regarding ongoing planning for the child, and assisting the parent with visiting and contacting the child.

(d) When the agency's permanency plan is to transfer the child's permanent legal and physical custody to a relative or for the child's adoption, the team shall:

(1) coordinate with the proposed guardian to provide the child with educational services, medical care, and dental care;

(2) coordinate with the proposed guardian, the agency, and the foster care facility to meet the child's treatment needs after the child is placed in a permanent placement with the proposed guardian;

(3) plan to meet the child's need for safety, stability, and connection with the child's family and community after the child is placed in a permanent placement with the proposed guardian; and

(4) in the case of an Indian child, communicate with the child's tribe to identify necessary and appropriate services for the child, transition planning for the child, the child's treatment needs, and how to maintain the child's connections to the child's community, family, and tribe.

(e) The agency shall invite the family and permanency team to participate in case planning and the agency shall give the team notice of court reviews under sections 260C.152 and 260C.221 until: (1) the child is reunited with the child's parents; or (2) the child's foster care placement ends and the child is in a permanent placement.

EFFECTIVE DATE. This section is effective September 30, 2021.

Sec. 23. Minnesota Statutes 2020, section 260C.708, is amended to read:

260C.708 OUT-OF-HOME PLACEMENT PLAN FOR QUALIFIED RESIDENTIAL TREATMENT PROGRAM PLACEMENTS.

(a) When the responsible social services agency places a child in a qualified residential treatment program as defined in section 260C.007, subdivision 26d, the out-of-home placement plan must include:

(1) the case plan requirements in section ~~260.212, subdivision 1~~ 260C.212;

(2) the reasonable and good faith efforts of the responsible social services agency to identify and include all of the individuals required to be on the child's family and permanency team under section 260C.007;

(3) all contact information for members of the child's family and permanency team and for other relatives who are not part of the family and permanency team;

(4) evidence that the agency scheduled meetings of the family and permanency team, including meetings relating to the assessment required under section 260C.704, at a time and place convenient for the family;

(5) evidence that the family and permanency team is involved in the assessment required under section 260C.704 to determine the appropriateness of the child's placement in a qualified residential treatment program;

(6) the family and permanency team's placement preferences for the child in the assessment required under section 260C.704. When making a decision about the child's placement preferences, the family and permanency team must recognize:

(i) that the agency should place a child with the child's siblings unless a court finds that placing a child with the child's siblings is not possible due to a child's specialized placement needs or is otherwise contrary to the child's best interests; and

(ii) that the agency should place an Indian child according to the requirements of the Indian Child Welfare Act, the Minnesota Family Preservation Act under sections 260.751 to 260.835, and section 260C.193, subdivision 3, paragraph (g);

~~(5)~~ (7) when reunification of the child with the child's parent or legal guardian is the agency's goal, evidence demonstrating that the parent or legal guardian provided input about the members of the family and permanency team under section 260C.706;

~~(6)~~ (8) when the agency's permanency goal is to reunify the child with the child's parent or legal guardian, the out-of-home placement plan must identify services and supports that maintain the parent-child relationship and the parent's legal authority, decision-making, and responsibility for ongoing planning for the child. In addition, the agency must assist the parent with visiting and contacting the child;

~~(7)~~ (9) when the agency's permanency goal is to transfer permanent legal and physical custody of the child to a proposed guardian or to finalize the child's adoption, the case plan must document the agency's steps to transfer permanent legal and physical custody of the child or finalize adoption, as required in section 260C.212, subdivision 1, paragraph (c), clauses (6) and (7); and

~~(8)~~ (10) the qualified individual's recommendation regarding the child's placement in a qualified residential treatment program and the court approval or disapproval of the placement as required in section 260C.71.

(b) If the placement preferences of the family and permanency team, child, and tribe, if applicable, are not consistent with the placement setting that the qualified individual recommends, the case plan must include the reasons why the qualified individual did not recommend following the preferences of the family and permanency team, child, and the tribe.

(c) The agency must file the out-of-home placement plan with the court as part of the 60-day ~~hearing~~ court order under section 260C.71.

EFFECTIVE DATE. This section is effective September 30, 2021.

Sec. 24. Minnesota Statutes 2020, section 260C.71, is amended to read:

260C.71 COURT APPROVAL REQUIREMENTS.

Subdivision 1. **Judicial review.** When the responsible social services agency has legal authority to place a child at a qualified residential treatment facility under section 260C.007, subdivision 21a, and the child's assessment under section 260C.704 recommends placing the child in a qualified residential treatment facility, the agency shall place the child at a qualified residential facility. Within 60 days of placing the child at a qualified residential treatment facility, the agency must obtain a court order finding that the child's placement is appropriate and meets the child's individualized needs.

Subd. 2. **Qualified residential treatment program; agency report to court.** (a) The responsible social services agency shall file a written report with the court after receiving the qualified individual's assessment as specified in section 260C.704 prior to the child's placement or within 35 days of the date of the child's placement in a qualified residential treatment facility. The written report shall contain or have attached:

(1) the child's name, date of birth, race, gender, and current address;

(2) the names, races, dates of birth, residence, and post office address of the child's parents or legal custodian, or guardian;

(3) the name and address of the qualified residential treatment program, including a chief administrator of the facility;

(4) a statement of the facts that necessitated the child's foster care placement;

(5) the child's out-of-home placement plan under section 260C.212, subdivision 1, including the requirements in section 260C.708;

(6) if the child is placed in an out-of-state qualified residential treatment program, the compelling reasons why the child's needs cannot be met by an in-state placement;

(7) the qualified individual's assessment of the child under section 260C.704, paragraph (c), in a format approved by the commissioner;

(8) if, at the time required for the report under this subdivision, the child's parent or legal guardian, a child who is ten years of age or older, the family and permanency team, or a tribe disagrees with the recommended qualified residential treatment program placement, the agency shall include information regarding the disagreement, and to the extent possible, the basis for the disagreement in the report;

(9) any other information that the responsible social services agency, child's parent, legal custodian or guardian, child, or in the case of an Indian child, tribe would like the court to consider; and

(10) the agency shall file the written report with the court and serve on the parties a request for a hearing or a court order without a hearing.

(b) The agency must inform the child's parent or legal guardian and a child who is ten years of age or older of the court review requirements of this section and the child's and child's parent's or legal guardian's right to submit information to the court:

(1) the agency must inform the child's parent or legal guardian and a child who is ten years of age or older of the reporting date and the date by which the agency must receive information from the child and child's parent so that the agency is able to submit the report required by this subdivision to the court;

(2) the agency must inform the child's parent or legal guardian and a child who is ten years of age or older that the court will hold a hearing upon the request of the child or the child's parent; and

(3) the agency must inform the child's parent or legal guardian and a child who is ten years of age or older that they have the right to request a hearing and the right to present information to the court for the court's review under this subdivision.

Subd. 3. **Court hearing.** (a) The court shall hold a hearing when a party or a child who is ten years of age or older requests a hearing.

(b) In all other circumstances, the court has the discretion to hold a hearing or issue an order without a hearing.

Subd. 4. **Court findings and order.** (a) Within 60 days from the beginning of each placement in a qualified residential treatment program when the qualified individual's assessment of the child recommends placing the child in a qualified residential treatment program, the court must consider the qualified individual's assessment of the child under section 260C.704 and issue an order to:

~~(1) consider the qualified individual's assessment of whether it is necessary and appropriate to place the child in a qualified residential treatment program under section 260C.704;~~

~~(2)~~ (1) determine whether a family foster home can meet the child's needs, whether it is necessary and appropriate to place a child in a qualified residential treatment program that is the least restrictive environment possible, and whether the child's placement is consistent with the child's short and long term goals as specified in the permanency plan; and

~~(3)~~ (2) approve or disapprove of the child's placement.

(b) ~~In the out of home placement plan, the agency must document the court's approval or disapproval of the placement, as specified in section 260C.708.~~ If the court disapproves of the child's placement in a qualified residential treatment program, the responsible social services agency shall: (1) remove the child from the qualified residential treatment program within 30 days of the court's order; and (2) make a plan for the child's placement that is consistent with the child's best interests under section 260C.212, subdivision 2.

Subd. 5. **Court review and approval not required.** When the responsible social services agency has legal authority to place a child under section 260C.007, subdivision 21a, and the qualified individual's assessment of the child does not recommend placing the child in a qualified residential treatment program, the court is not required to hold a hearing and the court is not required to issue an order. Pursuant to section 260C.704, paragraph (f), the responsible social services agency shall make a plan for the child's placement consistent with the child's best interests under section 260C.212, subdivision 2. The agency must file the agency's assessment determination for the child with the court at the next required hearing.

EFFECTIVE DATE. This section is effective September 30, 2021.

Sec. 25. Minnesota Statutes 2020, section 260C.712, is amended to read:

260C.712 ONGOING REVIEWS AND PERMANENCY HEARING REQUIREMENTS.

As long as a child remains placed in a qualified residential treatment program, the responsible social services agency shall submit evidence at each administrative review under section 260C.203; each court review under sections 260C.202, 260C.203, ~~and~~ 260C.204, 260D.06, 260D.07, and 260D.08; and each permanency hearing under section 260C.515, 260C.519, ~~or~~ 260C.521, or 260D.07 that:

(1) demonstrates that an ongoing assessment of the strengths and needs of the child continues to support the determination that the child's needs cannot be met through placement in a family foster home;

(2) demonstrates that the placement of the child in a qualified residential treatment program provides the most effective and appropriate level of care for the child in the least restrictive environment;

(3) demonstrates how the placement is consistent with the short-term and long-term goals for the child, as specified in the child's permanency plan;

(4) documents how the child's specific treatment or service needs will be met in the placement;

(5) documents the length of time that the agency expects the child to need treatment or services; ~~and~~

(6) documents the responsible social services agency's efforts to prepare the child to return home or to be placed with a fit and willing relative, legal guardian, adoptive parent, or foster family~~.~~; and

(7) if the child is placed in a qualified residential treatment program out-of-state, the compelling reasons for placing the child out-of-state and the reasons that the child's needs cannot be met by an in-state placement.

EFFECTIVE DATE. This section is effective September 30, 2021.

Sec. 26. Minnesota Statutes 2020, section 260C.714, is amended to read:

260C.714 REVIEW OF EXTENDED QUALIFIED RESIDENTIAL TREATMENT PROGRAM PLACEMENTS.

(a) When a responsible social services agency places a child in a qualified residential treatment program for more than 12 consecutive months or 18 nonconsecutive months or, in the case of a child who is under 13 years of age, for more than six consecutive or nonconsecutive months, the agency must submit: (1) the signed approval by the county social services director of the responsible social services agency; and (2) the evidence supporting the child's placement at the most recent court review or permanency hearing under section 260C.712~~, paragraph (b)~~.

(b) The commissioner shall specify the procedures and requirements for the agency's review and approval of a child's extended qualified residential treatment program placement. The commissioner may consult with counties, tribes, child-placing agencies, mental health providers, licensed facilities, the child, the child's parents, and the family and permanency team members to develop case plan requirements and engage in periodic reviews of the case plan.

EFFECTIVE DATE. This section is effective September 30, 2021.

Sec. 27. Minnesota Statutes 2020, section 260D.01, is amended to read:

260D.01 CHILD IN VOLUNTARY FOSTER CARE FOR TREATMENT.

(a) Sections 260D.01 to 260D.10, may be cited as the "child in voluntary foster care for treatment" provisions of the Juvenile Court Act.

(b) The juvenile court has original and exclusive jurisdiction over a child in voluntary foster care for treatment upon the filing of a report or petition required under this chapter. All obligations of the responsible social services agency to a child and family in foster care contained in chapter 260C not inconsistent with this chapter are also obligations of the agency with regard to a child in foster care for treatment under this chapter.

(c) This chapter shall be construed consistently with the mission of the children's mental health service system as set out in section 245.487, subdivision 3, and the duties of an agency under sections 256B.092 and 260C.157 and Minnesota Rules, parts 9525.0004 to 9525.0016, to meet the needs of a child with a developmental disability or related condition. This chapter:

(1) establishes voluntary foster care through a voluntary foster care agreement as the means for an agency and a parent to provide needed treatment when the child must be in foster care to receive necessary treatment for an emotional disturbance or developmental disability or related condition;

(2) establishes court review requirements for a child in voluntary foster care for treatment due to emotional disturbance or developmental disability or a related condition;

(3) establishes the ongoing responsibility of the parent as legal custodian to visit the child, to plan together with the agency for the child's treatment needs, to be available and accessible to the agency to make treatment decisions, and to obtain necessary medical, dental, and other care for the child; ~~and~~

(4) applies to voluntary foster care when the child's parent and the agency agree that the child's treatment needs require foster care either:

(i) due to a level of care determination by the agency's screening team informed by the child's diagnostic and functional assessment under section 245.4885; or

(ii) due to a determination regarding the level of services needed by the child by the responsible social ~~services'~~ services agency's screening team under section 256B.092, and Minnesota Rules, parts 9525.0004 to 9525.0016~~.~~; and

(5) includes the requirements for a child's placement in sections 260C.70 to 260C.714, when the juvenile treatment screening team recommends placing a child in a qualified residential treatment program, except as modified by this chapter.

(d) This chapter does not apply when there is a current determination under chapter 260E that the child requires child protective services or when the child is in foster care for any reason other than treatment for the child's emotional disturbance or developmental disability or related condition. When there is a determination under chapter 260E that the child requires child protective services based on an assessment that there are safety and risk issues for the child that have not been mitigated through the parent's engagement in services or otherwise, or when the child is in foster care for any reason other than the child's emotional disturbance or developmental disability or related condition, the provisions of chapter 260C apply.

(e) The paramount consideration in all proceedings concerning a child in voluntary foster care for treatment is the safety, health, and the best interests of the child. The purpose of this chapter is:

(1) to ensure that a child with a disability is provided the services necessary to treat or ameliorate the symptoms of the child's disability;

(2) to preserve and strengthen the child's family ties whenever possible and in the child's best interests, approving the child's placement away from the child's parents only when the child's need for care or treatment requires ~~it~~ out-of-home placement and the child cannot be maintained in the home of the parent; and

(3) to ensure that the child's parent retains legal custody of the child and associated decision-making authority unless the child's parent willfully fails or is unable to make decisions that meet the child's safety, health, and best interests. The court may not find that the parent willfully fails or is unable to make decisions that meet the child's needs solely because the parent disagrees with the agency's choice of foster care facility, unless the agency files a petition under chapter 260C, and establishes by clear and convincing evidence that the child is in need of protection or services.

(f) The legal parent-child relationship shall be supported under this chapter by maintaining the parent's legal authority and responsibility for ongoing planning for the child and by the agency's assisting the parent, ~~where~~ when necessary, to exercise the parent's ongoing right and obligation to visit or to have reasonable contact with the child. Ongoing planning means:

(1) actively participating in the planning and provision of educational services, medical, and dental care for the child;

(2) actively planning and participating with the agency and the foster care facility for the child's treatment needs; ~~and~~

(3) planning to meet the child's need for safety, stability, and permanency, and the child's need to stay connected to the child's family and community~~.~~;

(4) engaging with the responsible social services agency to ensure that the family and permanency team under section 260C.706 consists of appropriate family members. For purposes of voluntary placement of a child in foster care for treatment under chapter 260D, prior to forming the child's family and permanency team, the responsible social services agency must consult with the child's parent or legal guardian, the child if the child is 14 years of age or older, and, if applicable, the child's tribe to obtain recommendations regarding which individuals to include on the team and to ensure that the team is family-centered and will act in the child's best interests. If the child, child's parents, or legal guardians raise concerns about specific relatives or professionals, the team should not include those individuals unless the individual is a treating professional or an important connection to the youth as outlined in the case or crisis plan; and

(5) For a voluntary placement under this chapter in a qualified residential treatment program, as defined in section 260C.007, subdivision 26d, for purposes of engaging in a relative search as provided in section 260C.221, the county agency must consult with the child's parent or legal guardian, the child if the child is 14 years of age or older, and, if applicable, the child's tribe to obtain recommendations regarding which adult relatives the county agency should notify. If the child, child's parents, or legal guardians raise concerns about specific relatives, the county agency should not notify those relatives.

(g) The provisions of section 260.012 to ensure placement prevention, family reunification, and all active and reasonable effort requirements of that section apply. This chapter shall be construed consistently with the requirements of the Indian Child Welfare Act of 1978, United States Code, title 25, section 1901, et al., and the provisions of the Minnesota Indian Family Preservation Act, sections 260.751 to 260.835.

EFFECTIVE DATE. This section is effective September 30, 2021.

Sec. 28. Minnesota Statutes 2020, section 260D.05, is amended to read:

260D.05 ADMINISTRATIVE REVIEW OF CHILD IN VOLUNTARY FOSTER CARE FOR TREATMENT.

The administrative reviews required under section 260C.203 must be conducted for a child in voluntary foster care for treatment, except that the initial administrative review must take place prior to the submission of the report to the court required under section 260D.06, subdivision 2. When a child is placed in a qualified residential treatment program as defined in section 260C.007, subdivision 26d, the responsible social services agency must submit evidence to the court as specified in section 260C.712.

EFFECTIVE DATE. This section is effective September 30, 2021.

Sec. 29. Minnesota Statutes 2020, section 260D.06, subdivision 2, is amended to read:

Subd. 2. **Agency report to court; court review.** The agency shall obtain judicial review by reporting to the court according to the following procedures:

(a) A written report shall be forwarded to the court within 165 days of the date of the voluntary placement agreement. The written report shall contain or have attached:

(1) a statement of facts that necessitate the child's foster care placement;

(2) the child's name, date of birth, race, gender, and current address;

(3) the names, race, date of birth, residence, and post office addresses of the child's parents or legal custodian;

(4) a statement regarding the child's eligibility for membership or enrollment in an Indian tribe and the agency's compliance with applicable provisions of sections 260.751 to 260.835;

(5) the names and addresses of the foster parents or chief administrator of the facility in which the child is placed, if the child is not in a family foster home or group home;

(6) a copy of the out-of-home placement plan required under section 260C.212, subdivision 1;

(7) a written summary of the proceedings of any administrative review required under section 260C.203; ~~and~~

(8) evidence as specified in section 260C.712 when a child is placed in a qualified residential treatment program as defined in section 260C.007, subdivision 26d; and

(9) any other information the agency, parent or legal custodian, the child or the foster parent, or other residential facility wants the court to consider.

(b) In the case of a child in placement due to emotional disturbance, the written report shall include as an attachment, the child's individual treatment plan developed by the child's treatment professional, as provided in section 245.4871, subdivision 21, or the child's standard written plan, as provided in section 125A.023, subdivision 3, paragraph (e).

(c) In the case of a child in placement due to developmental disability or a related condition, the written report shall include as an attachment, the child's individual service plan, as provided in section 256B.092, subdivision 1b; the child's individual program plan, as provided in Minnesota Rules, part 9525.0004, subpart 11; the child's waiver care plan; or the child's standard written plan, as provided in section 125A.023, subdivision 3, paragraph (e).

(d) The agency must inform the child, age 12 or older, the child's parent, and the foster parent or foster care facility of the reporting and court review requirements of this section and of their right to submit information to the court:

(1) if the child or the child's parent or the foster care provider wants to send information to the court, the agency shall advise those persons of the reporting date and the date by which the agency must receive the information they want forwarded to the court so the agency is timely able submit it with the agency's report required under this subdivision;

(2) the agency must also inform the child, age 12 or older, the child's parent, and the foster care facility that they have the right to be heard in person by the court and how to exercise that right;

(3) the agency must also inform the child, age 12 or older, the child's parent, and the foster care provider that an in-court hearing will be held if requested by the child, the parent, or the foster care provider; and

(4) if, at the time required for the report under this section, a child, age 12 or older, disagrees about the foster care facility or services provided under the out-of-home placement plan required under section 260C.212, subdivision 1, the agency shall include information regarding the child's disagreement, and to the extent possible, the basis for the child's disagreement in the report required under this section.

(e) After receiving the required report, the court has jurisdiction to make the following determinations and must do so within ten days of receiving the forwarded report, whether a hearing is requested:

(1) whether the voluntary foster care arrangement is in the child's best interests;

(2) whether the parent and agency are appropriately planning for the child; and

(3) in the case of a child age 12 or older, who disagrees with the foster care facility or services provided under the out-of-home placement plan, whether it is appropriate to appoint counsel and a guardian ad litem for the child using standards and procedures under section 260C.163.

(f) Unless requested by a parent, representative of the foster care facility, or the child, no in-court hearing is required in order for the court to make findings and issue an order as required in paragraph (e).

(g) If the court finds the voluntary foster care arrangement is in the child's best interests and that the agency and parent are appropriately planning for the child, the court shall issue an order containing explicit, individualized findings to support its determination. The individualized findings shall be based on the agency's written report and other materials submitted to the court. The court may make this determination notwithstanding the child's disagreement, if any, reported under paragraph (d).

(h) The court shall send a copy of the order to the county attorney, the agency, parent, child, age 12 or older, and the foster parent or foster care facility.

(i) The court shall also send the parent, the child, age 12 or older, the foster parent, or representative of the foster care facility notice of the permanency review hearing required under section 260D.07, paragraph (e).

(j) If the court finds continuing the voluntary foster care arrangement is not in the child's best interests or that the agency or the parent are not appropriately planning for the child, the court shall notify the agency, the parent, the foster parent or foster care facility, the child, age 12 or older, and the county attorney of the court's determinations and the basis for the court's determinations. In this case, the court shall set the matter for hearing and appoint a guardian ad litem for the child under section 260C.163, subdivision 5.

EFFECTIVE DATE. This section is effective September 30, 2021.

Sec. 30. Minnesota Statutes 2020, section 260D.07, is amended to read:

260D.07 REQUIRED PERMANENCY REVIEW HEARING.

(a) When the court has found that the voluntary arrangement is in the child's best interests and that the agency and parent are appropriately planning for the child pursuant to the report submitted under section 260D.06, and the child continues in voluntary foster care as defined in section 260D.02, subdivision 10, for 13 months from the date of the voluntary foster care agreement, or has been in placement for 15 of the last 22 months, the agency must:

(1) terminate the voluntary foster care agreement and return the child home; or

(2) determine whether there are compelling reasons to continue the voluntary foster care arrangement and, if the agency determines there are compelling reasons, seek judicial approval of its determination; or

(3) file a petition for the termination of parental rights.

(b) When the agency is asking for the court's approval of its determination that there are compelling reasons to continue the child in the voluntary foster care arrangement, the agency shall file a "Petition for Permanency Review Regarding a Child in Voluntary Foster Care for Treatment" and ask the court to proceed under this section.

(c) The "Petition for Permanency Review Regarding a Child in Voluntary Foster Care for Treatment" shall be drafted or approved by the county attorney and be under oath. The petition shall include:

(1) the date of the voluntary placement agreement;

(2) whether the petition is due to the child's developmental disability or emotional disturbance;

(3) the plan for the ongoing care of the child and the parent's participation in the plan;

(4) a description of the parent's visitation and contact with the child;

(5) the date of the court finding that the foster care placement was in the best interests of the child, if required under section 260D.06, or the date the agency filed the motion under section 260D.09, paragraph (b);

(6) the agency's reasonable efforts to finalize the permanent plan for the child, including returning the child to the care of the child's family; ~~and~~

(7) a citation to this chapter as the basis for the petition~~.~~<u>; and</u>

<u>(8) evidence as specified in section 260C.712 when a child is placed in a qualified residential treatment program as defined in section 260C.007, subdivision 26d.</u>

(d) An updated copy of the out-of-home placement plan required under section 260C.212, subdivision 1, shall be filed with the petition.

(e) The court shall set the date for the permanency review hearing no later than 14 months after the child has been in placement or within 30 days of the petition filing date when the child has been in placement 15 of the last 22 months. The court shall serve the petition together with a notice of hearing by United States mail on the parent, the child age 12 or older, the child's guardian ad litem, if one has been appointed, the agency, the county attorney, and counsel for any party.

(f) The court shall conduct the permanency review hearing on the petition no later than 14 months after the date of the voluntary placement agreement, within 30 days of the filing of the petition when the child has been in placement 15 of the last 22 months, or within 15 days of a motion to terminate jurisdiction and to dismiss an order for foster care under chapter 260C, as provided in section 260D.09, paragraph (b).

(g) At the permanency review hearing, the court shall:

(1) inquire of the parent if the parent has reviewed the "Petition for Permanency Review Regarding a Child in Voluntary Foster Care for Treatment," whether the petition is accurate, and whether the parent agrees to the continued voluntary foster care arrangement as being in the child's best interests;

(2) inquire of the parent if the parent is satisfied with the agency's reasonable efforts to finalize the permanent plan for the child, including whether there are services available and accessible to the parent that might allow the child to safely be with the child's family;

(3) inquire of the parent if the parent consents to the court entering an order that:

(i) approves the responsible agency's reasonable efforts to finalize the permanent plan for the child, which includes ongoing future planning for the safety, health, and best interests of the child; and

(ii) approves the responsible agency's determination that there are compelling reasons why the continued voluntary foster care arrangement is in the child's best interests; and

(4) inquire of the child's guardian ad litem and any other party whether the guardian or the party agrees that:

(i) the court should approve the responsible agency's reasonable efforts to finalize the permanent plan for the child, which includes ongoing and future planning for the safety, health, and best interests of the child; and

(ii) the court should approve of the responsible agency's determination that there are compelling reasons why the continued voluntary foster care arrangement is in the child's best interests.

(h) At a permanency review hearing under this section, the court may take the following actions based on the contents of the sworn petition and the consent of the parent:

(1) approve the agency's compelling reasons that the voluntary foster care arrangement is in the best interests of the child; and

(2) find that the agency has made reasonable efforts to finalize the permanent plan for the child.

(i) A child, age 12 or older, may object to the agency's request that the court approve its compelling reasons for the continued voluntary arrangement and may be heard on the reasons for the objection. Notwithstanding the child's objection, the court may approve the agency's compelling reasons and the voluntary arrangement.

(j) If the court does not approve the voluntary arrangement after hearing from the child or the child's guardian ad litem, the court shall dismiss the petition. In this case, either:

(1) the child must be returned to the care of the parent; or

(2) the agency must file a petition under section 260C.141, asking for appropriate relief under sections 260C.301 or 260C.503 to 260C.521.

(k) When the court approves the agency's compelling reasons for the child to continue in voluntary foster care for treatment, and finds that the agency has made reasonable efforts to finalize a permanent plan for the child, the court shall approve the continued voluntary foster care arrangement, and continue the matter under the court's jurisdiction for the purposes of reviewing the child's placement every 12 months while the child is in foster care.

(l) A finding that the court approves the continued voluntary placement means the agency has continued legal authority to place the child while a voluntary placement agreement remains in effect. The parent or the agency may terminate a voluntary agreement as provided in section 260D.10. Termination of a voluntary foster care placement of an Indian child is governed by section 260.765, subdivision 4.

EFFECTIVE DATE. This section is effective September 30, 2021.

Sec. 31. Minnesota Statutes 2020, section 260D.08, is amended to read:

260D.08 ANNUAL REVIEW.

(a) After the court conducts a permanency review hearing under section 260D.07, the matter must be returned to the court for further review of the responsible social services reasonable efforts to finalize the permanent plan for the child and the child's foster care placement at least every 12 months while the child is in foster care. The court shall give notice to the parent and child, age 12 or older, and the foster parents of the continued review requirements under this section at the permanency review hearing.

(b) Every 12 months, the court shall determine whether the agency made reasonable efforts to finalize the permanency plan for the child, which means the exercise of due diligence by the agency to:

(1) ensure that the agreement for voluntary foster care is the most appropriate legal arrangement to meet the child's safety, health, and best interests and to conduct a genuine examination of whether there is another permanency disposition order under chapter 260C, including returning the child home, that would better serve the child's need for a stable and permanent home;

(2) engage and support the parent in continued involvement in planning and decision making for the needs of the child;

(3) strengthen the child's ties to the parent, relatives, and community;

(4) implement the out-of-home placement plan required under section 260C.212, subdivision 1, and ensure that the plan requires the provision of appropriate services to address the physical health, mental health, and educational needs of the child; ~~and~~

(5) submit evidence to the court as specified in section 260C.712 when a child is placed in a qualified residential treatment program setting as defined in section 260C.007, subdivision 26d; and

~~(5)~~ (6) ensure appropriate planning for the child's safe, permanent, and independent living arrangement after the child's 18th birthday.

EFFECTIVE DATE. This section is effective September 30, 2021.

Sec. 32. Minnesota Statutes 2020, section 260D.14, is amended to read:

260D.14 SUCCESSFUL TRANSITION TO ADULTHOOD FOR ~~CHILDREN~~ YOUTH IN VOLUNTARY PLACEMENT.

Subdivision 1. **Case planning.** When ~~the child~~ a youth is 14 years of age or older, the responsible social services agency shall ensure that a ~~child~~ youth in foster care under this chapter is provided with the case plan requirements in section 260C.212, subdivisions 1 and 14.

Subd. 2. **Notification.** The responsible social services agency shall provide a youth with written notice of ~~the right to continued access to services for certain children in foster care past 18 years of age under section 260C.452, subdivision 3~~ foster care benefits that a youth who is 18 years of age or older may continue to receive according to section 260C.451, subdivision 1, and of the right to appeal a denial of social services under section 256.045. The notice must be provided to the ~~child~~ youth six months before the ~~child's~~ youth's 18th birthday.

Subd. 3. **Administrative or court reviews.** When ~~the child~~ a youth is ~~17~~ 14 years of age or older, the administrative review or court hearing must include a review of the responsible social services agency's support for the ~~child's~~ youth's successful transition to adulthood as required in section 260C.452, subdivision 4.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 33. Minnesota Statutes 2020, section 260E.06, subdivision 1, is amended to read:

Subdivision 1. **Mandatory reporters.** (a) A person who knows or has reason to believe a child is being maltreated, as defined in section 260E.03, or has been maltreated within the preceding three years shall immediately report the information to the local welfare agency, agency responsible for assessing or investigating the report, police department, county sheriff, tribal social services agency, or tribal police department if the person is:

(1) a professional or professional's delegate who is engaged in the practice of the healing arts, social services, hospital administration, psychological or psychiatric treatment, child care, education, correctional supervision, probation and correctional services, or law enforcement; ~~or~~

(2) employed as a member of the clergy and received the information while engaged in ministerial duties, provided that a member of the clergy is not required by this subdivision to report information that is otherwise privileged under section 595.02, subdivision 1, paragraph (c)~~.~~; or

(3) an owner, administrator, or employee who is 18 years of age or older of a public or private youth recreation program or other organization that provides services or activities requiring face-to-face contact with and supervision of children.

(b) "Practice of social services" for the purposes of this subdivision includes but is not limited to employee assistance counseling and the provision of guardian ad litem and parenting time expeditor services.

Sec. 34. Minnesota Statutes 2020, section 260E.20, subdivision 2, is amended to read:

Subd. 2. **Face-to-face contact.** (a) Upon receipt of a screened in report, the local welfare agency shall conduct a face-to-face contact with the child reported to be maltreated and with the child's primary caregiver sufficient to complete a safety assessment and ensure the immediate safety of the child.

(b) ~~The~~ Face-to-face contact with the child and primary caregiver shall occur immediately if sexual abuse or substantial child endangerment is alleged and within five calendar days for all other reports. If the alleged offender was not already interviewed as the primary caregiver, the local welfare agency shall also conduct a face-to-face

interview with the alleged offender in the early stages of the assessment or investigation. Face-to-face contact with the child and primary caregiver in response to a report alleging sexual abuse or substantial child endangerment may be postponed for no more than five calendar days if the child is residing in a location that is confirmed to restrict contact with the alleged offender as established in guidelines issued by the commissioner, or if the local welfare agency is pursuing a court order for the child's caregiver to produce the child for questioning under section 260E.22, subdivision 5.

(c) At the initial contact with the alleged offender, the local welfare agency or the agency responsible for assessing or investigating the report must inform the alleged offender of the complaints or allegations made against the individual in a manner consistent with laws protecting the rights of the person who made the report. The interview with the alleged offender may be postponed if it would jeopardize an active law enforcement investigation.

(d) The local welfare agency or the agency responsible for assessing or investigating the report must provide the alleged offender with an opportunity to make a statement. The alleged offender may submit supporting documentation relevant to the assessment or investigation.

Sec. 35. Minnesota Statutes 2020, section 260E.31, subdivision 1, is amended to read:

Subdivision 1. **Reports required.** (a) Except as provided in paragraph (b), a person mandated to report under this chapter shall immediately report to the local welfare agency if the person knows or has reason to believe that a woman is pregnant and has used a controlled substance for a nonmedical purpose during the pregnancy, including but not limited to tetrahydrocannabinol, or has consumed alcoholic beverages during the pregnancy in any way that is habitual or excessive.

(b) A health care professional or a social service professional who is mandated to report under this chapter is exempt from reporting under paragraph (a) ~~a woman's use or consumption of tetrahydrocannabinol or alcoholic beverages during pregnancy~~ if the professional is providing or collaborating with other professionals to provide the woman with prenatal care, postpartum care, or other health care services, including care of the woman's infant. If the woman does not continue to receive regular prenatal or postpartum care, after the woman's health care professional has made attempts to contact the woman, then the professional is required to report under paragraph (a).

(c) Any person may make a voluntary report if the person knows or has reason to believe that a woman is pregnant and has used a controlled substance for a nonmedical purpose during the pregnancy, including but not limited to tetrahydrocannabinol, or has consumed alcoholic beverages during the pregnancy in any way that is habitual or excessive.

(d) An oral report shall be made immediately by telephone or otherwise. An oral report made by a person required to report shall be followed within 72 hours, exclusive of weekends and holidays, by a report in writing to the local welfare agency. Any report shall be of sufficient content to identify the pregnant woman, the nature and extent of the use, if known, and the name and address of the reporter. The local welfare agency shall accept a report made under paragraph (c) notwithstanding refusal by a voluntary reporter to provide the reporter's name or address as long as the report is otherwise sufficient.

(e) For purposes of this section, "prenatal care" means the comprehensive package of medical and psychological support provided throughout the pregnancy.

Sec. 36. Minnesota Statutes 2020, section 260E.33, is amended by adding a subdivision to read:

Subd. 6a. **Notification of contested case hearing.** When an appeal of a lead investigative agency determination results in a contested case hearing under chapter 245A or 245C, the administrative law judge shall notify the parent, legal custodian, or guardian of the child who is the subject of the maltreatment determination. The notice must be sent by certified mail and inform the parent, legal custodian, or guardian of the child of the right to file a signed written statement in the proceedings and the right to attend and participate in the hearing. The parent, legal custodian, or guardian of the child may file a written statement with the administrative law judge hearing the case no later than five business days before commencement of the hearing. The administrative law judge shall include the written statement in the hearing record and consider the statement in deciding the appeal. The lead investigative agency shall provide to the administrative law judge the address of the parent, legal custodian, or guardian of the child. If the lead investigative agency is not reasonably able to determine the address of the parent, legal custodian, or guardian of the child, the administrative law judge is not required to send a hearing notice under this subdivision.

Sec. 37. Minnesota Statutes 2020, section 260E.36, is amended by adding a subdivision to read:

Subd. 1b. **Sex trafficking and sexual exploitation training requirement.** As required by the Child Abuse Prevention and Treatment Act amendments through Public Law 114-22 and to implement Public Law 115-123, all child protection social workers and social services staff who have responsibility for child protective duties under this chapter or chapter 260C shall complete training implemented by the commissioner of human services regarding sex trafficking and sexual exploitation of children and youth.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 38. **DIRECTION TO THE COMMISSIONER; QUALIFIED RESIDENTIAL TREATMENT TRANSITION SUPPORTS.**

The commissioner of human services shall consult with stakeholders to develop policies regarding aftercare supports for the transition of a child from a qualified residential treatment program, as defined in Minnesota Statutes, section 260C.007, subdivision 26d, to reunification with the child's parent or legal guardian, including potential placement in a less restrictive setting prior to reunification that aligns with the child's permanency plan and person-centered support plan, when applicable. The policies must be consistent with Minnesota Rules, part 2960.0190, and Minnesota Statutes, section 245A.25, subdivision 4, paragraph (i), and address the coordination of the qualified residential treatment program discharge planning and aftercare supports where needed, the county social services case plan, and services from community-based providers, to maintain the child's progress with behavioral health goals in the child's treatment plan. The commissioner must complete development of the policy guidance by December 31, 2022.

Sec. 39. **REVISOR INSTRUCTION.**

The revisor of statutes shall place the following first grade headnote in Minnesota Statutes, chapter 260C, preceding Minnesota Statutes, sections 260C.70 to 260C.714: PLACEMENT OF CHILDREN IN QUALIFIED RESIDENTIAL TREATMENT.

ARTICLE 4
BEHAVIORAL HEALTH

Section 1. Minnesota Statutes 2020, section 62A.15, is amended by adding a subdivision to read:

Subd. 3c. **Mental health services.** All benefits provided by a policy or contract referred to in subdivision 1 relating to expenses incurred for mental health treatment or services provided by a mental health professional must also include treatment and services provided by a clinical trainee to the extent that the services and treatment are

within the scope of practice of the clinical trainee according to Minnesota Rules, part 9505.0371, subpart 5, item C. This subdivision is intended to provide equal payment of benefits for mental health treatment and services provided by a mental health professional, as defined in Minnesota Rules, part 9505.0371, subpart 5, item A, or a clinical trainee and is not intended to change or add to the benefits provided for in those policies or contracts.

EFFECTIVE DATE. This section is effective January 1, 2022, and applies to policies and contracts offered, issued, or renewed on or after that date.

Sec. 2. Minnesota Statutes 2020, section 62A.15, subdivision 4, is amended to read:

Subd. 4. **Denial of benefits.** (a) No carrier referred to in subdivision 1 may, in the payment of claims to employees in this state, deny benefits payable for services covered by the policy or contract if the services are lawfully performed by a licensed chiropractor, licensed optometrist, a registered nurse meeting the requirements of subdivision 3a, ~~or~~ a licensed acupuncture practitioner, or a mental health clinical trainee.

(b) When carriers referred to in subdivision 1 make claim determinations concerning the appropriateness, quality, or utilization of chiropractic health care for Minnesotans, any of these determinations that are made by health care professionals must be made by, or under the direction of, or subject to the review of licensed doctors of chiropractic.

(c) When a carrier referred to in subdivision 1 makes a denial of payment claim determination concerning the appropriateness, quality, or utilization of acupuncture services for individuals in this state performed by a licensed acupuncture practitioner, a denial of payment claim determination that is made by a health professional must be made by, under the direction of, or subject to the review of a licensed acupuncture practitioner.

EFFECTIVE DATE. This section is effective January 1, 2022.

Sec. 3. Minnesota Statutes 2020, section 144.1501, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the following definitions apply.

(b) "Advanced dental therapist" means an individual who is licensed as a dental therapist under section 150A.06, and who is certified as an advanced dental therapist under section 150A.106.

(c) "Alcohol and drug counselor" means an individual who is licensed as an alcohol and drug counselor under chapter 148F.

~~(c)~~ (d) "Dental therapist" means an individual who is licensed as a dental therapist under section 150A.06.

~~(d)~~ (e) "Dentist" means an individual who is licensed to practice dentistry.

~~(e)~~ (f) "Designated rural area" means a statutory and home rule charter city or township that is outside the seven-county metropolitan area as defined in section 473.121, subdivision 2, excluding the cities of Duluth, Mankato, Moorhead, Rochester, and St. Cloud.

~~(f)~~ (g) "Emergency circumstances" means those conditions that make it impossible for the participant to fulfill the service commitment, including death, total and permanent disability, or temporary disability lasting more than two years.

~~(g)~~ (h) "Mental health professional" means an individual providing clinical services in the treatment of mental illness who is qualified in at least one of the ways specified in section 245.462, subdivision 18.

~~(h)~~ (i) "Medical resident" means an individual participating in a medical residency in family practice, internal medicine, obstetrics and gynecology, pediatrics, or psychiatry.

~~(i)~~ (j) "Midlevel practitioner" means a nurse practitioner, nurse-midwife, nurse anesthetist, advanced clinical nurse specialist, or physician assistant.

~~(j)~~ (k) "Nurse" means an individual who has completed training and received all licensing or certification necessary to perform duties as a licensed practical nurse or registered nurse.

~~(k)~~ (l) "Nurse-midwife" means a registered nurse who has graduated from a program of study designed to prepare registered nurses for advanced practice as nurse-midwives.

~~(l)~~ (m) "Nurse practitioner" means a registered nurse who has graduated from a program of study designed to prepare registered nurses for advanced practice as nurse practitioners.

~~(m)~~ (n) "Pharmacist" means an individual with a valid license issued under chapter 151.

~~(n)~~ (o) "Physician" means an individual who is licensed to practice medicine in the areas of family practice, internal medicine, obstetrics and gynecology, pediatrics, or psychiatry.

~~(o)~~ (p) "Physician assistant" means a person licensed under chapter 147A.

~~(p)~~ (q) "Public health nurse" means a registered nurse licensed in Minnesota who has obtained a registration certificate as a public health nurse from the Board of Nursing in accordance with Minnesota Rules, chapter 6316.

~~(q)~~ (r) "Qualified educational loan" means a government, commercial, or foundation loan for actual costs paid for tuition, reasonable education expenses, and reasonable living expenses related to the graduate or undergraduate education of a health care professional.

~~(r)~~ (s) "Underserved urban community" means a Minnesota urban area or population included in the list of designated primary medical care health professional shortage areas (HPSAs), medically underserved areas (MUAs), or medically underserved populations (MUPs) maintained and updated by the United States Department of Health and Human Services.

Sec. 4. Minnesota Statutes 2020, section 144.1501, subdivision 2, is amended to read:

Subd. 2. **Creation of account.** (a) A health professional education loan forgiveness program account is established. The commissioner of health shall use money from the account to establish a loan forgiveness program:

(1) for medical residents ~~and~~, mental health professionals, and alcohol and drug counselors agreeing to practice in designated rural areas or underserved urban communities or specializing in the area of pediatric psychiatry;

(2) for midlevel practitioners agreeing to practice in designated rural areas or to teach at least 12 credit hours, or 720 hours per year in the nursing field in a postsecondary program at the undergraduate level or the equivalent at the graduate level;

(3) for nurses who agree to practice in a Minnesota nursing home; an intermediate care facility for persons with developmental disability; a hospital if the hospital owns and operates a Minnesota nursing home and a minimum of 50 percent of the hours worked by the nurse is in the nursing home; a housing with services establishment as defined in section 144D.01, subdivision 4; or for a home care provider as defined in section 144A.43, subdivision 4; or agree to teach at least 12 credit hours, or 720 hours per year in the nursing field in a postsecondary program at the undergraduate level or the equivalent at the graduate level;

(4) for other health care technicians agreeing to teach at least 12 credit hours, or 720 hours per year in their designated field in a postsecondary program at the undergraduate level or the equivalent at the graduate level. The commissioner, in consultation with the Healthcare Education-Industry Partnership, shall determine the health care fields where the need is the greatest, including, but not limited to, respiratory therapy, clinical laboratory technology, radiologic technology, and surgical technology;

(5) for pharmacists, advanced dental therapists, dental therapists, and public health nurses who agree to practice in designated rural areas; and

(6) for dentists agreeing to deliver at least 25 percent of the dentist's yearly patient encounters to state public program enrollees or patients receiving sliding fee schedule discounts through a formal sliding fee schedule meeting the standards established by the United States Department of Health and Human Services under Code of Federal Regulations, title 42, section 51, chapter 303.

(b) Appropriations made to the account do not cancel and are available until expended, except that at the end of each biennium, any remaining balance in the account that is not committed by contract and not needed to fulfill existing commitments shall cancel to the fund.

Sec. 5. Minnesota Statutes 2020, section 144.1501, subdivision 3, is amended to read:

Subd. 3. **Eligibility.** (a) To be eligible to participate in the loan forgiveness program, an individual must:

(1) be a medical or dental resident; a licensed pharmacist; or be enrolled in a training or education program to become a dentist, dental therapist, advanced dental therapist, mental health professional, <u>alcohol and drug counselor,</u> pharmacist, public health nurse, midlevel practitioner, registered nurse, or a licensed practical nurse. The commissioner may also consider applications submitted by graduates in eligible professions who are licensed and in practice; and

(2) submit an application to the commissioner of health.

(b) An applicant selected to participate must sign a contract to agree to serve a minimum three-year full-time service obligation according to subdivision 2, which shall begin no later than March 31 following completion of required training, with the exception of a nurse, who must agree to serve a minimum two-year full-time service obligation according to subdivision 2, which shall begin no later than March 31 following completion of required training.

Sec. 6. Minnesota Statutes 2020, section 148.90, subdivision 2, is amended to read:

Subd. 2. **Members.** (a) The members of the board shall:

(1) be appointed by the governor;

(2) be residents of the state;

(3) serve for not more than two consecutive terms;

(4) designate the officers of the board; and

(5) administer oaths pertaining to the business of the board.

(b) A public member of the board shall represent the public interest and shall not:

(1) be a psychologist or have engaged in the practice of psychology;

(2) be an applicant or former applicant for licensure;

(3) be a member of another health profession and be licensed by a health-related licensing board as defined under section 214.01, subdivision 2; the commissioner of health; or licensed, certified, or registered by another jurisdiction;

(4) be a member of a household that includes a psychologist; or

(5) have conflicts of interest or the appearance of conflicts with duties as a board member.

(c) At the time of their appointments, at least two members of the board must reside outside of the seven-county metropolitan area.

(d) At the time of their appointments, at least two members of the board must be members of:

(1) a community of color; or

(2) an underrepresented community, defined as a group that is not represented in the majority with respect to race, ethnicity, national origin, sexual orientation, gender identity, or physical ability.

Sec. 7. Minnesota Statutes 2020, section 148.911, is amended to read:

148.911 CONTINUING EDUCATION.

(a) Upon application for license renewal, a licensee shall provide the board with satisfactory evidence that the licensee has completed continuing education requirements established by the board. Continuing education programs shall be approved under section 148.905, subdivision 1, clause (10). The board shall establish by rule the number of continuing education training hours required each year and may specify subject or skills areas that the licensee shall address.

(b) At least four of the required continuing education hours must be on increasing the knowledge, understanding, self-awareness, and practice skills to competently address the psychological needs of individuals from culturally diverse socioeconomic and cultural backgrounds. Topics include but are not limited to:

(1) understanding culture, its functions, and strengths that exist in varied cultures;

(2) understanding clients' cultures and differences among and between cultural groups;

(3) understanding the nature of social diversity and oppression;

(4) understanding cultural humility; and

(5) understanding human diversity, meaning individual client differences that are associated with the client's cultural group, including race, ethnicity, national origin, religious affiliation, language, age, gender, gender identity, physical and mental capabilities, sexual orientation, and socioeconomic status.

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

Sec. 8. Minnesota Statutes 2020, section 148B.30, subdivision 1, is amended to read:

Subdivision 1. **Creation.** (a) There is created a Board of Marriage and Family Therapy that consists of seven members appointed by the governor. Four members shall be licensed, practicing marriage and family therapists, each of whom shall for at least five years immediately preceding appointment, have been actively engaged as a marriage and family therapist, rendering professional services in marriage and family therapy. One member shall be engaged in the professional teaching and research of marriage and family therapy. Two members shall be representatives of the general public who have no direct affiliation with the practice of marriage and family therapy. All members shall have been a resident of the state two years preceding their appointment. Of the first board members appointed, three shall continue in office for two years, two members for three years, and two members, including the chair, for terms of four years respectively. Their successors shall be appointed for terms of four years each, except that a person chosen to fill a vacancy shall be appointed only for the unexpired term of the board member whom the newly appointed member succeeds. Upon the expiration of a board member's term of office, the board member shall continue to serve until a successor is appointed and qualified.

(b) At the time of their appointments, at least two members must reside outside of the seven-county metropolitan area.

(c) At the time of their appointments, at least two members must be members of:

(1) a community of color; or

(2) an underrepresented community, defined as a group that is not represented in the majority with respect to race, ethnicity, national origin, sexual orientation, gender identity, or physical ability.

Sec. 9. Minnesota Statutes 2020, section 148B.31, is amended to read:

148B.31 DUTIES OF THE BOARD.

(a) The board shall:

(1) adopt and enforce rules for marriage and family therapy licensing, which shall be designed to protect the public;

(2) develop by rule appropriate techniques, including examinations and other methods, for determining whether applicants and licensees are qualified under sections 148B.29 to 148B.392;

(3) issue licenses to individuals who are qualified under sections 148B.29 to 148B.392;

(4) establish and implement procedures designed to assure that licensed marriage and family therapists will comply with the board's rules;

(5) study and investigate the practice of marriage and family therapy within the state in order to improve the standards imposed for the licensing of marriage and family therapists and to improve the procedures and methods used for enforcement of the board's standards;

(6) formulate and implement a code of ethics for all licensed marriage and family therapists; and

(7) establish continuing education requirements for marriage and family therapists.

(b) At least four of the 40 continuing education training hours required under Minnesota Rules, part 5300.0320, subpart 2, must be on increasing the knowledge, understanding, self-awareness, and practice skills that enable a marriage and family therapist to serve clients from diverse socioeconomic and cultural backgrounds. Topics include but are not limited to:

(1) understanding culture, its functions, and strengths that exist in varied cultures;

(2) understanding clients' cultures and differences among and between cultural groups;

(3) understanding the nature of social diversity and oppression; and

(4) understanding cultural humility.

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

Sec. 10. Minnesota Statutes 2020, section 148B.51, is amended to read:

148B.51 BOARD OF BEHAVIORAL HEALTH AND THERAPY.

(a) The Board of Behavioral Health and Therapy consists of 13 members appointed by the governor. Five of the members shall be professional counselors licensed or eligible for licensure under sections 148B.50 to 148B.593. Five of the members shall be alcohol and drug counselors licensed under chapter 148F. Three of the members shall be public members as defined in section 214.02. The board shall annually elect from its membership a chair and vice-chair. The board shall appoint and employ an executive director who is not a member of the board. The employment of the executive director shall be subject to the terms described in section 214.04, subdivision 2a. Chapter 214 applies to the Board of Behavioral Health and Therapy unless superseded by sections 148B.50 to 148B.593.

(b) At the time of their appointments, at least three members must reside outside of the seven-county metropolitan area.

(c) At the time of their appointments, at least three members must be members of:

(1) a community of color; or

(2) an underrepresented community, defined as a group that is not represented in the majority with respect to race, ethnicity, national origin, sexual orientation, gender identity, or physical ability.

Sec. 11. Minnesota Statutes 2020, section 148B.54, subdivision 2, is amended to read:

Subd. 2. **Continuing education.** (a) At the completion of the first four years of licensure, a licensee must provide evidence satisfactory to the board of completion of 12 additional postgraduate semester credit hours or its equivalent in counseling as determined by the board, except that no licensee shall be required to show evidence of greater than 60 semester hours or its equivalent. In addition to completing the requisite graduate coursework, each licensee shall also complete in the first four years of licensure a minimum of 40 hours of continuing education activities approved by the board under Minnesota Rules, part 2150.2540. Graduate credit hours successfully completed in the first four years of licensure may be applied to both the graduate credit requirement and to the requirement for 40 hours of continuing education activities. A licensee may receive 15 continuing education hours per semester credit hour or ten continuing education hours per quarter credit hour. Thereafter, at the time of renewal, each licensee shall provide evidence satisfactory to the board that the licensee has completed during each two-year period at least the equivalent of 40 clock hours of professional postdegree continuing education in programs approved by the board and continues to be qualified to practice under sections 148B.50 to 148B.593.

(b) At least four of the required 40 continuing education clock hours must be on increasing the knowledge, understanding, self-awareness, and practice skills that enable a licensed professional counselor and licensed professional clinical counselor to serve clients from diverse socioeconomic and cultural backgrounds. Topics include but are not limited to:

(1) understanding culture, culture's functions, and strengths that exist in varied cultures;

(2) understanding clients' cultures and differences among and between cultural groups;

(3) understanding the nature of social diversity and oppression; and

(4) understanding cultural humility.

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

Sec. 12. Minnesota Statutes 2020, section 148E.010, is amended by adding a subdivision to read:

Subd. 7f. **Cultural responsiveness.** "Cultural responsiveness" means increasing the knowledge, understanding, self-awareness, and practice skills that enable a social worker to serve clients from diverse socioeconomic and cultural backgrounds including:

(1) understanding culture, its functions, and strengths that exist in varied cultures;

(2) understanding clients' cultures and differences among and between cultural groups;

(3) understanding the nature of social diversity and oppression; and

(4) understanding cultural humility.

Sec. 13. Minnesota Statutes 2020, section 148E.130, subdivision 1, is amended to read:

Subdivision 1. **Total clock hours required.** (a) A licensee must complete 40 hours of continuing education for each two-year renewal term. At the time of license renewal, a licensee must provide evidence satisfactory to the board that the licensee has completed the required continuing education hours during the previous renewal term. Of the total clock hours required:

(1) all licensees must complete: (i) two hours in social work ethics as defined in section 148E.010; and (ii) four hours in cultural responsiveness as defined in section 148E.010;

(2) licensed independent clinical social workers must complete 12 clock hours in one or more of the clinical content areas specified in section 148E.055, subdivision 5, paragraph (a), clause (2);

(3) licensees providing licensing supervision according to sections 148E.100 to 148E.125, must complete six clock hours in supervision as defined in section 148E.010; and

(4) no more than half of the required clock hours may be completed via continuing education independent learning as defined in section 148E.010.

(b) If the licensee's renewal term is prorated to be less or more than 24 months, the total number of required clock hours is prorated proportionately.

Sec. 14. Minnesota Statutes 2020, section 148E.130, is amended by adding a subdivision to read:

Subd. 1b. **New content clock hours required effective July 1, 2021.** (a) The content clock hours specified in subdivision 1, paragraph (a), clause (1), item (ii), apply to all new licenses issued effective July 1, 2021, under section 148E.055.

(b) Any licensee issued a license prior to July 1, 2021, under section 148E.055 must comply with clock hours in subdivision 1, including the content clock hours in subdivision 1, paragraph (a), clause (1), item (ii), at the first two-year renewal term after July 1, 2021.

Sec. 15. Minnesota Statutes 2020, section 245.462, subdivision 17, is amended to read:

Subd. 17. **Mental health practitioner.** (a) "Mental health practitioner" means a person providing services to adults with mental illness or children with emotional disturbance who is qualified in at least one of the ways described in paragraphs (b) to (g). A mental health practitioner for a child client must have training working with children. A mental health practitioner for an adult client must have training working with adults.

(b) For purposes of this subdivision, a practitioner is qualified through relevant coursework if the practitioner completes at least 30 semester hours or 45 quarter hours in behavioral sciences or related fields and:

(1) has at least 2,000 hours of supervised experience in the delivery of services to adults or children with:

(i) mental illness, substance use disorder, or emotional disturbance; or

(ii) traumatic brain injury or developmental disabilities and completes training on mental illness, recovery from mental illness, mental health de-escalation techniques, co-occurring mental illness and substance abuse, and psychotropic medications and side effects;

(2) is fluent in the non-English language of the ethnic group to which at least 50 percent of the practitioner's clients belong, completes 40 hours of training in the delivery of services to adults with mental illness or children with emotional disturbance, and receives clinical supervision from a mental health professional at least once a week until the requirement of 2,000 hours of supervised experience is met;

(3) is working in a day treatment program under section 245.4712, subdivision 2; ~~or~~

(4) has completed a practicum or internship that (i) requires direct interaction with adults or children served, and (ii) is focused on behavioral sciences or related fields~~.~~; or

(5) is in the process of completing a practicum or internship as part of a formal undergraduate or graduate training program in social work, psychology, or counseling.

(c) For purposes of this subdivision, a practitioner is qualified through work experience if the person:

(1) has at least 4,000 hours of supervised experience in the delivery of services to adults or children with:

(i) mental illness, substance use disorder, or emotional disturbance; or

(ii) traumatic brain injury or developmental disabilities and completes training on mental illness, recovery from mental illness, mental health de-escalation techniques, co-occurring mental illness and substance abuse, and psychotropic medications and side effects; or

(2) has at least 2,000 hours of supervised experience in the delivery of services to adults or children with:

(i) mental illness, emotional disturbance, or substance use disorder, and receives clinical supervision as required by applicable statutes and rules from a mental health professional at least once a week until the requirement of 4,000 hours of supervised experience is met; or

(ii) traumatic brain injury or developmental disabilities; completes training on mental illness, recovery from mental illness, mental health de-escalation techniques, co-occurring mental illness and substance abuse, and psychotropic medications and side effects; and receives clinical supervision as required by applicable statutes and rules at least once a week from a mental health professional until the requirement of 4,000 hours of supervised experience is met.

(d) For purposes of this subdivision, a practitioner is qualified through a graduate student internship if the practitioner is a graduate student in behavioral sciences or related fields and is formally assigned by an accredited college or university to an agency or facility for clinical training.

(e) For purposes of this subdivision, a practitioner is qualified by a bachelor's or master's degree if the practitioner:

(1) holds a master's or other graduate degree in behavioral sciences or related fields; or

(2) holds a bachelor's degree in behavioral sciences or related fields and completes a practicum or internship that (i) requires direct interaction with adults or children served, and (ii) is focused on behavioral sciences or related fields.

(f) For purposes of this subdivision, a practitioner is qualified as a vendor of medical care if the practitioner meets the definition of vendor of medical care in section 256B.02, subdivision 7, paragraphs (b) and (c), and is serving a federally recognized tribe.

(g) For purposes of medical assistance coverage of diagnostic assessments, explanations of findings, and psychotherapy under section 256B.0625, subdivision 65, a mental health practitioner working as a clinical trainee means that the practitioner's clinical supervision experience is helping the practitioner gain knowledge and skills necessary to practice effectively and independently. This may include supervision of direct practice, treatment team collaboration, continued professional learning, and job management. The practitioner must also:

(1) comply with requirements for licensure or board certification as a mental health professional, according to the qualifications under Minnesota Rules, part 9505.0371, subpart 5, item A, including supervised practice in the delivery of mental health services for the treatment of mental illness; or

(2) be a student in a bona fide field placement or internship under a program leading to completion of the requirements for licensure as a mental health professional according to the qualifications under Minnesota Rules, part 9505.0371, subpart 5, item A.

(h) For purposes of this subdivision, "behavioral sciences or related fields" has the meaning given in section 256B.0623, subdivision 5, paragraph (d).

(i) Notwithstanding the licensing requirements established by a health-related licensing board, as defined in section 214.01, subdivision 2, this subdivision supersedes any other statute or rule.

Sec. 16. Minnesota Statutes 2020, section 245.4876, subdivision 3, is amended to read:

Subd. 3. **Individual treatment plans.** All providers of outpatient services, day treatment services, professional home-based family treatment, residential treatment, and acute care hospital inpatient treatment, and all regional treatment centers that provide mental health services for children must develop an individual treatment plan for each child client. The individual treatment plan must be based on a diagnostic assessment. To the extent appropriate, the child and the child's family shall be involved in all phases of developing and implementing the individual treatment plan. Providers of residential treatment, professional home-based family treatment, and acute care hospital inpatient

treatment, and regional treatment centers must develop the individual treatment plan within ten working days of client intake or admission and must review the individual treatment plan every 90 days after intake~~, except that the administrative review of the treatment plan of a child placed in a residential facility shall be as specified in sections 260C.203 and 260C.212, subdivision 9~~. Providers of day treatment services must develop the individual treatment plan before the completion of five working days in which service is provided or within 30 days after the diagnostic assessment is completed or obtained, whichever occurs first. Providers of outpatient services must develop the individual treatment plan within 30 days after the diagnostic assessment is completed or obtained or by the end of the second session of an outpatient service, not including the session in which the diagnostic assessment was provided, whichever occurs first. Providers of outpatient and day treatment services must review the individual treatment plan every 90 days after intake.

Sec. 17. Minnesota Statutes 2020, section 245.4882, subdivision 1, is amended to read:

Subdivision 1. **Availability of residential treatment services.** County boards must provide or contract for enough residential treatment services to meet the needs of each child with severe emotional disturbance residing in the county and needing this level of care. Length of stay is based on the child's residential treatment need and shall be ~~subject to the six-month review process established in section 260C.203, and for children in voluntary placement for treatment, the court review process in section 260D.06~~ reviewed every 90 days. Services must be appropriate to the child's age and treatment needs and must be made available as close to the county as possible. Residential treatment must be designed to:

(1) help the child improve family living and social interaction skills;

(2) help the child gain the necessary skills to return to the community;

(3) stabilize crisis admissions; and

(4) work with families throughout the placement to improve the ability of the families to care for children with severe emotional disturbance in the home.

Sec. 18. Minnesota Statutes 2020, section 245.4882, subdivision 3, is amended to read:

Subd. 3. **Transition to community.** Residential treatment facilities and regional treatment centers serving children must plan for and assist those children and their families in making a transition to less restrictive community-based services. Discharge planning for the child to return to the community must include identification of and referrals to appropriate home and community supports that meet the needs of the child and family. Discharge planning must begin within 30 days after the child enters residential treatment and be updated every 60 days. Residential treatment facilities must also arrange for appropriate follow-up care in the community. Before a child is discharged, the residential treatment facility or regional treatment center shall provide notification to the child's case manager, if any, so that the case manager can monitor and coordinate the transition and make timely arrangements for the child's appropriate follow-up care in the community.

Sec. 19. Minnesota Statutes 2020, section 245.4885, subdivision 1, is amended to read:

Subdivision 1. **Admission criteria.** (a) Prior to admission or placement, except in the case of an emergency, all children referred for treatment of severe emotional disturbance in a treatment foster care setting, residential treatment facility, or informally admitted to a regional treatment center shall undergo an assessment to determine the appropriate level of care if ~~public~~ county funds are used to pay for the child's services.

(b) The ~~responsible social services agency~~ county board shall determine the appropriate level of care for a child when county-controlled funds are used to pay for the child's ~~services or placement in a qualified residential treatment facility under chapter 260C and licensed by the commissioner under chapter 245A. In accordance with section 260C.157, a juvenile treatment screening team shall conduct a screening before the team may recommend whether to place a child~~ residential treatment under this chapter, including residential treatment provided in a qualified residential treatment program as defined in section 260C.007, subdivision 26d. When a ~~social services agency~~ county board does not have responsibility for a child's placement and the child is enrolled in a prepaid health program under section 256B.69, the enrolled child's contracted health plan must determine the appropriate level of care for the child. When Indian Health Services funds or funds of a tribally owned facility funded under the Indian Self-Determination and Education Assistance Act, Public Law 93-638, are ~~to be~~ used for the child, the Indian Health Services or 638 tribal health facility must determine the appropriate level of care for the child. When more than one entity bears responsibility for a child's coverage, the entities shall coordinate level of care determination activities for the child to the extent possible.

(c) The ~~responsible social services agency must make the level of care determination available to the juvenile treatment screening team, as permitted under chapter 13. The level of care determination shall inform the juvenile treatment screening team process and the assessment in section 260C.704 when considering whether to place the child in a qualified residential treatment program. When the responsible social services agency is not involved in determining a child's placement, the~~ child's level of care determination shall determine whether the proposed treatment:

(1) is necessary;

(2) is appropriate to the child's individual treatment needs;

(3) cannot be effectively provided in the child's home; and

(4) provides a length of stay as short as possible consistent with the individual child's ~~need~~ needs.

(d) When a level of care determination is conducted, the ~~responsible social services agency~~ county board or other entity may not determine that a screening ~~under section 260C.157 or~~, referral, or admission to a ~~treatment foster care setting or~~ residential treatment facility is not appropriate solely because services were not first provided to the child in a less restrictive setting and the child failed to make progress toward or meet treatment goals in the less restrictive setting. The level of care determination must be based on a diagnostic assessment of a child that ~~includes a functional assessment which~~ evaluates family, school, and community living situations; and an assessment of the child's need for care out of the home using a validated tool which assesses a child's functional status and assigns an appropriate level of care to the child. The validated tool must be approved by the commissioner of human services. If a diagnostic assessment ~~including a functional assessment~~ has been completed by a mental health professional within the past 180 days, a new diagnostic assessment need not be completed unless in the opinion of the current treating mental health professional the child's mental health status has changed markedly since the assessment was completed. The child's parent shall be notified if an assessment will not be completed and of the reasons. A copy of the notice shall be placed in the child's file. Recommendations developed as part of the level of care determination process shall include specific community services needed by the child and, if appropriate, the child's family, and shall indicate whether or not these services are available and accessible to the child and the child's family. The child and the child's family must be invited to any meeting where the level of care determination is discussed and decisions regarding residential treatment are made. The child and the child's family may invite other relatives, friends, or advocates to attend these meetings.

(e) During the level of care determination process, the child, child's family, or child's legal representative, as appropriate, must be informed of the child's eligibility for case management services and family community support services and that an individual family community support plan is being developed by the case manager, if assigned.

~~(f) When the responsible social services agency has authority, the agency must engage the child's parents in case planning under sections 260C.212 and 260C.708 unless a court terminates the parent's rights or court orders restrict the parent from participating in case planning, visitation, or parental responsibilities.~~

~~(g)~~ (f) The level of care determination, and placement decision, and recommendations for mental health services must be documented in the child's record~~, as required in chapter 260C~~ and made available to the child's family, as appropriate.

EFFECTIVE DATE. This section is effective September 30, 2021.

Sec. 20. Minnesota Statutes 2020, section 245.4889, subdivision 1, is amended to read:

Subdivision 1. **Establishment and authority.** (a) The commissioner is authorized to make grants from available appropriations to assist:

(1) counties;

(2) Indian tribes;

(3) children's collaboratives under section 124D.23 or 245.493; or

(4) mental health service providers.

(b) The following services are eligible for grants under this section:

(1) services to children with emotional disturbances as defined in section 245.4871, subdivision 15, and their families;

(2) transition services under section 245.4875, subdivision 8, for young adults under age 21 and their families;

(3) respite care services for children with emotional disturbances or severe emotional disturbances who are at risk of out-of-home placement. A child is not required to have case management services to receive respite care services;

(4) children's mental health crisis services;

(5) mental health services for people from cultural and ethnic minorities, including supervision of clinical trainees who are Black, indigenous, or people of color, providing services in clinics that serve clients enrolled in medical assistance;

(6) children's mental health screening and follow-up diagnostic assessment and treatment;

(7) services to promote and develop the capacity of providers to use evidence-based practices in providing children's mental health services;

(8) school-linked mental health services under section 245.4901;

(9) building evidence-based mental health intervention capacity for children birth to age five;

(10) suicide prevention and counseling services that use text messaging statewide;

(11) mental health first aid training;

(12) training for parents, collaborative partners, and mental health providers on the impact of adverse childhood experiences and trauma and development of an interactive website to share information and strategies to promote resilience and prevent trauma;

(13) transition age services to develop or expand mental health treatment and supports for adolescents and young adults 26 years of age or younger;

(14) early childhood mental health consultation;

(15) evidence-based interventions for youth at risk of developing or experiencing a first episode of psychosis, and a public awareness campaign on the signs and symptoms of psychosis;

(16) psychiatric consultation for primary care practitioners; ~~and~~

(17) providers to begin operations and meet program requirements when establishing a new children's mental health program. These may be start-up grants~~.~~; and

(18) mental health services based on traditional, spiritual, and holistic healing practices, provided by cultural healers from African American, American Indian, Asian American, Latinx, Pacific Islander, and Pan-African communities.

(c) Services under paragraph (b) must be designed to help each child to function and remain with the child's family in the community and delivered consistent with the child's treatment plan. Transition services to eligible young adults under this paragraph must be designed to foster independent living in the community.

(d) As a condition of receiving grant funds, a grantee shall obtain all available third-party reimbursement sources, if applicable.

Sec. 21. **[245.4902] CULTURALLY INFORMED AND CULTURALLY RESPONSIVE MENTAL HEALTH TASK FORCE.**

Subdivision 1. **Establishment; duties.** The Culturally Informed and Culturally Responsive Mental Health Task Force is established to evaluate and make recommendations on improving the provision of culturally informed and culturally responsive mental health services throughout Minnesota. The task force must make recommendations on:

(1) recruiting mental health providers from diverse racial and ethnic communities;

(2) training all mental health providers on cultural competency and cultural humility;

(3) assessing the extent to which mental health provider organizations embrace diversity and demonstrate proficiency in culturally competent mental health treatment and services; and

(4) increasing the number of mental health organizations owned, managed, or led by individuals who are Black, indigenous, or people of color.

Subd. 2. **Membership.** (a) The task force must consist of the following 16 members:

(1) the commissioner of human services or the commissioner's designee;

(2) one representative from the Board of Psychology;

(3) one representative from the Board of Marriage and Family Therapy;

(4) one representative from the Board of Behavioral Health and Therapy;

(5) one representative from the Board of Social Work;

(6) three members representing undergraduate and graduate-level mental health professional education programs, appointed by the governor;

(7) three mental health providers who are members of communities of color or underrepresented communities, as defined in section 148E.010, subdivision 20, appointed by the governor;

(8) two members representing mental health advocacy organizations, appointed by the governor;

(9) two mental health providers, appointed by the governor; and

(10) one expert in providing training and education in cultural competency and cultural responsiveness, appointed by the governor.

(b) Appointments to the task force must be made no later than June 1, 2022.

(c) Member compensation and reimbursement for expenses are governed by section 15.059, subdivision 3.

Subd. 3. **Chairs; meetings.** The members of the task force must elect two cochairs of the task force no earlier than July 1, 2022, and the cochairs must convene the first meeting of the task force no later than August 15, 2022. The task force must meet upon the call of the cochairs, sufficiently often to accomplish the duties identified in this section. The task force is subject to the open meeting law under chapter 13D.

Subd. 4. **Administrative support.** The Department of Human Services must provide administrative support and meeting space for the task force.

Subd. 5. **Reports.** No later than January 1, 2023, and by January 1 of each year thereafter, the task force must submit a written report to the members of the legislative committees with jurisdiction over health and human services on the recommendations developed under subdivision 1.

Subd. 6. **Expiration.** The task force expires on January 1, 2025.

Sec. 22. Minnesota Statutes 2020, section 245.735, subdivision 3, is amended to read:

Subd. 3. **Certified community behavioral health clinics.** (a) The commissioner shall establish a state certification process for certified community behavioral health clinics (CCBHCs) that satisfy all federal requirements necessary for CCBHCs certified under this section to be eligible for reimbursement under medical assistance, without service area limits based on geographic area or region. The commissioner shall consult with CCBHC stakeholders before establishing and implementing changes in the certification process and requirements. Entities that choose to be CCBHCs must:

~~(1) comply with the CCBHC criteria published by the United States Department of Health and Human Services;~~

(1) comply with state licensing requirements and other requirements issued by the commissioner;

(2) employ or contract for clinic staff who have backgrounds in diverse disciplines, including licensed mental health professionals and licensed alcohol and drug counselors, and staff who are culturally and linguistically trained to meet the needs of the population the clinic serves;

(3) ensure that clinic services are available and accessible to individuals and families of all ages and genders and that crisis management services are available 24 hours per day;

(4) establish fees for clinic services for individuals who are not enrolled in medical assistance using a sliding fee scale that ensures that services to patients are not denied or limited due to an individual's inability to pay for services;

(5) comply with quality assurance reporting requirements and other reporting requirements, including any required reporting of encounter data, clinical outcomes data, and quality data;

(6) provide crisis mental health and substance use services, withdrawal management services, emergency crisis intervention services, and stabilization services through existing mobile crisis services; screening, assessment, and diagnosis services, including risk assessments and level of care determinations; person- and family-centered treatment planning; outpatient mental health and substance use services; targeted case management; psychiatric rehabilitation services; peer support and counselor services and family support services; and intensive community-based mental health services, including mental health services for members of the armed forces and veterans~~;~~. CCBHCs must directly provide the majority of these services to enrollees, but may coordinate some services with another entity through a collaboration or agreement, pursuant to paragraph (b);

(7) provide coordination of care across settings and providers to ensure seamless transitions for individuals being served across the full spectrum of health services, including acute, chronic, and behavioral needs. Care coordination may be accomplished through partnerships or formal contracts with:

(i) counties, health plans, pharmacists, pharmacies, rural health clinics, federally qualified health centers, inpatient psychiatric facilities, substance use and detoxification facilities, or community-based mental health providers; and

(ii) other community services, supports, and providers, including schools, child welfare agencies, juvenile and criminal justice agencies, Indian health services clinics, tribally licensed health care and mental health facilities, urban Indian health clinics, Department of Veterans Affairs medical centers, outpatient clinics, drop-in centers, acute care hospitals, and hospital outpatient clinics;

(8) be certified as mental health clinics under section 245.69, subdivision 2;

(9) comply with standards established by the commissioner relating to ~~mental health services in Minnesota Rules, parts 9505.0370 to 9505.0372~~ CCBHC screenings, assessments, and evaluations;

(10) be licensed to provide substance use disorder treatment under chapter 245G;

(11) be certified to provide children's therapeutic services and supports under section 256B.0943;

(12) be certified to provide adult rehabilitative mental health services under section 256B.0623;

(13) be enrolled to provide mental health crisis response services under sections 256B.0624 and 256B.0944;

(14) be enrolled to provide mental health targeted case management under section 256B.0625, subdivision 20;

(15) comply with standards relating to mental health case management in Minnesota Rules, parts 9520.0900 to 9520.0926;

(16) provide services that comply with the evidence-based practices described in paragraph (e); and

(17) comply with standards relating to peer services under sections 256B.0615, 256B.0616, and 245G.07, subdivision 1, paragraph (a), clause (5), as applicable when peer services are provided.

(b) If ~~an entity~~ a certified CCBHC is unable to provide one or more of the services listed in paragraph (a), clauses (6) to (17), the ~~commissioner may certify the entity as a~~ CCBHC~~, if the entity has a current~~ may contract with another entity that has the required authority to provide that service and that meets ~~federal CCBHC~~ the following criteria as a designated collaborating organization~~, or, to the extent allowed by the federal CCBHC criteria, the commissioner may approve a referral arrangement. The CCBHC must meet federal requirements regarding the type and scope of services to be provided directly by the CCBHC.~~:

(1) the entity has a formal agreement with the CCBHC to furnish one or more of the services under paragraph (a), clause (6);

(2) the entity provides assurances that it will provide services according to CCBHC service standards and provider requirements;

(3) the entity agrees that the CCBHC is responsible for coordinating care and has clinical and financial responsibility for the services that the entity provides under the agreement; and

(4) the entity meets any additional requirements issued by the commissioner.

(c) Notwithstanding any other law that requires a county contract or other form of county approval for certain services listed in paragraph (a), clause (6), a clinic that otherwise meets CCBHC requirements may receive the prospective payment under section 256B.0625, subdivision 5m, for those services without a county contract or county approval. As part of the certification process in paragraph (a), the commissioner shall require a letter of support from the CCBHC's host county confirming that the CCBHC and the county or counties it serves have an ongoing relationship to facilitate access and continuity of care, especially for individuals who are uninsured or who may go on and off medical assistance.

(d) When the standards listed in paragraph (a) or other applicable standards conflict or address similar issues in duplicative or incompatible ways, the commissioner may grant variances to state requirements if the variances do not conflict with federal requirements for services reimbursed under medical assistance. If standards overlap, the commissioner may substitute all or a part of a licensure or certification that is substantially the same as another licensure or certification. The commissioner shall consult with stakeholders, as described in subdivision 4, before granting variances under this provision. For the CCBHC that is certified but not approved for prospective payment under section 256B.0625, subdivision 5m, the commissioner may grant a variance under this paragraph if the variance does not increase the state share of costs.

(e) The commissioner shall issue a list of required evidence-based practices to be delivered by CCBHCs, and may also provide a list of recommended evidence-based practices. The commissioner may update the list to reflect advances in outcomes research and medical services for persons living with mental illnesses or substance use disorders. The commissioner shall take into consideration the adequacy of evidence to support the efficacy of the practice, the quality of workforce available, and the current availability of the practice in the state. At least 30 days before issuing the initial list and any revisions, the commissioner shall provide stakeholders with an opportunity to comment.

(f) The commissioner shall recertify CCBHCs at least every three years. The commissioner shall establish a process for decertification and shall require corrective action, medical assistance repayment, or decertification of a CCBHC that no longer meets the requirements in this section or that fails to meet the standards provided by the commissioner in the application and certification process.

Sec. 23. Minnesota Statutes 2020, section 245.735, subdivision 5, is amended to read:

Subd. 5. **Information systems support.** The commissioner and the state chief information officer shall provide information systems support to the projects as necessary to comply with state and federal requirements.

Sec. 24. Minnesota Statutes 2020, section 245.735, is amended by adding a subdivision to read:

Subd. 6. **Demonstration entities.** The commissioner may operate the demonstration program established by section 223 of the Protecting Access to Medicare Act if federal funding for the demonstration program remains available from the United States Department of Health and Human Services. To the extent practicable, the commissioner shall align the requirements of the demonstration program with the requirements under this section for CCBHCs receiving medical assistance reimbursement. A CCBHC may not apply to participate as a billing provider in both the CCBHC federal demonstration and the benefit for CCBHCs under the medical assistance program.

Sec. 25. Minnesota Statutes 2020, section 245A.043, subdivision 3, is amended to read:

Subd. 3. **Change of ownership process.** (a) When a change in ownership is proposed and the party intends to assume operation without an interruption in service longer than 60 days after acquiring the program or service, the license holder must provide the commissioner with written notice of the proposed change on a form provided by the commissioner at least 60 days before the anticipated date of the change in ownership. For purposes of this subdivision and subdivision 4, "party" means the party that intends to operate the service or program.

(b) The party must submit a license application under this chapter on the form and in the manner prescribed by the commissioner at least 30 days before the change in ownership is complete, and must include documentation to support the upcoming change. The party must comply with background study requirements under chapter 245C and shall pay the application fee required under section 245A.10. ~~A party that intends to assume operation without an interruption in service longer than 60 days after acquiring the program or service is exempt from the requirements of Minnesota Rules, part 9530.6800.~~

(c) The commissioner may streamline application procedures when the party is an existing license holder under this chapter and is acquiring a program licensed under this chapter or service in the same service class as one or more licensed programs or services the party operates and those licenses are in substantial compliance. For purposes of this subdivision, "substantial compliance" means within the previous 12 months the commissioner did not (1) issue a sanction under section 245A.07 against a license held by the party, or (2) make a license held by the party conditional according to section 245A.06.

(d) Except when a temporary change in ownership license is issued pursuant to subdivision 4, the existing license holder is solely responsible for operating the program according to applicable laws and rules until a license under this chapter is issued to the party.

(e) If a licensing inspection of the program or service was conducted within the previous 12 months and the existing license holder's license record demonstrates substantial compliance with the applicable licensing requirements, the commissioner may waive the party's inspection required by section 245A.04, subdivision 4. The party must submit to the commissioner (1) proof that the premises was inspected by a fire marshal or that the fire marshal deemed that an inspection was not warranted, and (2) proof that the premises was inspected for compliance with the building code or that no inspection was deemed warranted.

(f) If the party is seeking a license for a program or service that has an outstanding action under section 245A.06 or 245A.07, the party must submit a letter as part of the application process identifying how the party has or will come into full compliance with the licensing requirements.

(g) The commissioner shall evaluate the party's application according to section 245A.04, subdivision 6. If the commissioner determines that the party has remedied or demonstrates the ability to remedy the outstanding actions under section 245A.06 or 245A.07 and has determined that the program otherwise complies with all applicable laws and rules, the commissioner shall issue a license or conditional license under this chapter. The conditional license remains in effect until the commissioner determines that the grounds for the action are corrected or no longer exist.

(h) The commissioner may deny an application as provided in section 245A.05. An applicant whose application was denied by the commissioner may appeal the denial according to section 245A.05.

(i) This subdivision does not apply to a licensed program or service located in a home where the license holder resides.

Sec. 26. Minnesota Statutes 2020, section 245F.04, subdivision 2, is amended to read:

Subd. 2. **Contents of application.** Prior to the issuance of a license, an applicant must submit, on forms provided by the commissioner, documentation demonstrating the following:

(1) compliance with this section;

(2) compliance with applicable building, fire, and safety codes; health rules; zoning ordinances; and other applicable rules and regulations or documentation that a waiver has been granted. The granting of a waiver does not constitute modification of any requirement of this section; and

(3) ~~completion of an assessment of need for a new or expanded program as required by Minnesota Rules, part 9530.6800; and~~

~~(4)~~ insurance coverage, including bonding, sufficient to cover all patient funds, property, and interests.

Sec. 27. Minnesota Statutes 2020, section 245G.03, subdivision 2, is amended to read:

Subd. 2. **Application.** (a) Before the commissioner issues a license, an applicant must submit, on forms provided by the commissioner, any documents the commissioner requires.

(b) At least 60 days prior to submitting an application for licensure under this chapter, the applicant must notify the county human services director in writing of the applicant's intent to open a new treatment program. The written notification must include, at a minimum:

(1) a description of the proposed treatment program;

(2) a description of the target population to be served by the treatment program; and

(3) a copy of the program's abuse prevention plan, as required under section 245A.65, subdivision 2.

(c) The county human services director may submit a written statement to the commissioner regarding the county's support of or opposition to the opening of the new treatment program. The written statement must include documentation of the rationale for the county's determination. The commissioner shall consider the county's written statement when determining whether to issue a license for the treatment program. If the county does not submit a written statement, the commissioner shall confirm with the county that the county received the notification required by paragraph (b).

Sec. 28. Minnesota Statutes 2020, section 254B.01, subdivision 4a, is amended to read:

Subd. 4a. **Culturally specific or culturally responsive program.** (a) "Culturally specific or culturally responsive program" means a substance use disorder treatment service program or subprogram that is ~~recovery-focused and~~ culturally responsive or culturally specific when the program attests that it:

(1) improves service quality to and outcomes of a specific ~~population~~ community that shares a common language, racial, ethnic, or social background by advancing health equity to help eliminate health disparities; ~~and~~

(2) ensures effective, equitable, comprehensive, and respectful quality care services that are responsive to an individual within a specific ~~population's~~ community's values, beliefs and practices, health literacy, preferred language, and other communication needs~~.~~; and

(3) is compliant with the national standards for culturally and linguistically appropriate services or other equivalent standards, as determined by the commissioner.

(b) A tribally licensed substance use disorder program that is designated as serving a culturally specific population by the applicable tribal government is deemed to satisfy this subdivision.

(c) A program satisfies the requirements of this subdivision if it attests that the program:

(1) is designed to address the unique needs of individuals who share a common language, racial, ethnic, or social background;

(2) is governed with significant input from individuals of that specific background; and

(3) employs individuals to provide treatment services, at least 50 percent of whom are members of the specific community being served.

EFFECTIVE DATE. This section is effective January 1, 2022.

Sec. 29. Minnesota Statutes 2020, section 254B.01, is amended by adding a subdivision to read:

Subd. 4b. **Disability responsive program.** "Disability responsive program" means a program that:

(1) is designed to serve individuals with disabilities, including individuals with traumatic brain injuries, developmental disabilities, cognitive disabilities, and physical disabilities; and

(2) employs individuals to provide treatment services who have the necessary professional training, as approved by the commissioner, to serve individuals with the specific disabilities that the program is designed to serve.

EFFECTIVE DATE. This section is effective January 1, 2022.

Sec. 30. Minnesota Statutes 2020, section 254B.05, subdivision 5, is amended to read:

Subd. 5. **Rate requirements.** (a) The commissioner shall establish rates for substance use disorder services and service enhancements funded under this chapter.

(b) Eligible substance use disorder treatment services include:

(1) outpatient treatment services that are licensed according to sections 245G.01 to 245G.17, or applicable tribal license;

(2) comprehensive assessments provided according to sections 245.4863, paragraph (a), and 245G.05;

(3) care coordination services provided according to section 245G.07, subdivision 1, paragraph (a), clause (5);

(4) peer recovery support services provided according to section 245G.07, subdivision 2, clause (8);

(5) on July 1, 2019, or upon federal approval, whichever is later, withdrawal management services provided according to chapter 245F;

(6) medication-assisted therapy services that are licensed according to sections 245G.01 to 245G.17 and 245G.22, or applicable tribal license;

(7) medication-assisted therapy plus enhanced treatment services that meet the requirements of clause (6) and provide nine hours of clinical services each week;

(8) high, medium, and low intensity residential treatment services that are licensed according to sections 245G.01 to 245G.17 and 245G.21 or applicable tribal license which provide, respectively, 30, 15, and five hours of clinical services each week;

(9) hospital-based treatment services that are licensed according to sections 245G.01 to 245G.17 or applicable tribal license and licensed as a hospital under sections 144.50 to 144.56;

(10) adolescent treatment programs that are licensed as outpatient treatment programs according to sections 245G.01 to 245G.18 or as residential treatment programs according to Minnesota Rules, parts 2960.0010 to 2960.0220, and 2960.0430 to 2960.0490, or applicable tribal license;

(11) high-intensity residential treatment services that are licensed according to sections 245G.01 to 245G.17 and 245G.21 or applicable tribal license, which provide 30 hours of clinical services each week provided by a state-operated vendor or to clients who have been civilly committed to the commissioner, present the most complex and difficult care needs, and are a potential threat to the community; and

(12) room and board facilities that meet the requirements of subdivision 1a.

(c) The commissioner shall establish higher rates for programs that meet the requirements of paragraph (b) and one of the following additional requirements:

(1) programs that serve parents with their children if the program:

(i) provides on-site child care during the hours of treatment activity that:

(A) is licensed under chapter 245A as a child care center under Minnesota Rules, chapter 9503; or

(B) meets the licensure exclusion criteria of section 245A.03, subdivision 2, paragraph (a), clause (6), and meets the requirements under section 245G.19, subdivision 4; or

(ii) arranges for off-site child care during hours of treatment activity at a facility that is licensed under chapter 245A as:

(A) a child care center under Minnesota Rules, chapter 9503; or

(B) a family child care home under Minnesota Rules, chapter 9502~~;~~

(2) culturally specific or culturally responsive programs as defined in section 254B.01, subdivision 4a~~,~~; or

(3) disability responsive programs as defined in section 254B.01, subdivision 4b.

~~programs or subprograms serving special populations, if the program or subprogram meets the following requirements:~~

~~(i) is designed to address the unique needs of individuals who share a common language, racial, ethnic, or social background;~~

~~(ii) is governed with significant input from individuals of that specific background; and~~

~~(iii) employs individuals to provide individual or group therapy, at least 50 percent of whom are of that specific background, except when the common social background of the individuals served is a traumatic brain injury or cognitive disability and the program employs treatment staff who have the necessary professional training, as approved by the commissioner, to serve clients with the specific disabilities that the program is designed to serve;~~

~~(3) programs that offer medical services delivered by appropriately credentialed health care staff in an amount equal to two hours per client per week if the medical needs of the client and the nature and provision of any medical services provided are documented in the client file; and~~

~~(4) programs that offer services to individuals with co-occurring mental health and chemical dependency problems if:~~

~~(i) the program meets the co-occurring requirements in section 245G.20;~~

~~(ii) 25 percent of the counseling staff are licensed mental health professionals, as defined in section 245.462, subdivision 18, clauses (1) to (6), or are students or licensing candidates under the supervision of a licensed alcohol and drug counselor supervisor and licensed mental health professional, except that no more than 50 percent of the mental health staff may be students or licensing candidates with time documented to be directly related to provisions of co-occurring services;~~

~~(iii) clients scoring positive on a standardized mental health screen receive a mental health diagnostic assessment within ten days of admission;~~

~~(iv) the program has standards for multidisciplinary case review that include a monthly review for each client that, at a minimum, includes a licensed mental health professional and licensed alcohol and drug counselor, and their involvement in the review is documented;~~

~~(v) family education is offered that addresses mental health and substance abuse disorders and the interaction between the two; and~~

~~(vi) co-occurring counseling staff shall receive eight hours of co-occurring disorder training annually.~~

(d) In order to be eligible for a higher rate under paragraph (c), clause (1), a program that provides arrangements for off-site child care must maintain current documentation at the chemical dependency facility of the child care provider's current licensure to provide child care services. Programs that provide child care according to paragraph (c), clause (1), must be deemed in compliance with the licensing requirements in section 245G.19.

~~(e) Adolescent residential programs that meet the requirements of Minnesota Rules, parts 2960.0430 to 2960.0490 and 2960.0580 to 2960.0690, are exempt from the requirements in paragraph (c), clause (4), items (i) to (iv).~~

~~(f)~~ (e) Subject to federal approval, ~~chemical dependency~~ substance use disorder services that are otherwise covered as direct face-to-face services may be provided via two-way interactive video according to section 256B.0625, subdivision 3b. ~~The use of two-way interactive video must be medically appropriate to the condition and needs of the person being served. Reimbursement shall be at the same rates and under the same conditions that would otherwise apply to direct face-to-face services. The interactive video equipment and connection must comply with Medicare standards in effect at the time the service is provided.~~

~~(g)~~ (f) For the purpose of reimbursement under this section, substance use disorder treatment services provided in a group setting without a group participant maximum or maximum client to staff ratio under chapter 245G shall not exceed a client to staff ratio of 48 to one. At least one of the attending staff must meet the qualifications as established under this chapter for the type of treatment service provided. A recovery peer may not be included as part of the staff ratio.

(g) Payment for outpatient substance use disorder services that are licensed according to sections 245G.01 to 245G.17 is limited to six hours per day or 30 hours per week unless prior authorization of a greater number of hours is obtained from the commissioner.

EFFECTIVE DATE. This section is effective January 1, 2022, or upon federal approval, whichever is later, except paragraph (e) is effective July 1, 2021.

Sec. 31. Minnesota Statutes 2020, section 254B.12, is amended by adding a subdivision to read:

Subd. 4. **Culturally specific or culturally responsive program and disability responsive program provider rate increase.** For the chemical dependency services listed in section 254B.05, subdivision 5, provided by programs that meet the requirements of section 254B.05, subdivision 5, paragraph (c), clauses (1), (2), and (3), on or after January 1, 2022, payment rates shall increase by five percent over the rates in effect on January 1, 2021. The commissioner shall increase prepaid medical assistance capitation rates as appropriate to reflect this increase.

EFFECTIVE DATE. This section is effective January 1, 2022, or upon federal approval, whichever is later.

Sec. 32. **[254B.151] SUBSTANCE USE DISORDER COMMUNITY OF PRACTICE.**

Subdivision 1. **Establishment; purpose.** The commissioner of human services, in consultation with substance use disorder subject matter experts, shall establish a substance use disorder community of practice. The purposes of the community of practice are to improve treatment outcomes for individuals with substance use disorders and reduce disparities by using evidence-based and best practices through peer-to-peer and person-to-provider sharing.

Subd. 2. **Participants; meetings.** (a) The community of practice must include the following participants:

(1) researchers or members of the academic community who are substance use disorder subject matter experts, who do not have financial relationships with treatment providers;

(2) substance use disorder treatment providers;

(3) representatives from recovery community organizations;

(4) a representative from the Department of Human Services;

(5) a representative from the Department of Health;

(6) a representative from the Department of Corrections;

(7) representatives from county social services agencies;

(8) representatives from tribal nations or tribal social services providers; and

(9) representatives from managed care organizations.

(b) The community of practice must include individuals who have used substance use disorder treatment services and must highlight the voices and experiences of individuals who are Black, indigenous, people of color, and people from other communities that are disproportionately impacted by substance use disorders.

(c) The community of practice must meet regularly and must hold its first meeting before January 1, 2022.

(d) Compensation and reimbursement for expenses for participants in paragraph (b) are governed by section 15.059, subdivision 3.

Subd. 3. **Duties.** (a) The community of practice must:

(1) identify gaps in substance use disorder treatment services;

(2) enhance collective knowledge of issues related to substance use disorder;

(3) understand evidence-based practices, best practices, and promising approaches to address substance use disorder;

(4) use knowledge gathered through the community of practice to develop strategic plans to improve outcomes for individuals who participate in substance use disorder treatment and related services in Minnesota;

(5) increase knowledge about the challenges and opportunities learned by implementing strategies; and

(6) develop capacity for community advocacy.

(b) The commissioner, in collaboration with subject matter experts and other participants, may issue reports and recommendations to the legislative chairs and ranking minority members of committees with jurisdiction over health and human services policy and finance and local and regional governments.

Sec. 33. Minnesota Statutes 2020, section 256.042, subdivision 2, is amended to read:

Subd. 2. **Membership.** (a) The council shall consist of the following ~~19~~ 28 voting members, appointed by the commissioner of human services except as otherwise specified, and three nonvoting members:

(1) two members of the house of representatives, appointed in the following sequence: the first from the majority party appointed by the speaker of the house and the second from the minority party appointed by the minority leader. Of these two members, one member must represent a district outside of the seven-county metropolitan area, and one member must represent a district that includes the seven-county metropolitan area. The appointment by the minority leader must ensure that this requirement for geographic diversity in appointments is met;

(2) two members of the senate, appointed in the following sequence: the first from the majority party appointed by the senate majority leader and the second from the minority party appointed by the senate minority leader. Of these two members, one member must represent a district outside of the seven-county metropolitan area and one member must represent a district that includes the seven-county metropolitan area. The appointment by the minority leader must ensure that this requirement for geographic diversity in appointments is met;

(3) one member appointed by the Board of Pharmacy;

(4) one member who is a physician appointed by the Minnesota Medical Association;

(5) one member representing opioid treatment programs, sober living programs, or substance use disorder programs licensed under chapter 245G;

(6) one member appointed by the Minnesota Society of Addiction Medicine who is an addiction psychiatrist;

(7) one member representing professionals providing alternative pain management therapies, including, but not limited to, acupuncture, chiropractic, or massage therapy;

(8) one member representing nonprofit organizations conducting initiatives to address the opioid epidemic, with the commissioner's initial appointment being a member representing the Steve Rummler Hope Network, and subsequent appointments representing this or other organizations;

(9) one member appointed by the Minnesota Ambulance Association who is serving with an ambulance service as an emergency medical technician, advanced emergency medical technician, or paramedic;

(10) one member representing the Minnesota courts who is a judge or law enforcement officer;

(11) one public member who is a Minnesota resident and who is in opioid addiction recovery;

(12) ~~two~~ 11 members representing Indian tribes, one representing ~~the Ojibwe tribes and one representing the Dakota tribes~~ each of Minnesota's tribal nations;

(13) one public member who is a Minnesota resident and who is suffering from chronic pain, intractable pain, or a rare disease or condition;

(14) one mental health advocate representing persons with mental illness;

(15) one member appointed by the Minnesota Hospital Association;

(16) one member representing a local health department; and

(17) the commissioners of human services, health, and corrections, or their designees, who shall be ex officio nonvoting members of the council.

(b) The commissioner of human services shall coordinate the commissioner's appointments to provide geographic, racial, and gender diversity, and shall ensure that at least one-half of council members appointed by the commissioner reside outside of the seven-county metropolitan area. Of the members appointed by the commissioner, to the extent practicable, at least one member must represent a community of color disproportionately affected by the opioid epidemic.

(c) The council is governed by section 15.059, except that members of the council shall serve three-year terms and shall receive no compensation other than reimbursement for expenses. Notwithstanding section 15.059, subdivision 6, the council shall not expire.

(d) The chair shall convene the council at least quarterly, and may convene other meetings as necessary. The chair shall convene meetings at different locations in the state to provide geographic access, and shall ensure that at least one-half of the meetings are held at locations outside of the seven-county metropolitan area.

(e) The commissioner of human services shall provide staff and administrative services for the advisory council.

(f) The council is subject to chapter 13D.

Sec. 34. Minnesota Statutes 2020, section 256.042, subdivision 4, is amended to read:

Subd. 4. **Grants.** (a) The commissioner of human services shall submit a report of the grants proposed by the advisory council to be awarded for the upcoming ~~fiscal~~ calendar year to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance, by ~~March~~ December 1 of each year, beginning March 1, 2020.

(b) The commissioner of human services shall award grants from the opiate epidemic response fund under section 256.043. The grants shall be awarded to proposals selected by the advisory council that address the priorities in subdivision 1, paragraph (a), clauses (1) to (4), unless otherwise appropriated by the legislature. No more than ~~three~~ ten percent of the grant amount may be used by a grantee for administration.

Sec. 35. Minnesota Statutes 2020, section 256.043, subdivision 3, is amended to read:

Subd. 3. **Appropriations from fund.** (a) After the appropriations in Laws 2019, chapter 63, article 3, section 1, paragraphs (e), (f), (g), and (h) are made, $249,000 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 (e).

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

(c) $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.

(d) After the appropriations in paragraphs (a) to (c) are made, 50 percent of the remaining amount is appropriated to the commissioner of human services for distribution to county social service and tribal social service agencies to provide child protection services to children and families who are affected by addiction. The commissioner shall distribute this money proportionally to counties and tribal social service agencies 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 and tribal social service agencies 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 agencies 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.

(e) After making the appropriations in paragraphs (a) to (d), the remaining amount in the fund is appropriated to the commissioner to award grants as specified by the Opiate Epidemic Response Advisory Council in accordance with section 256.042, unless otherwise appropriated by the legislature.

(f) Beginning in fiscal year 2022 and each year thereafter, funds for county social service and tribal social service agencies under paragraph (d) and grant funds specified by the Opiate Epidemic Response Advisory Council under paragraph (e) shall be distributed on a calendar year basis.

Sec. 36. Minnesota Statutes 2020, section 256B.0625, subdivision 5m, is amended to read:

Subd. 5m. **Certified community behavioral health clinic services.** (a) Medical assistance covers certified community behavioral health clinic (CCBHC) services that meet the requirements of section 245.735, subdivision 3.

(b) The commissioner shall ~~establish standards and methodologies for a~~ reimburse CCBHCs on a per-visit basis under the prospective payment system for medical assistance payments ~~for services delivered by a CCBHC, in accordance with guidance issued by the Centers for Medicare and Medicaid Services~~ as described in paragraph (c). The commissioner shall include a quality ~~bonus~~ incentive payment in the prospective payment system ~~based on federal criteria~~, as described in paragraph (e). There is no county share for medical assistance services when reimbursed through the CCBHC prospective payment system.

(c) ~~Unless otherwise indicated in applicable federal requirements, the prospective payment system must continue to be based on the federal instructions issued for the federal section 223 CCBHC demonstration, except:~~ The commissioner shall ensure that the prospective payment system for CCBHC payments under medical assistance meets the following requirements:

(1) the prospective payment rate shall be a provider-specific rate calculated for each CCBHC, based on the daily cost of providing CCBHC services and the total annual allowable costs for CCBHCs divided by the total annual number of CCBHC visits. For calculating the payment rate, total annual visits include visits covered by medical assistance and visits not covered by medical assistance. Allowable costs include but are not limited to the salaries and benefits of medical assistance providers; the cost of CCBHC services provided under section 245.735, subdivision 3, paragraph (a), clauses (6) and (7); and other costs such as insurance or supplies needed to provide CCBHC services;

(2) payment shall be limited to one payment per day per medical assistance enrollee for each CCBHC visit eligible for reimbursement. A CCBHC visit is eligible for reimbursement if at least one of the CCBHC services listed under section 245.735, subdivision 3, paragraph (a), clause (6), is furnished to a medical assistance enrollee by a health care practitioner or licensed agency employed by or under contract with a CCBHC;

(3) new payment rates set by the commissioner for newly certified CCBHCs under section 245.735, subdivision 3, shall be based on rates for established CCBHCs with a similar scope of services. If no comparable CCBHC exists, the commissioner shall establish a clinic-specific rate using audited historical cost report data adjusted for the estimated cost of delivering CCBHC services, including the estimated cost of providing the full scope of services and the projected change in visits resulting from the change in scope;

~~(1)~~ (4) the commissioner shall rebase CCBHC rates ~~at least~~ once every three years and 12 months following an initial rate or a rate change due to a change in the scope of services, whichever is earlier;

~~(2)~~ (5) the commissioner shall provide for a 60-day appeals process after notice of the results of the rebasing;

~~(3) the prohibition against inclusion of new facilities in the demonstration does not apply after the demonstration ends;~~

~~(4)~~ (6) the prospective payment rate under this section does not apply to services rendered by CCBHCs to individuals who are dually eligible for Medicare and medical assistance when Medicare is the primary payer for the service. An entity that receives a prospective payment system rate that overlaps with the CCBHC rate is not eligible for the CCBHC rate;

~~(5)~~ (7) payments for CCBHC services to individuals enrolled in managed care shall be coordinated with the state's phase-out of CCBHC wrap payments. The commissioner shall complete the phase-out of CCBHC wrap payments within 60 days of the implementation of the prospective payment system in the Medicaid Management Information System (MMIS), for CCBHCs reimbursed under this chapter, with a final settlement of payments due made payable to CCBHCs no later than 18 months thereafter;

~~(6) initial prospective payment rates for CCBHCs certified after July 1, 2019, shall be based on rates for comparable CCBHCs. If no comparable provider exists, the commissioner shall compute a CCBHC specific rate based upon the CCBHC's audited costs adjusted for changes in the scope of services;~~

~~(7)~~ (8) the prospective payment rate for each CCBHC shall be ~~adjusted annually~~ updated by trending each provider-specific rate by the Medicare Economic Index ~~as defined for the federal section 223 CCBHC demonstration~~ for primary care services. This update shall occur each year in between rebasing periods determined by the commissioner in accordance with clause (4). CCBHCs must provide data on costs and visits to the state annually using the CCBHC cost report established by the commissioner; and

(9) a CCBHC may request a rate adjustment for changes in the CCBHC's scope of services when such changes are expected to result in an adjustment to the CCBHC payment rate by 2.5 percent or more. The CCBHC must provide the commissioner with information regarding the changes in the scope of services, including the estimated cost of providing the new or modified services and any projected increase or decrease in the number of visits resulting from the change. Rate adjustments for changes in scope shall occur no more than once per year in between rebasing periods per CCBHC and are effective on the date of the annual CCBHC rate update.

~~(8) the commissioner shall seek federal approval for a CCBHC rate methodology that allows for rate modifications based on changes in scope for an individual CCBHC, including for changes to the type, intensity, or duration of services. Upon federal approval, a CCBHC may submit a change of scope request to the commissioner if the change in scope would result in a change of 2.5 percent or more in the prospective payment system rate currently received by the CCBHC. CCBHC change of scope requests must be according to a format and timeline to be determined by the commissioner in consultation with CCBHCs.~~

(d) Managed care plans and county-based purchasing plans shall reimburse CCBHC providers at the prospective payment rate. The commissioner shall monitor the effect of this requirement on the rate of access to the services delivered by CCBHC providers. If, for any contract year, federal approval is not received for this paragraph, the commissioner must adjust the capitation rates paid to managed care plans and county-based purchasing plans for that contract year to reflect the removal of this provision. Contracts between managed care plans and county-based purchasing plans and providers to whom this paragraph applies must allow recovery of payments from those providers if capitation rates are adjusted in accordance with this paragraph. Payment recoveries must not exceed the amount equal to any increase in rates that results from this provision. This paragraph expires if federal approval is not received for this paragraph at any time.

(e) The commissioner shall implement a quality incentive payment program for CCBHCs that meets the following requirements:

(1) a CCBHC shall receive a quality incentive payment upon meeting specific numeric thresholds for performance metrics established by the commissioner, in addition to payments for which the CCBHC is eligible under the prospective payment system described in paragraph (c);

(2) a CCBHC must be certified and enrolled as a CCBHC for the entire measurement year to be eligible for incentive payments;

(3) each CCBHC shall receive written notice of the criteria that must be met in order to receive quality incentive payments at least 90 days prior to the measurement year; and

(4) a CCBHC must provide the commissioner with data needed to determine incentive payment eligibility within six months following the measurement year. The commissioner shall notify CCBHC providers of their performance on the required measures and the incentive payment amount within 12 months following the measurement year.

(f) All claims to managed care plans for CCBHC services as provided under this section shall be submitted directly to, and paid by, the commissioner on the dates specified no later than January 1 of the following calendar year, if:

(1) one or more managed care plans does not comply with the federal requirement for payment of clean claims to CCBHCs, as defined in Code of Federal Regulations, title 42, section 447.45(b), and the managed care plan does not resolve the payment issue within 30 days of noncompliance; and

(2) the total amount of clean claims not paid in accordance with federal requirements by one or more managed care plans is 50 percent of, or greater than, the total CCBHC claims eligible for payment by managed care plans.

If the conditions in this paragraph are met between January 1 and June 30 of a calendar year, claims shall be submitted to and paid by the commissioner beginning on January 1 of the following year. If the conditions in this paragraph are met between July 1 and December 31 of a calendar year, claims shall be submitted to and paid by the commissioner beginning on July 1 of the following year.

Sec. 37. Minnesota Statutes 2020, section 256B.0625, subdivision 20, is amended to read:

Subd. 20. **Mental health case management.** (a) To the extent authorized by rule of the state agency, medical assistance covers case management services to persons with serious and persistent mental illness and children with severe emotional disturbance. Services provided under this section must meet the relevant standards in sections 245.461 to 245.4887, the Comprehensive Adult and Children's Mental Health Acts, Minnesota Rules, parts 9520.0900 to 9520.0926, and 9505.0322, excluding subpart 10.

(b) Entities meeting program standards set out in rules governing family community support services as defined in section 245.4871, subdivision 17, are eligible for medical assistance reimbursement for case management services for children with severe emotional disturbance when these services meet the program standards in Minnesota Rules, parts 9520.0900 to 9520.0926 and 9505.0322, excluding subparts 6 and 10.

(c) Medical assistance and MinnesotaCare payment for mental health case management shall be made on a monthly basis. In order to receive payment for an eligible child, the provider must document at least a face-to-face contact with the child, the child's parents, or the child's legal representative. To receive payment for an eligible adult, the provider must document:

(1) at least a face-to-face contact with the adult or the adult's legal representative or a contact by interactive video that meets the requirements of subdivision 20b; or

(2) at least a telephone contact with the adult or the adult's legal representative and document a face-to-face contact or a contact by interactive video that meets the requirements of subdivision 20b with the adult or the adult's legal representative within the preceding two months.

(d) Payment for mental health case management provided by county or state staff shall be based on the monthly rate methodology under section 256B.094, subdivision 6, paragraph (b), with separate rates calculated for child welfare and mental health, and within mental health, separate rates for children and adults.

(e) Payment for mental health case management provided by Indian health services or by agencies operated by Indian tribes may be made according to this section or other relevant federally approved rate setting methodology.

(f) Payment for mental health case management provided by vendors who contract with a county ~~or Indian tribe shall be based on a monthly rate negotiated by the host county or tribe~~ must be calculated in accordance with section 256B.076, subdivision 2. Payment for mental health case management provided by vendors who contract with a

tribe must be based on a monthly rate negotiated by the tribe. The ~~negotiated~~ rate must not exceed the rate charged by the vendor for the same service to other payers. If the service is provided by a team of contracted vendors, the ~~county or tribe may negotiate a team rate with a vendor who is a member of the team. The~~ team shall determine how to distribute the rate among its members. No reimbursement received by contracted vendors shall be returned to the county or tribe, except to reimburse the county or tribe for advance funding provided by the county or tribe to the vendor.

(g) If the service is provided by a team which includes contracted vendors, tribal staff, and county or state staff, the costs for county or state staff participation in the team shall be included in the rate for county-provided services. In this case, the contracted vendor, the tribal agency, and the county may each receive separate payment for services provided by each entity in the same month. In order to prevent duplication of services, each entity must document, in the recipient's file, the need for team case management and a description of the roles of the team members.

(h) Notwithstanding section 256B.19, subdivision 1, the nonfederal share of costs for mental health case management shall be provided by the recipient's county of responsibility, as defined in sections 256G.01 to 256G.12, from sources other than federal funds or funds used to match other federal funds. If the service is provided by a tribal agency, the nonfederal share, if any, shall be provided by the recipient's tribe. When this service is paid by the state without a federal share through fee-for-service, 50 percent of the cost shall be provided by the recipient's county of responsibility.

(i) Notwithstanding any administrative rule to the contrary, prepaid medical assistance and MinnesotaCare include mental health case management. When the service is provided through prepaid capitation, the nonfederal share is paid by the state and the county pays no share.

(j) The commissioner may suspend, reduce, or terminate the reimbursement to a provider that does not meet the reporting or other requirements of this section. The county of responsibility, as defined in sections 256G.01 to 256G.12, or, if applicable, the tribal agency, is responsible for any federal disallowances. The county or tribe may share this responsibility with its contracted vendors.

(k) The commissioner shall set aside a portion of the federal funds earned for county expenditures under this section to repay the special revenue maximization account under section 256.01, subdivision 2, paragraph (o). The repayment is limited to:

(1) the costs of developing and implementing this section; and

(2) programming the information systems.

(l) Payments to counties and tribal agencies for case management expenditures under this section shall only be made from federal earnings from services provided under this section. When this service is paid by the state without a federal share through fee-for-service, 50 percent of the cost shall be provided by the state. Payments to county-contracted vendors shall include the federal earnings, the state share, and the county share.

(m) Case management services under this subdivision do not include therapy, treatment, legal, or outreach services.

(n) If the recipient is a resident of a nursing facility, intermediate care facility, or hospital, and the recipient's institutional care is paid by medical assistance, payment for case management services under this subdivision is limited to the lesser of:

(1) the last 180 days of the recipient's residency in that facility and may not exceed more than six months in a calendar year; or

(2) the limits and conditions which apply to federal Medicaid funding for this service.

(o) Payment for case management services under this subdivision shall not duplicate payments made under other program authorities for the same purpose.

(p) If the recipient is receiving care in a hospital, nursing facility, or residential setting licensed under chapter 245A or 245D that is staffed 24 hours a day, seven days a week, mental health targeted case management services must actively support identification of community alternatives for the recipient and discharge planning.

Sec. 38. Minnesota Statutes 2020, section 256B.0759, subdivision 2, is amended to read:

Subd. 2. **Provider participation.** (a) Outpatient substance use disorder treatment providers may elect to participate in the demonstration project and meet the requirements of subdivision 3. To participate, a provider must notify the commissioner of the provider's intent to participate in a format required by the commissioner and enroll as a demonstration project provider.

(b) A program licensed by the Department of Human Services as a residential treatment program according to section 245G.21 and that receives payment under this chapter must enroll as a demonstration project provider and meet the requirements of subdivision 3 by January 1, 2022. The commissioner may grant an extension, for a period not to exceed six months, to a program that is unable to meet the requirements of subdivision 3 due to demonstrated extraordinary circumstances. A program seeking an extension must apply in a format approved by the commissioner by November 1, 2021. A program that does not meet the requirements under this paragraph by July 1, 2023, is ineligible for payment for services provided under sections 254B.05 and 256B.0625.

(c) A program licensed by the Department of Human Services as a withdrawal management program according to chapter 245F and that receives payment under this chapter must enroll as a demonstration project provider and meet the requirements of subdivision 3 by January 1, 2022. The commissioner may grant an extension, for a period not to exceed six months, to a program that is unable to meet the requirements of subdivision 3 due to demonstrated extraordinary circumstances. A program seeking an extension must apply in a format approved by the commissioner by November 1, 2021. A program that does not meet the requirements under this paragraph by July 1, 2023, is ineligible for payment for services provided under sections 254B.05 and 256B.0625.

(d) An out-of-state residential substance use disorder treatment program that receives payment under this chapter must enroll as a demonstration project provider and meet the requirements of subdivision 3 by January 1, 2022. The commissioner may grant an extension, for a period not to exceed six months, to a program that is unable to meet the requirements of subdivision 3 due to demonstrated extraordinary circumstances. A program seeking an extension must apply in a format approved by the commissioner by November 1, 2021. Programs that do not meet the requirements under this paragraph by July 1, 2023, are ineligible for payment for services provided under sections 254B.05 and 256B.0625.

(e) Tribally licensed programs may elect to participate in the demonstration project and meet the requirements of subdivision 3. The Department of Human Services must consult with tribal nations to discuss participation in the substance use disorder demonstration project.

(f) All rate enhancements for services rendered by demonstration project providers that voluntarily enrolled before July 1, 2021, are applicable only to dates of service on or after the effective date of the provider's enrollment in the demonstration project, except as authorized under paragraph (g). The commissioner shall recoup any rate enhancements paid under paragraph (g) to a provider that does not meet the requirements of subdivision 3 by July 1, 2021.

(g) The commissioner may allow providers enrolled in the demonstration project before July 1, 2021, to receive applicable rate enhancements authorized under subdivision 4 for services provided to fee-for-service enrollees on dates of service no earlier than July 22, 2020, and to managed care enrollees on dates of service no earlier than January 1, 2021, if:

(1) the provider attests that during the time period for which it is seeking the rate enhancement, it was taking meaningful steps and had a reasonable plan approved by the commissioner to meet the demonstration project requirements in subdivision 3;

(2) the provider submits the attestation and evidence of meeting the requirements of subdivision 3, including all information requested by the commissioner, in a format specified by the commissioner; and

(3) the commissioner received the provider's application for enrollment on or before June 1, 2021.

EFFECTIVE DATE. This section is effective July 1, 2021, or upon federal approval, whichever is later, except paragraphs (f) and (g) are effective the day following final enactment.

Sec. 39. Minnesota Statutes 2020, section 256B.0759, subdivision 4, is amended to read:

Subd. 4. **Provider payment rates.** (a) Payment rates for participating providers must be increased for services provided to medical assistance enrollees. To receive a rate increase, participating providers must meet demonstration project requirements, provider standards under subdivision 3, and provide evidence of formal referral arrangements with providers delivering step-up or step-down levels of care.

(b) The commissioner may temporarily suspend payments to the provider according to section 256B.04, subdivision 21, paragraph (d), if the requirements in paragraph (a) are not met. Payments withheld from the provider must be made once the commissioner determines that the requirements in paragraph (a) are met.

~~(b)~~ (c) For substance use disorder services under section 254B.05, subdivision 5, paragraph (b), clause (8), provided on or after July 1, 2020, payment rates must be increased by ~~15~~ 30 percent over the rates in effect on December 31, 2019.

~~(c)~~ (d) For substance use disorder services under section 254B.05, subdivision 5, paragraph (b), clauses (1), (6), and (7), and adolescent treatment programs that are licensed as outpatient treatment programs according to sections 245G.01 to 245G.18, provided on or after January 1, 2021, payment rates must be increased by ~~ten~~ 25 percent over the rates in effect on December 31, 2020.

~~(d)~~ (e) Effective January 1, 2021, and contingent on annual federal approval, managed care plans and county-based purchasing plans must reimburse providers of the substance use disorder services meeting the criteria described in paragraph (a) who are employed by or under contract with the plan an amount that is at least equal to the fee-for-service base rate payment for the substance use disorder services described in paragraphs ~~(b)~~ (c) and ~~(c)~~ (d). The commissioner must monitor the effect of this requirement on the rate of access to substance use disorder services and residential substance use disorder rates. Capitation rates paid to managed care organizations and county-based purchasing plans must reflect the impact of this requirement. This paragraph expires if federal approval is not received at any time as required under this paragraph.

~~(e)~~ (f) Effective July 1, 2021, contracts between managed care plans and county-based purchasing plans and providers to whom paragraph ~~(d)~~ (e) applies must allow recovery of payments from those providers if, for any contract year, federal approval for the provisions of paragraph ~~(d)~~ (e) is not received, and capitation rates are adjusted as a result. Payment recoveries must not exceed the amount equal to any decrease in rates that results from this provision.

EFFECTIVE DATE. This section is effective July 1, 2021, except the amendments to the payment rate percentage increases in paragraphs (c) and (d) are effective January 1, 2022.

Sec. 40. Minnesota Statutes 2020, section 256B.0759, is amended by adding a subdivision to read:

Subd. 6. **Data and outcome measures; public posting.** Beginning July 1, 2021, and at least annually thereafter, all data and outcome measures from the previous year of the demonstration project shall be posted publicly on the Department of Human Services website in an accessible and user-friendly format.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 41. Minnesota Statutes 2020, section 256B.0759, is amended by adding a subdivision to read:

Subd. 7. **Federal approval; demonstration project extension.** The commissioner shall seek a five-year extension of the demonstration project under this section and to receive enhanced federal financial participation.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 42. Minnesota Statutes 2020, section 256B.0759, is amended by adding a subdivision to read:

Subd. 8. **Demonstration project evaluation work group.** Beginning October 1, 2021, the commissioner shall assemble a work group of relevant stakeholders, including but not limited to demonstration project participants and the Minnesota Association of Resources for Recovery and Chemical Health, that shall meet quarterly for the duration of the demonstration to evaluate the long-term sustainability of any improvements to quality or access to substance use disorder treatment services caused by participation in the demonstration project. The work group shall also determine how to implement successful outcomes of the demonstration project once the project expires.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 43. **[256B.076] CASE MANAGEMENT SERVICES.**

Subdivision 1. **Generally.** (a) It is the policy of this state to ensure that individuals on medical assistance receive cost-effective and coordinated care, including efforts to address the profound effects of housing instability, food insecurity, and other social determinants of health. Therefore, subject to federal approval, medical assistance covers targeted case management services as described in this section.

(b) The commissioner, in collaboration with tribes, counties, providers, and individuals served, must propose further modifications to targeted case management services to ensure a program that complies with all federal requirements, delivers services in a cost-effective and efficient manner, creates uniform expectations for targeted case management services, addresses health disparities, and promotes person- and family-centered services.

Subd. 2. **Rate setting.** (a) The commissioner must develop and implement a statewide rate methodology for any county that subcontracts targeted case management services to a vendor. On January 1, 2022, or upon federal approval, whichever is later, a county must use this methodology for any targeted case management services paid by medical assistance and delivered through a subcontractor.

(b) In setting this rate, the commissioner must include the following:

(1) prevailing wages;

(2) employee-related expense factor;

(3) paid time off and training factors;

(4) supervision and span of control;

(5) distribution of time factor;

(6) administrative factor;

(7) absence factor;

(8) program support factor; and

(9) caseload sizes as described in subdivision 3.

(c) A county may request that the commissioner authorize a rate based on a lower caseload size when a subcontractor is assigned to serve individuals with needs, such as homelessness or specific linguistic or cultural needs, that significantly exceed other eligible populations. A county must include the following in the request:

(1) the number of clients to be served by a full-time equivalent staffer;

(2) the specific factors that require a case manager to provide significantly more hours of reimbursable services to a client; and

(3) how the county intends to monitor case size and outcomes.

(d) The commissioner must adjust only the factor for caseload in paragraph (b), clause (9), in response to a request under paragraph (c).

Subd. 3. **Caseload sizes.** A county-subcontracted provider of targeted case management services to the following populations must not exceed the following limits:

(1) for children with severe emotional disturbance, 15 clients to one full-time equivalent case manager;

(2) for adults with severe and persistent mental illness, 30 clients to one full-time equivalent case manager;

(3) for child welfare targeted case management, 25 clients to one full-time equivalent case manager; and

(4) for vulnerable adults and adults who have developmental disabilities, 45 clients to one full-time equivalent case manager.

Sec. 44. Minnesota Statutes 2020, section 256B.0924, subdivision 6, is amended to read:

Subd. 6. **Payment for targeted case management.** (a) Medical assistance and MinnesotaCare payment for targeted case management shall be made on a monthly basis. In order to receive payment for an eligible adult, the provider must document at least one contact per month and not more than two consecutive months without a face-to-face contact with the adult or the adult's legal representative, family, primary caregiver, or other relevant persons identified as necessary to the development or implementation of the goals of the personal service plan.

(b) Payment for targeted case management provided by county staff under this subdivision shall be based on the monthly rate methodology under section 256B.094, subdivision 6, paragraph (b), calculated as one combined average rate together with adult mental health case management under section 256B.0625, subdivision 20, except for calendar year 2002. In calendar year 2002, the rate for case management under this section shall be the same as the rate for adult mental health case management in effect as of December 31, 2001. Billing and payment must identify the recipient's primary population group to allow tracking of revenues.

(c) Payment for targeted case management provided by county-contracted vendors shall be based on a monthly rate ~~negotiated by the host county~~ calculated in accordance with section 256B.076, subdivision 2. The ~~negotiated~~ rate must not exceed the rate charged by the vendor for the same service to other payers. If the service is provided by a team of contracted vendors, the ~~county may negotiate a team rate with a vendor who is a member of the team. The~~ team shall determine how to distribute the rate among its members. No reimbursement received by contracted vendors shall be returned to the county, except to reimburse the county for advance funding provided by the county to the vendor.

(d) If the service is provided by a team that includes contracted vendors and county staff, the costs for county staff participation on the team shall be included in the rate for county-provided services. In this case, the contracted vendor and the county may each receive separate payment for services provided by each entity in the same month. In order to prevent duplication of services, the county must document, in the recipient's file, the need for team targeted case management and a description of the different roles of the team members.

(e) Notwithstanding section 256B.19, subdivision 1, the nonfederal share of costs for targeted case management shall be provided by the recipient's county of responsibility, as defined in sections 256G.01 to 256G.12, from sources other than federal funds or funds used to match other federal funds.

(f) The commissioner may suspend, reduce, or terminate reimbursement to a provider that does not meet the reporting or other requirements of this section. The county of responsibility, as defined in sections 256G.01 to 256G.12, is responsible for any federal disallowances. The county may share this responsibility with its contracted vendors.

(g) The commissioner shall set aside five percent of the federal funds received under this section for use in reimbursing the state for costs of developing and implementing this section.

(h) Payments to counties for targeted case management expenditures under this section shall only be made from federal earnings from services provided under this section. Payments to contracted vendors shall include both the federal earnings and the county share.

(i) Notwithstanding section 256B.041, county payments for the cost of case management services provided by county staff shall not be made to the commissioner of management and budget. For the purposes of targeted case management services provided by county staff under this section, the centralized disbursement of payments to counties under section 256B.041 consists only of federal earnings from services provided under this section.

(j) If the recipient is a resident of a nursing facility, intermediate care facility, or hospital, and the recipient's institutional care is paid by medical assistance, payment for targeted case management services under this subdivision is limited to the lesser of:

(1) the last 180 days of the recipient's residency in that facility; or

(2) the limits and conditions which apply to federal Medicaid funding for this service.

(k) Payment for targeted case management services under this subdivision shall not duplicate payments made under other program authorities for the same purpose.

(l) Any growth in targeted case management services and cost increases under this section shall be the responsibility of the counties.

Sec. 45. Minnesota Statutes 2020, section 256B.094, subdivision 6, is amended to read:

Subd. 6. **Medical assistance reimbursement of case management services.** (a) Medical assistance reimbursement for services under this section shall be made on a monthly basis. Payment is based on face-to-face or telephone contacts between the case manager and the client, client's family, primary caregiver, legal representative, or other relevant person identified as necessary to the development or implementation of the goals of the individual service plan regarding the status of the client, the individual service plan, or the goals for the client. These contacts must meet the minimum standards in clauses (1) and (2):

(1) there must be a face-to-face contact at least once a month except as provided in clause (2); and

(2) for a client placed outside of the county of financial responsibility, or a client served by tribal social services placed outside the reservation, in an excluded time facility under section 256G.02, subdivision 6, or through the Interstate Compact for the Placement of Children, section 260.93, and the placement in either case is more than 60 miles beyond the county or reservation boundaries, there must be at least one contact per month and not more than two consecutive months without a face-to-face contact.

(b) Except as provided under paragraph (c), the payment rate is established using time study data on activities of provider service staff and reports required under sections 245.482 and 256.01, subdivision 2, paragraph (p).

(c) Payments for tribes may be made according to section 256B.0625 or other relevant federally approved rate setting methodology for child welfare targeted case management provided by Indian health services and facilities operated by a tribe or tribal organization.

(d) Payment for case management provided by county ~~or tribal social services~~ contracted vendors ~~shall be based on a monthly rate negotiated by the host county or tribal social services~~ must be calculated in accordance with section 256B.076, subdivision 2. Payment for case management provided by vendors who contract with a tribe must be based on a monthly rate negotiated by the tribe. The ~~negotiated~~ rate must not exceed the rate charged by the vendor for the same service to other payers. If the service is provided by a team of contracted vendors, the ~~county or tribal social services may negotiate a team rate with a vendor who is a member of the team. The~~ team shall determine how to distribute the rate among its members. No reimbursement received by contracted vendors shall be returned to the county or tribal social services, except to reimburse the county or tribal social services for advance funding provided by the county or tribal social services to the vendor.

(e) If the service is provided by a team that includes contracted vendors and county or tribal social services staff, the costs for county or tribal social services staff participation in the team shall be included in the rate for county or tribal social services provided services. In this case, the contracted vendor and the county or tribal social services may each receive separate payment for services provided by each entity in the same month. To prevent duplication of services, each entity must document, in the recipient's file, the need for team case management and a description of the roles and services of the team members.

Separate payment rates may be established for different groups of providers to maximize reimbursement as determined by the commissioner. The payment rate will be reviewed annually and revised periodically to be consistent with the most recent time study and other data. Payment for services will be made upon submission of a valid claim and verification of proper documentation described in subdivision 7. Federal administrative revenue earned through the time study, or under paragraph (c), shall be distributed according to earnings, to counties, reservations, or groups of counties or reservations which have the same payment rate under this subdivision, and to the group of counties or reservations which are not certified providers under section 256F.10. The commissioner shall modify the requirements set out in Minnesota Rules, parts 9550.0300 to 9550.0370, as necessary to accomplish this.

Sec. 46. **DIRECTION TO THE COMMISSIONER; ADULT MENTAL HEALTH INITIATIVES REFORM.**

In establishing a legislative proposal for reforming the funding formula to distribute adult mental health initiative funds, the commissioner of human services shall ensure that funding currently received as a result of the closure of the Moose Lake Regional Treatment Center is not reallocated from any region that does not have a community behavioral health hospital. Upon finalization of the adult mental health initiatives reform, the commissioner shall notify the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services finance and policy.

Sec. 47. **DIRECTION TO THE COMMISSIONER; ALTERNATIVE MENTAL HEALTH PROFESSIONAL LICENSING PATHWAYS WORK GROUP.**

(a) The commissioners of human services and health must convene a work group consisting of representatives from the Board of Psychology; the Board of Marriage and Family Therapy; the Board of Social Work; the Board of Behavioral Health and Therapy; five mental health providers from diverse cultural communities; a representative from the Minnesota Council of Health Plans; a representative from a state health care program; two representatives from mental health associations or community mental health clinics led by individuals who are Black, indigenous, or people of color; and representatives from mental health professional graduate programs to evaluate and make recommendations on possible alternative pathways to mental health professional licensure in Minnesota. The work group must:

(1) identify barriers to licensure in mental health professions;

(2) collect data on the number of individuals graduating from educational programs but not passing licensing exams;

(3) evaluate the feasibility of alternative pathways for licensure in mental health professions, ensuring provider competency and professionalism; and

(4) consult with national behavioral health testing entities.

(b) Mental health providers participating in the work group may be reimbursed for expenses in the same manner as authorized by the commissioner's plan adopted under Minnesota Statutes, section 43A.18, subdivision 2, upon approval by the commissioner. Members who, as a result of time spent attending work group meetings, incur child care expenses that would not otherwise have been incurred, may be reimbursed for those expenses upon approval by the commissioner. Reimbursements may be approved for no more than five individual providers.

(c) No later than February 1, 2023, the commissioners must submit a written report to the members of the legislative committees with jurisdiction over health and human services on the work group's findings and recommendations developed on alternative licensing pathways.

Sec. 48. **DIRECTION TO THE COMMISSIONER; CHILDREN'S MENTAL HEALTH RESIDENTIAL TREATMENT WORK GROUP.**

The commissioner of human services, in consultation with counties, children's mental health residential providers, and children's mental health advocates, must organize a work group and develop recommendations on how to efficiently and effectively fund room and board costs for children's mental health residential treatment under the children's mental health act. The work group may also provide recommendations on how to address systemic barriers in transitioning children into the community and community-based treatment options. The commissioner shall submit the recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance by February 15, 2022.

Sec. 49. **DIRECTION TO THE COMMISSIONER; CULTURALLY AND LINGUISTICALLY APPROPRIATE SERVICES.**

The commissioner of human services, in consultation with substance use disorder treatment providers, lead agencies, and individuals who receive substance use disorder treatment services, shall develop a statewide implementation and transition plan for culturally and linguistically appropriate services (CLAS) national standards, including technical assistance for providers to transition to the CLAS standards and to improve disparate treatment outcomes. The commissioner must consult with individuals who are Black, indigenous, people of color, and linguistically diverse in the development of the implementation and transition plans under this section.

Sec. 50. **DIRECTION TO THE COMMISSIONER; RATE RECOMMENDATIONS FOR OPIOID TREATMENT PROGRAMS.**

The commissioner of human services shall evaluate the rate structure for opioid treatment programs licensed under Minnesota Statutes, section 245G.22, and report recommendations, including a revised rate structure and proposed draft legislation, to the chairs and ranking minority members of the legislative committees with jurisdiction over human services policy and finance by October 1, 2021.

Sec. 51. **DIRECTION TO THE COMMISSIONER; SOBER HOUSING PROGRAM RECOMMENDATIONS.**

(a) The commissioner of human services, in consultation with stakeholders, must develop recommendations on:

(1) increasing access to sober housing programs;

(2) promoting person-centered practices and cultural responsiveness in sober housing programs;

(3) potential oversight of sober housing programs; and

(4) providing consumer protections for individuals in sober housing programs with substance use disorders and individuals with co-occurring mental illnesses.

(b) Stakeholders include but are not limited to the Minnesota Association of Sober Homes, the Minnesota Association of Resources for Recovery and Chemical Health, Minnesota Recovery Connection, NAMI Minnesota, the National Alliance of Recovery Residencies (NARR), Oxford Houses, Inc., sober housing programs based in Minnesota that are not members of the Minnesota Association of Sober Homes, a member of Alcoholics Anonymous, and residents and former residents of sober housing programs based in Minnesota. Stakeholders must equitably represent various geographic areas of the state and must include individuals in recovery and providers representing Black, indigenous, people of color, or immigrant communities.

(c) The commissioner must complete and submit a report on these recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance on or before March 1, 2022.

Sec. 52. **DIRECTION TO THE COMMISSIONER; SUBSTANCE USE DISORDER TREATMENT PAPERWORK REDUCTION.**

(a) The commissioner of human services, in consultation with counties, tribes, managed care organizations, substance use disorder treatment professional associations, and other relevant stakeholders, shall develop, assess, and recommend systems improvements to minimize regulatory paperwork and improve systems for substance use disorder programs licensed under Minnesota Statutes, chapter 245A, and regulated under Minnesota Statutes,

chapters 245F and 245G, and Minnesota Rules, chapters 2960 and 9530. The commissioner of human services shall make available any resources needed from other divisions within the department to implement systems improvements.

(b) The commissioner of health shall make available needed information and resources from the Division of Health Policy.

(c) The Office of MN.IT Services shall provide advance consultation and implementation of the changes needed in data systems.

(d) The commissioner of human services shall contract with a vendor that has experience with developing statewide system changes for multiple states at the payer and provider levels. If the commissioner, after exercising reasonable diligence, is unable to secure a vendor with the requisite qualifications, then the commissioner may select the best qualified vendor available. When developing recommendations, the commissioner shall consider input from all stakeholders. The commissioner's recommendations shall maximize benefits for clients and utility for providers, regulatory agencies, and payers.

(e) The commissioner of human services and contracted vendor shall follow the recommendations from the report issued in response to Laws 2019, First Special Session chapter 9, article 6, section 76.

(f) By December 15, 2022, the commissioner of human services shall take steps to implement paperwork reductions and systems improvements within the commissioner's authority and submit to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services a report that includes recommendations for changes in statutes that would further enhance systems improvements to reduce paperwork. The report shall include a summary of the approaches developed and assessed by the commissioner of human services and stakeholders and the results of any assessments conducted.

Sec. 53. **MENTAL HEALTH CULTURAL COMMUNITY CONTINUING EDUCATION GRANT PROGRAM.**

The commissioner of health shall develop a grant program, in consultation with the relevant mental health licensing boards, to provide for the continuing education necessary for social workers, marriage and family therapists, psychologists, and professional clinical counselors who are members of communities of color or underrepresented communities, as defined in Minnesota Statutes, section 148E.010, subdivision 20, and who work for community mental health providers, to become supervisors for individuals pursuing licensure in mental health professions.

Sec. 54. **MENTAL HEALTH PROFESSIONAL LICENSING SUPERVISION.**

(a) The Board of Psychology, the Board of Marriage and Family Therapy, the Board of Social Work, and the Board of Behavioral Health and Therapy must convene to develop recommendations for:

(1) providing certification of individuals across multiple mental health professions who may serve as supervisors;

(2) adopting a single, common supervision certificate for all mental health professional education programs;

(3) determining ways for internship hours to be counted toward licensure in mental health professions; and

(4) determining ways for practicum hours to count toward supervisory experience.

(b) No later than February 1, 2023, the commissioners must submit a written report to the members of the legislative committees with jurisdiction over health and human services on the recommendations developed under paragraph (a).

Sec. 55. **SUBSTANCE USE DISORDER TREATMENT RATE RESTRUCTURE ANALYSIS.**

(a) By January 1, 2022, the commissioner shall issue a request for proposals for frameworks and modeling of substance use disorder rates. Rates must be predicated on a uniform methodology that is transparent, culturally responsive, supports staffing needed to treat a patient's assessed need, and promotes quality service delivery and patient choice. The commissioner must consult with substance use disorder treatment programs across the spectrum of services, substance use disorder treatment programs from across each region of the state, and culturally responsive providers in the development of the request for proposal process and for the duration of the contract.

(b) By January 15, 2023, the commissioner of human services shall submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over human services policy and finance on the results of the vendor's work. The report must include legislative language necessary to implement a new substance use disorder treatment rate methodology and a detailed fiscal analysis.

Sec. 56. **REVISOR INSTRUCTION.**

The revisor of statutes shall replace "EXCELLENCE IN MENTAL HEALTH DEMONSTRATION PROJECT" with "CERTIFIED COMMUNITY BEHAVIORAL HEALTH CLINIC SERVICES" in the section headnote for Minnesota Statutes, section 245.735.

Sec. 57. **REPEALER.**

(a) Minnesota Statutes 2020, section 256B.0596, is repealed.

(b) Minnesota Statutes 2020, section 245.735, subdivisions 1, 2, and 4, are repealed.

(c) Minnesota Statutes 2020, section 245.4871, subdivision 32a, is repealed.

(d) Minnesota Rules, parts 9530.6800; and 9530.6810, are repealed.

EFFECTIVE DATE. Paragraph (c) is effective September 30, 2021. Paragraph (d) is effective the day following final enactment.

ARTICLE 5
DIRECT CARE AND TREATMENT

Section 1. Minnesota Statutes 2020, section 246.54, subdivision 1b, is amended to read:

Subd. 1b. **Community behavioral health hospitals.** A county's payment of the cost of care provided at state-operated community-based behavioral health hospitals for adults and children shall be according to the following schedule:

(1) 100 percent for each day during the stay, including the day of admission, when the facility determines that it is clinically appropriate for the client to be discharged; and

(2) the county shall not be entitled to reimbursement from the client, the client's estate, or from the client's relatives, except as provided in section 246.53.

ARTICLE 6
DISABILITY SERVICES AND CONTINUING CARE
FOR OLDER ADULTS

Section 1. Minnesota Statutes 2020, section 144.0724, subdivision 4, is amended to read:

Subd. 4. **Resident assessment schedule.** (a) A facility must conduct and electronically submit to the ~~commissioner of health~~ federal database MDS assessments that conform with the assessment schedule defined by ~~Code of Federal Regulations, title 42, section 483.20, and published by the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services, in~~ the Long Term Care Facility Resident Assessment Instrument User's Manual, version 3.0, ~~and subsequent updates when~~ or its successor issued by the Centers for Medicare and Medicaid Services. The commissioner of health may substitute successor manuals or question and answer documents published by the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services, to replace or supplement the current version of the manual or document.

(b) The assessments required under the Omnibus Budget Reconciliation Act of 1987 (OBRA) used to determine a case mix classification for reimbursement include the following:

(1) a new admission comprehensive assessment, which must have an assessment reference date (ARD) within 14 calendar days after admission, excluding readmissions;

(2) an annual comprehensive assessment, which must have an ~~assessment reference date (ARD)~~ ARD within 92 days of ~~the~~ a previous quarterly review assessment ~~and the~~ or a previous comprehensive assessment, which must occur at least once every 366 days;

(3) a significant change in status comprehensive assessment, which must ~~be completed~~ have an ARD within 14 days ~~of the identification of~~ after the facility determines, or should have determined, that there has been a significant change in the resident's physical or mental condition, whether an improvement or a decline, and regardless of the amount of time since the last ~~significant change in status~~ comprehensive assessment or quarterly review assessment;

(4) ~~all~~ a quarterly ~~assessments~~ review assessment must have an ~~assessment reference date (ARD)~~ ARD within 92 days of the ARD of the previous quarterly review assessment or a previous comprehensive assessment;

(5) any significant correction to a prior comprehensive assessment, if the assessment being corrected is the current one being used for RUG classification; ~~and~~

(6) any significant correction to a prior quarterly review assessment, if the assessment being corrected is the current one being used for RUG classification~~.~~;

(7) a required significant change in status assessment when:

(i) all speech, occupational, and physical therapies have ended. The ARD of this assessment must be set on day eight after all therapy services have ended; and

(ii) isolation for an infectious disease has ended. The ARD of this assessment must be set on day 15 after isolation has ended; and

(8) any modifications to the most recent assessments under clauses (1) to (7).

(c) In addition to the assessments listed in paragraph (b), the assessments used to determine nursing facility level of care include the following:

(1) preadmission screening completed under section 256.975, subdivisions 7a to 7c, by the Senior LinkAge Line or other organization under contract with the Minnesota Board on Aging; and

(2) a nursing facility level of care determination as provided for under section 256B.0911, subdivision 4e, as part of a face-to-face long-term care consultation assessment completed under section 256B.0911, by a county, tribe, or managed care organization under contract with the Department of Human Services.

Sec. 2. Minnesota Statutes 2020, section 245A.03, subdivision 7, is amended to read:

Subd. 7. **Licensing moratorium.** (a) The commissioner shall not issue an initial license for child foster care licensed under Minnesota Rules, parts 2960.3000 to 2960.3340, or adult foster care licensed under Minnesota Rules, parts 9555.5105 to 9555.6265, under this chapter for a physical location that will not be the primary residence of the license holder for the entire period of licensure. If a license is issued during this moratorium, and the license holder changes the license holder's primary residence away from the physical location of the foster care license, the commissioner shall revoke the license according to section 245A.07. The commissioner shall not issue an initial license for a community residential setting licensed under chapter 245D. When approving an exception under this paragraph, the commissioner shall consider the resource need determination process in paragraph (h), the availability of foster care licensed beds in the geographic area in which the licensee seeks to operate, the results of a person's choices during their annual assessment and service plan review, and the recommendation of the local county board. The determination by the commissioner is final and not subject to appeal. Exceptions to the moratorium include:

(1) foster care settings that are required to be registered under chapter 144D;

(2) foster care licenses replacing foster care licenses in existence on May 15, 2009, or community residential setting licenses replacing adult foster care licenses in existence on December 31, 2013, and determined to be needed by the commissioner under paragraph (b);

(3) new foster care licenses or community residential setting licenses determined to be needed by the commissioner under paragraph (b) for the closure of a nursing facility, ICF/DD, or regional treatment center; restructuring of state-operated services that limits the capacity of state-operated facilities; or allowing movement to the community for people who no longer require the level of care provided in state-operated facilities as provided under section 256B.092, subdivision 13, or 256B.49, subdivision 24;

(4) new foster care licenses or community residential setting licenses determined to be needed by the commissioner under paragraph (b) for persons requiring hospital level care; ~~or~~

(5) new foster care licenses or community residential setting licenses for people receiving services under chapter 245D and residing in an unlicensed setting before May 1, 2017, and for which a license is required. This exception does not apply to people living in their own home. For purposes of this clause, there is a presumption that a foster care or community residential setting license is required for services provided to three or more people in a dwelling unit when the setting is controlled by the provider. A license holder subject to this exception may rebut the presumption that a license is required by seeking a reconsideration of the commissioner's determination. The commissioner's disposition of a request for reconsideration is final and not subject to appeal under chapter 14. The exception is available until June 30, 2018. This exception is available when:

(i) the person's case manager provided the person with information about the choice of service, service provider, and location of service, including in the person's home, to help the person make an informed choice; and

(ii) the person's services provided in the licensed foster care or community residential setting are less than or equal to the cost of the person's services delivered in the unlicensed setting as determined by the lead agency~~.~~<u>; or</u>

(6) new foster care licenses or community residential setting licenses for people receiving customized living or 24-hour customized living services under the brain injury or community access for disability inclusion waiver plans under section 256B.49 and residing in the customized living setting before July 1, 2022, for which a license is required. A customized living service provider subject to this exception may rebut the presumption that a license is required by seeking a reconsideration of the commissioner's determination. The commissioner's disposition of a request for reconsideration is final and not subject to appeal under chapter 14. The exception is available until June 30, 2023. This exception is available when:

(i) the person's customized living services are provided in a customized living service setting serving four or fewer people under the brain injury or community access for disability inclusion waiver plans under section 256B.49 in a single-family home operational on or before June 30, 2021. Operational is defined in section 256B.49, subdivision 28;

(ii) the person's case manager provided the person with information about the choice of service, service provider, and location of service, including in the person's home, to help the person make an informed choice; and

(iii) the person's services provided in the licensed foster care or community residential setting are less than or equal to the cost of the person's services delivered in the customized living setting as determined by the lead agency.

(b) The commissioner shall determine the need for newly licensed foster care homes or community residential settings as defined under this subdivision. As part of the determination, the commissioner shall consider the availability of foster care capacity in the area in which the licensee seeks to operate, and the recommendation of the local county board. The determination by the commissioner must be final. A determination of need is not required for a change in ownership at the same address.

(c) When an adult resident served by the program moves out of a foster home that is not the primary residence of the license holder according to section 256B.49, subdivision 15, paragraph (f), or the adult community residential setting, the county shall immediately inform the Department of Human Services Licensing Division. The department may decrease the statewide licensed capacity for adult foster care settings.

(d) Residential settings that would otherwise be subject to the decreased license capacity established in paragraph (c) shall be exempt if the license holder's beds are occupied by residents whose primary diagnosis is mental illness and the license holder is certified under the requirements in subdivision 6a or section 245D.33.

(e) A resource need determination process, managed at the state level, using the available reports required by section 144A.351, and other data and information shall be used to determine where the reduced capacity determined under section 256B.493 will be implemented. The commissioner shall consult with the stakeholders described in section 144A.351, and employ a variety of methods to improve the state's capacity to meet the informed decisions of those people who want to move out of corporate foster care or community residential settings, long-term service needs within budgetary limits, including seeking proposals from service providers or lead agencies to change service type, capacity, or location to improve services, increase the independence of residents, and better meet needs identified by the long-term services and supports reports and statewide data and information.

(f) At the time of application and reapplication for licensure, the applicant and the license holder that are subject to the moratorium or an exclusion established in paragraph (a) are required to inform the commissioner whether the physical location where the foster care will be provided is or will be the primary residence of the license holder for the entire period of licensure. If the primary residence of the applicant or license holder changes, the applicant or license holder must notify the commissioner immediately. The commissioner shall print on the foster care license certificate whether or not the physical location is the primary residence of the license holder.

(g) License holders of foster care homes identified under paragraph (f) that are not the primary residence of the license holder and that also provide services in the foster care home that are covered by a federally approved home and community-based services waiver, as authorized under chapter 256S or section 256B.092 or 256B.49, must inform the human services licensing division that the license holder provides or intends to provide these waiver-funded services.

(h) The commissioner may adjust capacity to address needs identified in section 144A.351. Under this authority, the commissioner may approve new licensed settings or delicense existing settings. Delicensing of settings will be accomplished through a process identified in section 256B.493. Annually, by August 1, the commissioner shall provide information and data on capacity of licensed long-term services and supports, actions taken under the subdivision to manage statewide long-term services and supports resources, and any recommendations for change to the legislative committees with jurisdiction over the health and human services budget.

(i) The commissioner must notify a license holder when its corporate foster care or community residential setting licensed beds are reduced under this section. The notice of reduction of licensed beds must be in writing and delivered to the license holder by certified mail or personal service. The notice must state why the licensed beds are reduced and must inform the license holder of its right to request reconsideration by the commissioner. The license holder's request for reconsideration must be in writing. If mailed, the request for reconsideration must be postmarked and sent to the commissioner within 20 calendar days after the license holder's receipt of the notice of reduction of licensed beds. If a request for reconsideration is made by personal service, it must be received by the commissioner within 20 calendar days after the license holder's receipt of the notice of reduction of licensed beds.

(j) The commissioner shall not issue an initial license for children's residential treatment services licensed under Minnesota Rules, parts 2960.0580 to 2960.0700, under this chapter for a program that Centers for Medicare and Medicaid Services would consider an institution for mental diseases. Facilities that serve only private pay clients are exempt from the moratorium described in this paragraph. The commissioner has the authority to manage existing statewide capacity for children's residential treatment services subject to the moratorium under this paragraph and may issue an initial license for such facilities if the initial license would not increase the statewide capacity for children's residential treatment services subject to the moratorium under this paragraph.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 3. Minnesota Statutes 2020, section 256B.0911, subdivision 3a, is amended to read:

Subd. 3a. **Assessment and support planning.** (a) Persons requesting assessment, services planning, or other assistance intended to support community-based living, including persons who need assessment in order to determine waiver or alternative care program eligibility, must be visited by a long-term care consultation team within 20 calendar days after the date on which an assessment was requested or recommended. Upon statewide implementation of subdivisions 2b, 2c, and 5, this requirement also applies to an assessment of a person requesting personal care assistance services. The commissioner shall provide at least a 90-day notice to lead agencies prior to the effective date of this requirement. Face-to-face assessments must be conducted according to paragraphs (b) to (i).

(b) Upon implementation of subdivisions 2b, 2c, and 5, lead agencies shall use certified assessors to conduct the assessment. For a person with complex health care needs, a public health or registered nurse from the team must be consulted.

(c) The MnCHOICES assessment provided by the commissioner to lead agencies must be used to complete a comprehensive, conversation-based, person-centered assessment. The assessment must include the health, psychological, functional, environmental, and social needs of the individual necessary to develop a person-centered community support plan that meets the individual's needs and preferences.

(d) The assessment must be conducted by a certified assessor in a face-to-face conversational interview with the person being assessed. The person's legal representative must provide input during the assessment process and may do so remotely if requested. At the request of the person, other individuals may participate in the assessment to provide information on the needs, strengths, and preferences of the person necessary to develop a community support plan that ensures the person's health and safety. Except for legal representatives or family members invited by the person, persons participating in the assessment may not be a provider of service or have any financial interest in the provision of services. For persons who are to be assessed for elderly waiver customized living or adult day services under chapter 256S, with the permission of the person being assessed or the person's designated or legal representative, the client's current or proposed provider of services may submit a copy of the provider's nursing assessment or written report outlining its recommendations regarding the client's care needs. The person conducting the assessment must notify the provider of the date by which this information is to be submitted. This information shall be provided to the person conducting the assessment prior to the assessment. For a person who is to be assessed for waiver services under section 256B.092 or 256B.49, with the permission of the person being assessed or the person's designated legal representative, the person's current provider of services may submit a written report outlining recommendations regarding the person's care needs the person completed in consultation with someone who is known to the person and has interaction with the person on a regular basis. The provider must submit the report at least 60 days before the end of the person's current service agreement. The certified assessor must consider the content of the submitted report prior to finalizing the person's assessment or reassessment.

(e) The certified assessor and the individual responsible for developing the coordinated service and support plan must complete the community support plan and the coordinated service and support plan no more than 60 calendar days from the assessment visit. The person or the person's legal representative must be provided with a written community support plan within the timelines established by the commissioner, regardless of whether the person is eligible for Minnesota health care programs.

(f) For a person being assessed for elderly waiver services under chapter 256S, a provider who submitted information under paragraph (d) shall receive the final written community support plan when available and the Residential Services Workbook.

(g) The written community support plan must include:

(1) a summary of assessed needs as defined in paragraphs (c) and (d);

(2) the individual's options and choices to meet identified needs, including:

(i) all available options for case management services and providers;

(ii) all available options for employment services, settings, and providers;

(iii) all available options for living arrangements;

(iv) all available options for self-directed services and supports, including self-directed budget options; and

(v) service provided in a non-disability-specific setting;

(3) identification of health and safety risks and how those risks will be addressed, including personal risk management strategies;

(4) referral information; and

(5) informal caregiver supports, if applicable.

For a person determined eligible for state plan home care under subdivision 1a, paragraph (b), clause (1), the person or person's representative must also receive a copy of the home care service plan developed by the certified assessor.

(h) A person may request assistance in identifying community supports without participating in a complete assessment. Upon a request for assistance identifying community support, the person must be transferred or referred to long-term care options counseling services available under sections 256.975, subdivision 7, and 256.01, subdivision 24, for telephone assistance and follow up.

(i) The person has the right to make the final decision:

(1) between institutional placement and community placement after the recommendations have been provided, except as provided in section 256.975, subdivision 7a, paragraph (d);

(2) between community placement in a setting controlled by a provider and living independently in a setting not controlled by a provider;

(3) between day services and employment services; and

(4) regarding available options for self-directed services and supports, including self-directed funding options.

(j) The lead agency must give the person receiving long-term care consultation services or the person's legal representative, materials, and forms supplied by the commissioner containing the following information:

(1) written recommendations for community-based services and consumer-directed options;

(2) documentation that the most cost-effective alternatives available were offered to the individual. For purposes of this clause, "cost-effective" means community services and living arrangements that cost the same as or less than institutional care. For an individual found to meet eligibility criteria for home and community-based service programs under chapter 256S or section 256B.49, "cost-effectiveness" has the meaning found in the federally approved waiver plan for each program;

(3) the need for and purpose of preadmission screening conducted by long-term care options counselors according to section 256.975, subdivisions 7a to 7c, if the person selects nursing facility placement. If the individual selects nursing facility placement, the lead agency shall forward information needed to complete the level of care determinations and screening for developmental disability and mental illness collected during the assessment to the long-term care options counselor using forms provided by the commissioner;

(4) the role of long-term care consultation assessment and support planning in eligibility determination for waiver and alternative care programs, and state plan home care, case management, and other services as defined in subdivision 1a, paragraphs (a), clause (6), and (b);

(5) information about Minnesota health care programs;

(6) the person's freedom to accept or reject the recommendations of the team;

(7) the person's right to confidentiality under the Minnesota Government Data Practices Act, chapter 13;

(8) the certified assessor's decision regarding the person's need for institutional level of care as determined under criteria established in subdivision 4e and the certified assessor's decision regarding eligibility for all services and programs as defined in subdivision 1a, paragraphs (a), clause (6), and (b);

(9) the person's right to appeal the certified assessor's decision regarding eligibility for all services and programs as defined in subdivision 1a, paragraphs (a), clauses (6), (7), and (8), and (b), and incorporating the decision regarding the need for institutional level of care or the lead agency's final decisions regarding public programs eligibility according to section 256.045, subdivision 3. The certified assessor must verbally communicate this appeal right to the person and must visually point out where in the document the right to appeal is stated; and

(10) documentation that available options for employment services, independent living, and self-directed services and supports were described to the individual.

(k) Face-to-face assessment completed as part of an eligibility determination for multiple programs for the alternative care, elderly waiver, developmental disabilities, community access for disability inclusion, community alternative care, and brain injury waiver programs under chapter 256S and sections 256B.0913, 256B.092, and 256B.49 is valid to establish service eligibility for no more than 60 calendar days after the date of assessment.

(l) The effective eligibility start date for programs in paragraph (k) can never be prior to the date of assessment. If an assessment was completed more than 60 days before the effective waiver or alternative care program eligibility start date, assessment and support plan information must be updated and documented in the department's Medicaid Management Information System (MMIS). Notwithstanding retroactive medical assistance coverage of state plan services, the effective date of eligibility for programs included in paragraph (k) cannot be prior to the date the most recent updated assessment is completed.

(m) If an eligibility update is completed within 90 days of the previous face-to-face assessment and documented in the department's Medicaid Management Information System (MMIS), the effective date of eligibility for programs included in paragraph (k) is the date of the previous face-to-face assessment when all other eligibility requirements are met.

(n) If a person who receives home and community-based waiver services under section 256B.0913, 256B.092, or 256B.49 or chapter 256S temporarily enters for 121 days or less a hospital, institution of mental disease, nursing facility, intensive residential treatment services program, transitional care unit, or inpatient substance use disorder treatment setting, the person may return to the community with home and community-based waiver services under the same waiver, without requiring an assessment or reassessment under this section, unless the person's annual reassessment is otherwise due. Nothing in this section shall change annual long-term care consultation reassessment requirements, payment for institutional or treatment services, medical assistance financial eligibility, or any other law.

~~(n)~~ (o) At the time of reassessment, the certified assessor shall assess each person receiving waiver residential supports and services currently residing in a community residential setting, licensed adult foster care home that is either not the primary residence of the license holder or in which the license holder is not the primary caregiver, family adult foster care residence, customized living setting, or supervised living facility to determine if that person would prefer to be served in a community-living setting as defined in section 256B.49, subdivision 23, in a setting not controlled by a provider, or to receive integrated community supports as described in section 245D.03, subdivision 1, paragraph (c), clause (8). The certified assessor shall offer the person, through a person-centered planning process, the option to receive alternative housing and service options.

~~(o)~~ (p) At the time of reassessment, the certified assessor shall assess each person receiving waiver day services to determine if that person would prefer to receive employment services as described in section 245D.03, subdivision 1, paragraph (c), clauses (5) to (7). The certified assessor shall describe to the person through a person-centered planning process the option to receive employment services.

~~(p)~~ (q) At the time of reassessment, the certified assessor shall assess each person receiving non-self-directed waiver services to determine if that person would prefer an available service and setting option that would permit self-directed services and supports. The certified assessor shall describe to the person through a person-centered planning process the option to receive self-directed services and supports.

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

Sec. 4. Minnesota Statutes 2020, section 256B.092, subdivision 4, is amended to read:

Subd. 4. **Home and community-based services for developmental disabilities.** (a) The commissioner shall make payments to approved vendors participating in the medical assistance program to pay costs of providing home and community-based services, including case management service activities provided as an approved home and community-based service, to medical assistance eligible persons with developmental disabilities who have been screened under subdivision 7 and according to federal requirements. Federal requirements include those services and limitations included in the federally approved application for home and community-based services for persons with developmental disabilities and subsequent amendments.

~~(b) Effective July 1, 1995, contingent upon federal approval and state appropriations made available for this purpose, and in conjunction with Laws 1995, chapter 207, article 8, section 40, the commissioner of human services shall allocate resources to county agencies for home and community based waivered services for persons with developmental disabilities authorized but not receiving those services as of June 30, 1995, based upon the average resource need of persons with similar functional characteristics. To ensure service continuity for service recipients receiving home and community based waivered services for persons with developmental disabilities prior to July 1, 1995, the commissioner shall make available to the county of financial responsibility home and community based waivered services resources based upon fiscal year 1995 authorized levels.~~

~~(c) Home and community-based resources for all recipients shall be managed by the county of financial responsibility within an allowable reimbursement average established for each county. Payments for home and community-based services provided to individual recipients shall not exceed amounts authorized by the county of financial responsibility. For specifically identified former residents of nursing facilities, the commissioner shall be responsible for authorizing payments and payment limits under the appropriate home and community based service program. Payment is available under this subdivision only for persons who, if not provided these services, would require the level of care provided in an intermediate care facility for persons with developmental disabilities.~~

~~(d)~~ (b) The commissioner shall comply with the requirements in the federally approved transition plan for the home and community-based services waivers for the elderly authorized under this section.

EFFECTIVE DATE. This section is effective January 1, 2023, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 5. Minnesota Statutes 2020, section 256B.092, subdivision 5, is amended to read:

Subd. 5. **Federal waivers.** (a) The commissioner shall apply for any federal waivers necessary to secure, to the extent allowed by law, federal financial participation under United States Code, title 42, sections 1396 et seq., as amended, for the provision of services to persons who, in the absence of the services, would need the level of care provided in a regional treatment center or a community intermediate care facility for persons with developmental disabilities. The commissioner may seek amendments to the waivers or apply for additional waivers under United States Code, title 42, sections 1396 et seq., as amended, to contain costs. The commissioner shall ensure that payment for the cost of providing home and community-based alternative services under the federal waiver plan shall not exceed the cost of intermediate care services including day training and habilitation services that would have been provided without the waivered services.

The commissioner shall seek an amendment to the 1915c home and community-based waiver to allow properly licensed adult foster care homes to provide residential services to up to five individuals with developmental disabilities. If the amendment to the waiver is approved, adult foster care providers that can accommodate five individuals shall increase their capacity to five beds, provided the providers continue to meet all applicable licensing requirements.

(b) The commissioner, in administering home and community-based waivers for persons with developmental disabilities, shall ensure that day services for eligible persons are not provided by the person's residential service provider, unless the person or the person's legal representative is offered a choice of providers and agrees in writing to provision of day services by the residential service provider. The coordinated service and support plan for individuals who choose to have their residential service provider provide their day services must describe how health, safety, protection, and habilitation needs will be met, including how frequent and regular contact with persons other than the residential service provider will occur. The coordinated service and support plan must address the provision of services during the day outside the residence on weekdays.

(c) When a lead agency is evaluating denials, reductions, or terminations of home and community-based services under section 256B.0916 for an individual, the lead agency shall offer to meet with the individual or the individual's guardian in order to discuss the prioritization of service needs within the coordinated service and support plan. The reduction in the authorized services for an individual due to changes in funding for waivered services may not exceed the amount needed to ensure medically necessary services to meet the individual's health, safety, and welfare.

(d) The commissioner shall seek federal approval to allow for the reconfiguration of the 1915(c) home and community-based waivers in this section, as authorized under section 1915(c) of the federal Social Security Act, to implement a two-waiver program structure.

(e) The transition to two disability home and community-based services waiver programs must align with the independent living first policy under section 256B.4905. Unless superseded by any other state or federal law, waiver eligibility criteria shall be the same for each waiver. The waiver program that a person uses shall be determined by the support planning process and whether the person chooses to live in a provider-controlled setting or in the person's own home.

(f) The commissioner shall seek federal approval for the 1915(c) home and community-based waivers in this section, as authorized under section 1915(c) of the federal Social Security Act, to implement an individual resource allocation methodology.

EFFECTIVE DATE. This section is effective January 1, 2023, or 90 days after federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 6. Minnesota Statutes 2020, section 256B.092, subdivision 12, is amended to read:

Subd. 12. **~~Waivered~~ Waiver services statewide priorities.** (a) The commissioner shall establish statewide priorities for individuals on the waiting list for developmental disabilities (DD) waiver services, as of January 1, 2010. The statewide priorities must include, but are not limited to, individuals who continue to have a need for waiver services after they have maximized the use of state plan services and other funding resources, including natural supports, prior to accessing waiver services, and who meet at least one of the following criteria:

(1) no longer require the intensity of services provided where they are currently living; or

(2) make a request to move from an institutional setting.

(b) After the priorities in paragraph (a) are met, priority must also be given to individuals who meet at least one of the following criteria:

(1) have unstable living situations due to the age, incapacity, or sudden loss of the primary caregivers;

(2) are moving from an institution due to bed closures;

(3) experience a sudden closure of their current living arrangement;

(4) require protection from confirmed abuse, neglect, or exploitation;

(5) experience a sudden change in need that can no longer be met through state plan services or other funding resources alone; or

(6) meet other priorities established by the department.

(c) When allocating new enrollment resources to lead agencies, the commissioner must take into consideration the number of individuals waiting who meet statewide priorities ~~and the lead agencies' current use of waiver funds and existing service options~~. ~~The commissioner has the authority to transfer funds between counties, groups of counties, and tribes to accommodate statewide priorities and resource needs while accounting for a necessary base level reserve amount for each county, group of counties, and tribe.~~

Sec. 7. Minnesota Statutes 2020, section 256B.097, is amended by adding a subdivision to read:

Subd. 7. **Regional quality councils and systems improvement.** The commissioner of human services shall maintain the regional quality councils initially established under Minnesota Statutes 2020, section 256B.097, subdivision 4. The regional quality councils shall:

(1) support efforts and initiatives that drive overall systems and social change to promote inclusion of people who have disabilities in the state of Minnesota;

(2) improve person-centered outcomes in disability services; and

(3) identify or enhance quality of life indicators for people who have disabilities.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 8. Minnesota Statutes 2020, section 256B.097, is amended by adding a subdivision to read:

Subd. 8. **Membership and staff.** (a) Regional quality councils shall be comprised of key stakeholders including, but not limited to:

(1) individuals who have disabilities;

(2) family members of people who have disabilities;

(3) disability service providers;

(4) disability advocacy groups;

(5) lead agency staff; and

(6) staff of state agencies with jurisdiction over special education and disability services.

(b) Membership in a regional quality council must be representative of the communities in which the council operates, with an emphasis on individuals with lived experience from diverse racial and cultural backgrounds.

(c) Each regional quality council may hire staff to perform the duties assigned in subdivision 9.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 9. Minnesota Statutes 2020, section 256B.097, is amended by adding a subdivision to read:

Subd. 9. **Duties.** (a) Each regional quality council shall:

(1) identify issues and barriers that impede Minnesotans who have disabilities from optimizing choice of home and community-based services;

(2) promote informed decision making, autonomy, and self-direction;

(3) analyze and review quality outcomes and critical incident data, and immediately report incidents of life safety concerns to the Department of Human Services Licensing Division;

(4) inform a comprehensive system for effective incident reporting, investigation, analysis, and follow-up;

(5) collaborate on projects and initiatives to advance priorities shared with state agencies, lead agencies, educational institutions, advocacy organizations, community partners, and other entities engaged in disability service improvements;

(6) establish partnerships and working relationships with individuals and groups in the regions;

(7) identify and implement regional and statewide quality improvement projects;

(8) transform systems and drive social change in alignment with the disability rights and disability justice movements identified by leaders who have disabilities;

(9) provide information and training programs for persons who have disabilities and their families and legal representatives on formal and informal support options and quality expectations;

(10) make recommendations to state agencies and other key decision-makers regarding disability services and supports;

(11) submit every two years a report to committees with jurisdiction over disability services on the status, outcomes, improvement priorities, and activities in the region;

(12) support people by advocating to resolve complaints between the counties, providers, persons receiving services, and their families and legal representatives; and

(13) recruit, train, and assign duties to regional quality council teams, including council members, interns, and volunteers, taking into account the skills necessary for the team members to be successful in this work.

(b) Each regional quality council may engage in quality improvement initiatives related to but not limited to:

(1) the home and community-based services waiver programs for persons with developmental disabilities under section 256B.092, subdivision 4, or section 256B.49, including brain injuries and services for those persons who qualify for nursing facility level of care or hospital facility level of care and any other services licensed under chapter 245D;

(2) home care services under section 256B.0651;

(3) family support grants under section 252.32;

(4) consumer support grants under section 256.476;

(5) semi-independent living services under section 252.275; and

(6) services provided through an intermediate care facility for persons with developmental disabilities.

(c) Each regional quality council's work must be informed and directed by the needs and desires of persons who have disabilities in the region in which the council operates.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 10. Minnesota Statutes 2020, section 256B.097, is amended by adding a subdivision to read:

Subd. 10. **Compensation.** (a) A member of a regional quality council who does not receive a salary or wages from an employer may be paid a per diem and reimbursed for expenses related to the member's participation in efforts and initiatives described in subdivision 9 in the same manner and in an amount not to exceed the amount authorized by the commissioner's plan adopted under section 43A.18, subdivision 2.

(b) Regional quality councils may charge fees for their services.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 11. Minnesota Statutes 2020, section 256B.439, is amended by adding a subdivision to read:

Subd. 3c. **Contact information for consumer surveys for nursing facilities and home and community-based services.** For purposes of conducting the consumer surveys under subdivisions 3 and 3a, the commissioner may request contact information of clients and associated key representatives. Providers must furnish the contact information available to the provider.

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

Sec. 12. Minnesota Statutes 2020, section 256B.439, is amended by adding a subdivision to read:

Subd. 3d. **Resident experience survey and family survey for assisted living facilities.** The commissioner shall develop and administer a resident experience survey for assisted living facility residents and a family survey for families of assisted living facility residents. Money appropriated to the commissioner to administer the resident experience survey and family survey is available in either fiscal year of the biennium in which it is appropriated.

Sec. 13. Minnesota Statutes 2020, section 256B.49, subdivision 11, is amended to read:

Subd. 11. **Authority.** (a) The commissioner is authorized to apply for home and community-based service waivers, as authorized under section 1915(c) of the federal Social Security Act to serve persons under the age of 65 who are determined to require the level of care provided in a nursing home and persons who require the level of care provided in a hospital. The commissioner shall apply for the home and community-based waivers in order to:

(1) promote the support of persons with disabilities in the most integrated settings;

(2) expand the availability of services for persons who are eligible for medical assistance;

(3) promote cost-effective options to institutional care; and

(4) obtain federal financial participation.

(b) The provision of ~~waivered~~ waiver services to medical assistance recipients with disabilities shall comply with the requirements outlined in the federally approved applications for home and community-based services and subsequent amendments, including provision of services according to a service plan designed to meet the needs of the individual. For purposes of this section, the approved home and community-based application is considered the necessary federal requirement.

(c) The commissioner shall provide interested persons serving on agency advisory committees, task forces, the Centers for Independent Living, and others who request to be on a list to receive, notice of, and an opportunity to comment on, at least 30 days before any effective dates, (1) any substantive changes to the state's disability services program manual, or (2) changes or amendments to the federally approved applications for home and community-based waivers, prior to their submission to the federal Centers for Medicare and Medicaid Services.

(d) The commissioner shall seek approval, as authorized under section 1915(c) of the federal Social Security Act, to allow medical assistance eligibility under this section for children under age 21 without deeming of parental income or assets.

(e) The commissioner shall seek approval, as authorized under section 1915(c) of the Social Act, to allow medical assistance eligibility under this section for individuals under age 65 without deeming the spouse's income or assets.

(f) The commissioner shall comply with the requirements in the federally approved transition plan for the home and community-based services waivers authorized under this section.

(g) The commissioner shall seek approval to allow for the reconfiguration of the 1915(c) home and community-based waivers in this section, as authorized under section 1915(c) of the federal Social Security Act, to implement a two-waiver program structure.

(h) The commissioner shall seek approval for the 1915(c) home and community-based waivers in this section, as authorized under section 1915(c) of the federal Social Security Act, to implement an individual resource allocation methodology.

EFFECTIVE DATE. This section is effective January 1, 2023, or 90 days after federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 14. Minnesota Statutes 2020, section 256B.49, subdivision 11a, is amended to read:

Subd. 11a. **~~Waivered~~ Waiver services statewide priorities.** (a) The commissioner shall establish statewide priorities for individuals on the waiting list for community alternative care, community access for disability inclusion, and brain injury waiver services, as of January 1, 2010. The statewide priorities must include, but are not limited to, individuals who continue to have a need for waiver services after they have maximized the use of state plan services and other funding resources, including natural supports, prior to accessing waiver services, and who meet at least one of the following criteria:

(1) no longer require the intensity of services provided where they are currently living; or

(2) make a request to move from an institutional setting.

(b) After the priorities in paragraph (a) are met, priority must also be given to individuals who meet at least one of the following criteria:

(1) have unstable living situations due to the age, incapacity, or sudden loss of the primary caregivers;

(2) are moving from an institution due to bed closures;

(3) experience a sudden closure of their current living arrangement;

(4) require protection from confirmed abuse, neglect, or exploitation;

(5) experience a sudden change in need that can no longer be met through state plan services or other funding resources alone; or

(6) meet other priorities established by the department.

(c) When allocating new enrollment resources to lead agencies, the commissioner must take into consideration the number of individuals waiting who meet statewide priorities ~~and the lead agencies' current use of waiver funds and existing service options~~. ~~The commissioner has the authority to transfer funds between counties, groups of counties, and tribes to accommodate statewide priorities and resource needs while accounting for a necessary base level reserve amount for each county, group of counties, and tribe.~~

EFFECTIVE DATE. This section is effective January 1, 2023, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 15. Minnesota Statutes 2020, section 256B.49, subdivision 17, is amended to read:

Subd. 17. **Cost of services and supports.** (a) The commissioner shall ensure that the average per capita expenditures estimated in any fiscal year for home and community-based waiver recipients does not exceed the average per capita expenditures that would have been made to provide institutional services for recipients in the absence of the waiver.

~~(b) The commissioner shall implement on January 1, 2002, one or more aggregate, need based methods for allocating to local agencies the home and community-based waivered service resources available to support recipients with disabilities in need of the level of care provided in a nursing facility or a hospital. The commissioner shall allocate resources to single counties and county partnerships in a manner that reflects consideration of:~~

~~(1) an incentive based payment process for achieving outcomes;~~

~~(2) the need for a state level risk pool;~~

~~(3) the need for retention of management responsibility at the state agency level; and~~

~~(4) a phase in strategy as appropriate.~~

~~(c) Until the allocation methods described in paragraph (b) are implemented, the annual allowable reimbursement level of home and community-based waiver services shall be the greater of:~~

~~(1) the statewide average payment amount which the recipient is assigned under the waiver reimbursement system in place on June 30, 2001, modified by the percentage of any provider rate increase appropriated for home and community based services; or~~

~~(2) an amount approved by the commissioner based on the recipient's extraordinary needs that cannot be met within the current allowable reimbursement level. The increased reimbursement level must be necessary to allow the recipient to be discharged from an institution or to prevent imminent placement in an institution. The additional reimbursement may be used to secure environmental modifications; assistive technology and equipment; and~~

~~increased costs for supervision, training, and support services necessary to address the recipient's extraordinary needs. The commissioner may approve an increased reimbursement level for up to one year of the recipient's relocation from an institution or up to six months of a determination that a current waiver recipient is at imminent risk of being placed in an institution.~~

~~(d)~~ (b) Beginning July 1, 2001, medically necessary home care nursing services will be authorized under this section as complex and regular care according to sections 256B.0651 to 256B.0654 and 256B.0659. The rate established by the commissioner for registered nurse or licensed practical nurse services under any home and community-based waiver as of January 1, 2001, shall not be reduced.

~~(e)~~ (c) Notwithstanding section 252.28, subdivision 3, paragraph (d), if the 2009 legislature adopts a rate reduction that impacts payment to providers of adult foster care services, the commissioner may issue adult foster care licenses that permit a capacity of five adults. The application for a five-bed license must meet the requirements of section 245A.11, subdivision 2a. Prior to admission of the fifth recipient of adult foster care services, the county must negotiate a revised per diem rate for room and board and waiver services that reflects the legislated rate reduction and results in an overall average per diem reduction for all foster care recipients in that home. The revised per diem must allow the provider to maintain, as much as possible, the level of services or enhanced services provided in the residence, while mitigating the losses of the legislated rate reduction.

EFFECTIVE DATE. This section is effective January 1, 2023, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 16. Minnesota Statutes 2020, section 256B.49, is amended by adding a subdivision to read:

Subd. 28. **Customized living moratorium for brain injury and community access for disability inclusion waivers.** (a) Notwithstanding section 245A.03, subdivision 2, paragraph (a), clause (23), the commissioner shall not enroll new customized living settings serving four or fewer people in a single-family home to deliver customized living services as defined under the brain injury or community access for disability inclusion waiver plans under section 256B.49 to prevent new developments of customized living settings that otherwise meet the residential program definition under section 245A.02, subdivision 14.

(b) The commissioner may approve an exception to paragraph (a) when:

(1) a customized living setting with a change in ownership at the same address is in existence and operational on or before June 30, 2021; and

(2) a customized living setting is serving four or fewer people in a multiple-family dwelling if each person has a personal self-contained living unit that contains living, sleeping, eating, cooking, and bathroom areas.

(c) Customized living settings operational on or before June 30, 2021, are considered existing customized living settings.

(d) For any new customized living settings operational on or after July 1, 2021, serving four or fewer people in a single-family home to deliver customized living services as defined in paragraph (a), the authorizing lead agency is financially responsible for all home and community-based service payments in the setting.

(e) For purposes of this subdivision, "operational" means customized living services are authorized and delivered to a person on or before June 30, 2021, in the customized living setting.

EFFECTIVE DATE. This section is effective July 1, 2021. This section applies only to customized living services as defined under the brain injury or community access for disability inclusion waiver plans under Minnesota Statutes, section 256B.49.

Sec. 17. Minnesota Statutes 2020, section 256B.4914, subdivision 5, is amended to read:

Subd. 5. **Base wage index and standard component values.** (a) The base wage index is established to determine staffing costs associated with providing services to individuals receiving home and community-based services. For purposes of developing and calculating the proposed base wage, Minnesota-specific wages taken from job descriptions and standard occupational classification (SOC) codes from the Bureau of Labor Statistics as defined in the most recent edition of the Occupational Handbook must be used. The base wage index must be calculated as follows:

(1) for residential direct care staff, the sum of:

(i) 15 percent of the subtotal of 50 percent of the median wage for personal and home health aide (SOC code 39-9021); 30 percent of the median wage for nursing assistant (SOC code 31-1014); and 20 percent of the median wage for social and human services aide (SOC code 21-1093); and

(ii) 85 percent of the subtotal of 20 percent of the median wage for home health aide (SOC code 31-1011); 20 percent of the median wage for personal and home health aide (SOC code 39-9021); 20 percent of the median wage for nursing assistant (SOC code 31-1014); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 20 percent of the median wage for social and human services aide (SOC code 21-1093);

(2) for adult day services, 70 percent of the median wage for nursing assistant (SOC code 31-1014); and 30 percent of the median wage for personal care aide (SOC code 39-9021);

(3) for day services, day support services, and prevocational services, 20 percent of the median wage for nursing assistant (SOC code 31-1014); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 60 percent of the median wage for social and human services aide (SOC code 21-1093);

(4) for residential asleep-overnight staff, the wage is the minimum wage in Minnesota for large employers~~, except in a family foster care setting, the wage is 36 percent of the minimum wage in Minnesota for large employers~~;

(5) for positive supports analyst staff, 100 percent of the median wage for mental health counselors (SOC code 21-1014);

(6) for positive supports professional staff, 100 percent of the median wage for clinical counseling and school psychologist (SOC code 19-3031);

(7) for positive supports specialist staff, 100 percent of the median wage for psychiatric technicians (SOC code 29-2053);

(8) for supportive living services staff, 20 percent of the median wage for nursing assistant (SOC code 31-1014); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 60 percent of the median wage for social and human services aide (SOC code 21-1093);

(9) for housing access coordination staff, 100 percent of the median wage for community and social services specialist (SOC code 21-1099);

(10) for in-home family support and individualized home supports with family training staff, 20 percent of the median wage for nursing aide (SOC code 31-1012); 30 percent of the median wage for community social service specialist (SOC code 21-1099); 40 percent of the median wage for social and human services aide (SOC code 21-1093); and ten percent of the median wage for psychiatric technician (SOC code 29-2053);

(11) for individualized home supports with training services staff, 40 percent of the median wage for community social service specialist (SOC code 21-1099); 50 percent of the median wage for social and human services aide (SOC code 21-1093); and ten percent of the median wage for psychiatric technician (SOC code 29-2053);

(12) for independent living skills staff, 40 percent of the median wage for community social service specialist (SOC code 21-1099); 50 percent of the median wage for social and human services aide (SOC code 21-1093); and ten percent of the median wage for psychiatric technician (SOC code 29-2053);

(13) for employment support services staff, 50 percent of the median wage for rehabilitation counselor (SOC code 21-1015); and 50 percent of the median wage for community and social services specialist (SOC code 21-1099);

(14) for employment exploration services staff, 50 percent of the median wage for rehabilitation counselor (SOC code 21-1015); and 50 percent of the median wage for community and social services specialist (SOC code 21-1099);

(15) for employment development services staff, 50 percent of the median wage for education, guidance, school, and vocational counselors (SOC code 21-1012); and 50 percent of the median wage for community and social services specialist (SOC code 21-1099);

(16) for individualized home support staff, 50 percent of the median wage for personal and home care aide (SOC code 39-9021); and 50 percent of the median wage for nursing assistant (SOC code 31-1014);

(17) for adult companion staff, 50 percent of the median wage for personal and home care aide (SOC code 39-9021); and 50 percent of the median wage for nursing assistant (SOC code 31-1014);

(18) for night supervision staff, 20 percent of the median wage for home health aide (SOC code 31-1011); 20 percent of the median wage for personal and home health aide (SOC code 39-9021); 20 percent of the median wage for nursing assistant (SOC code 31-1014); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 20 percent of the median wage for social and human services aide (SOC code 21-1093);

(19) for respite staff, 50 percent of the median wage for personal and home care aide (SOC code 39-9021); and 50 percent of the median wage for nursing assistant (SOC code 31-1014);

(20) for personal support staff, 50 percent of the median wage for personal and home care aide (SOC code 39-9021); and 50 percent of the median wage for nursing assistant (SOC code 31-1014);

(21) for supervisory staff, 100 percent of the median wage for community and social services specialist (SOC code 21-1099), with the exception of the supervisor of positive supports professional, positive supports analyst, and positive supports specialists, which is 100 percent of the median wage for clinical counseling and school psychologist (SOC code 19-3031);

(22) for registered nurse staff, 100 percent of the median wage for registered nurses (SOC code 29-1141); and

(23) for licensed practical nurse staff, 100 percent of the median wage for licensed practical nurses (SOC code 29-2061).

(b) Component values for corporate foster care services, corporate supportive living services daily, community residential services, and integrated community support services are:

(1) competitive workforce factor: 4.7 percent;

(2) supervisory span of control ratio: 11 percent;

(3) employee vacation, sick, and training allowance ratio: 8.71 percent;

(4) employee-related cost ratio: 23.6 percent;

(5) general administrative support ratio: 13.25 percent;

(6) program-related expense ratio: 1.3 percent; and

(7) absence and utilization factor ratio: 3.9 percent.

~~(c) Component values for family foster care are:~~

~~(1) competitive workforce factor: 4.7 percent;~~

~~(2) supervisory span of control ratio: 11 percent;~~

~~(3) employee vacation, sick, and training allowance ratio: 8.71 percent;~~

~~(4) employee-related cost ratio: 23.6 percent;~~

~~(5) general administrative support ratio: 3.3 percent;~~

~~(6) program-related expense ratio: 1.3 percent; and~~

~~(7) absence factor: 1.7 percent.~~

~~(d)~~ (c) Component values for day training and habilitation, day support services, and prevocational services are:

(1) competitive workforce factor: 4.7 percent;

(2) supervisory span of control ratio: 11 percent;

(3) employee vacation, sick, and training allowance ratio: 8.71 percent;

(4) employee-related cost ratio: 23.6 percent;

(5) program plan support ratio: 5.6 percent;

(6) client programming and support ratio: ten percent;

(7) general administrative support ratio: 13.25 percent;

(8) program-related expense ratio: 1.8 percent; and

(9) absence and utilization factor ratio: 9.4 percent.

(d) Component values for day support services and prevocational services delivered remotely are:

(1) competitive workforce factor: 4.7 percent;

(2) supervisory span of control ratio: 11 percent;

(3) employee vacation, sick, and training allowance ratio: 8.71 percent;

(4) employee-related cost ratio: 23.6 percent;

(5) program plan support ratio: 5.6 percent;

(6) client programming and support ratio: 7.67 percent;

(7) general administrative support ratio: 13.25 percent;

(8) program-related expense ratio: 1.8 percent; and

(9) absence and utilization factor ratio: 9.4 percent.

(e) Component values for adult day services are:

(1) competitive workforce factor: 4.7 percent;

(2) supervisory span of control ratio: 11 percent;

(3) employee vacation, sick, and training allowance ratio: 8.71 percent;

(4) employee-related cost ratio: 23.6 percent;

(5) program plan support ratio: 5.6 percent;

(6) client programming and support ratio: 7.4 percent;

(7) general administrative support ratio: 13.25 percent;

(8) program-related expense ratio: 1.8 percent; and

(9) absence and utilization factor ratio: 9.4 percent.

(f) Component values for unit-based services with programming are:

(1) competitive workforce factor: 4.7 percent;

(2) supervisory span of control ratio: 11 percent;

(3) employee vacation, sick, and training allowance ratio: 8.71 percent;

(4) employee-related cost ratio: 23.6 percent;

(5) program plan supports ratio: 15.5 percent;

(6) client programming and supports ratio: 4.7 percent;

(7) general administrative support ratio: 13.25 percent;

(8) program-related expense ratio: 6.1 percent; and

(9) absence and utilization factor ratio: 3.9 percent.

(g) Component values for unit-based services with programming delivered remotely are:

(1) competitive workforce factor: 4.7 percent;

(2) supervisory span of control ratio: 11 percent;

(3) employee vacation, sick, and training allowance ratio: 8.71 percent;

(4) employee-related cost ratio: 23.6 percent;

(5) program plan supports ratio: 5.6 percent;

(6) client programming and supports ratio: 1.53 percent;

(7) general administrative support ratio: 13.25 percent;

(8) program-related expense ratio: 6.1 percent; and

(9) absence and utilization factor ratio: 3.9 percent.

~~(g)~~ (h) Component values for unit-based services without programming except respite are:

(1) competitive workforce factor: 4.7 percent;

(2) supervisory span of control ratio: 11 percent;

(3) employee vacation, sick, and training allowance ratio: 8.71 percent;

(4) employee-related cost ratio: 23.6 percent;

(5) program plan support ratio: 7.0 percent;

(6) client programming and support ratio: 2.3 percent;

(7) general administrative support ratio: 13.25 percent;

(8) program-related expense ratio: 2.9 percent; and

(9) absence and utilization factor ratio: 3.9 percent.

(i) Component values for unit-based services without programming delivered remotely, except respite, are:

(1) competitive workforce factor: 4.7 percent;

(2) supervisory span of control ratio: 11 percent;

(3) employee vacation, sick, and training allowance ratio: 8.71 percent;

(4) employee-related cost ratio: 23.6 percent;

(5) program plan support ratio: 1.3 percent;

(6) client programming and support ratio: 1.14 percent;

(7) general administrative support ratio: 13.25 percent;

(8) program-related expense ratio: 2.9 percent; and

(9) absence and utilization factor ratio: 3.9 percent.

~~(h)~~ (j) Component values for unit-based services without programming for respite are:

(1) competitive workforce factor: 4.7 percent;

(2) supervisory span of control ratio: 11 percent;

(3) employee vacation, sick, and training allowance ratio: 8.71 percent;

(4) employee-related cost ratio: 23.6 percent;

(5) general administrative support ratio: 13.25 percent;

(6) program-related expense ratio: 2.9 percent; and

(7) absence and utilization factor ratio: 3.9 percent.

~~(i)~~ (k) On July 1, 2022, and every two years thereafter, the commissioner shall update the base wage index in paragraph (a) based on wage data by SOC from the Bureau of Labor Statistics available 30 months and one day prior to the scheduled update. The commissioner shall publish these updated values and load them into the rate management system.

~~(j)~~ (l) Beginning February 1, 2021, and every two years thereafter, the commissioner shall report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over health and human services policy and finance an analysis of the competitive workforce factor. The report must include recommendations to update the competitive workforce factor using:

(1) the most recently available wage data by SOC code for the weighted average wage for direct care staff for residential services and direct care staff for day services;

(2) the most recently available wage data by SOC code of the weighted average wage of comparable occupations; and

(3) workforce data as required under subdivision 10a, paragraph (g).

The commissioner shall not recommend an increase or decrease of the competitive workforce factor from the current value by more than two percentage points. If, after a biennial analysis for the next report, the competitive workforce factor is less than or equal to zero, the commissioner shall recommend a competitive workforce factor of zero.

~~(k)~~ (m) On July 1, 2022, and every two years thereafter, the commissioner shall update the framework components in paragraph ~~(d)~~ (c), clause (6); paragraph ~~(e)~~ (d), clause (6); paragraph ~~(f)~~ (e), clause (6); ~~and~~ paragraph ~~(g)~~ (f), clause (6); paragraph (g), clause (6); paragraph (h), clause 6; and paragraph (i), clause (6); subdivision 6, paragraphs (b), clauses (9) and (10), and (e), clause (10); and subdivision 7, clauses (11), (17), and (18); and subdivision 18, for changes in the Consumer Price Index. The commissioner shall adjust these values higher or lower by the percentage change in the CPI-U from the date of the previous update to the data available 30 months and one day prior to the scheduled update. The commissioner shall publish these updated values and load them into the rate management system.

~~(l)~~ (n) Upon the implementation of the updates under paragraphs ~~(i)~~ (k) and ~~(k)~~ (m), rate adjustments authorized under section 256B.439, subdivision 7; Laws 2013, chapter 108, article 7, section 60; and Laws 2014, chapter 312, article 27, section 75, shall be removed from service rates calculated under this section.

~~(m)~~ (o) Any rate adjustments applied to the service rates calculated under this section outside of the cost components and rate methodology specified in this section shall be removed from rate calculations upon implementation of the updates under paragraphs ~~(i)~~ (k) and ~~(k)~~ (m).

~~(n)~~ (p) In this subdivision, if Bureau of Labor Statistics occupational codes or Consumer Price Index items are unavailable in the future, the commissioner shall recommend to the legislature codes or items to update and replace missing component values.

EFFECTIVE DATE. This section is effective January 1, 2022, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 18. Minnesota Statutes 2020, section 256B.4914, subdivision 6, is amended to read:

Subd. 6. **Payments for residential support services.** (a) For purposes of this subdivision, residential support services includes 24-hour customized living services, community residential services, customized living services, ~~family residential services, foster care services,~~ and integrated community supports~~, and supportive living services daily~~.

(b) Payments for community residential services~~, corporate foster care services, corporate supportive living services daily, family residential services, and family foster care services~~ must be calculated as follows:

(1) determine the number of shared staffing and individual direct staff hours to meet a recipient's needs provided on site or through monitoring technology;

(2) personnel hourly wage rate must be based on the 2009 Bureau of Labor Statistics Minnesota-specific rates or rates derived by the commissioner as provided in subdivision 5;

(3) except for subdivision 5, paragraph (a), clauses (4) and (21) to (23), multiply the result of clause (2) by the product of one plus the competitive workforce factor in subdivision 5, paragraph (b), clause (1);

(4) for a recipient requiring customization for deaf and hard-of-hearing language accessibility under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (3);

(5) multiply the number of shared and individual direct staff hours provided on site or through monitoring technology and nursing hours by the appropriate staff wages;

(6) multiply the number of shared and individual direct staff hours provided on site or through monitoring technology and nursing hours by the product of the supervision span of control ratio in subdivision 5, paragraph (b), clause (2), and the appropriate supervision wage in subdivision 5, paragraph (a), clause (21);

(7) combine the results of clauses (5) and (6), excluding any shared and individual direct staff hours provided through monitoring technology, and multiply the result by one plus the employee vacation, sick, and training allowance ratio in subdivision 5, paragraph (b), clause (3). This is defined as the direct staffing cost;

(8) for employee-related expenses, multiply the direct staffing cost, excluding any shared and individual direct staff hours provided through monitoring technology, by one plus the employee-related cost ratio in subdivision 5, paragraph (b), clause (4);

(9) for client programming and supports, the commissioner shall add $2,179; and

(10) for transportation, if provided, the commissioner shall add $1,680, or $3,000 if customized for adapted transport, based on the resident with the highest assessed need.

(c) The total rate must be calculated using the following steps:

(1) subtotal paragraph (b), clauses (8) to (10), and the direct staffing cost of any shared and individual direct staff hours provided through monitoring technology that was excluded in clause (8);

(2) sum the standard general and administrative rate, the program-related expense ratio, and the absence and utilization ratio;

(3) divide the result of clause (1) by one minus the result of clause (2). This is the total payment amount; and

(4) adjust the result of clause (3) by a factor to be determined by the commissioner to adjust for regional differences in the cost of providing services.

(d) The payment methodology for customized living, 24-hour customized living, and residential care services must be the customized living tool. Revisions to the customized living tool must be made to reflect the services and activities unique to disability-related recipient needs. Customized living and 24-hour customized living rates determined under this section shall not include more than 24 hours of support in a daily unit. The commissioner shall establish acuity-based input limits, based on case mix, for customized living and 24-hour customized living rates determined under this section.

(e) Payments for integrated community support services must be calculated as follows:

(1) the base shared staffing shall be eight hours divided by the number of people receiving support in the integrated community support setting;

(2) the individual staffing hours shall be the average number of direct support hours provided directly to the service recipient;

(3) the personnel hourly wage rate must be based on the most recent Bureau of Labor Statistics Minnesota-specific rates or rates derived by the commissioner as provided in subdivision 5;

(4) except for subdivision 5, paragraph (a), clauses (4) and (21) to (23), multiply the result of clause (3) by the product of one plus the competitive workforce factor in subdivision 5, paragraph (b), clause (1);

(5) for a recipient requiring customization for deaf and hard-of-hearing language accessibility under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (4);

(6) multiply the number of shared and individual direct staff hours in clauses (1) and (2) by the appropriate staff wages;

(7) multiply the number of shared and individual direct staff hours in clauses (1) and (2) by the product of the supervisory span of control ratio in subdivision 5, paragraph (b), clause (2), and the appropriate supervisory wage in subdivision 5, paragraph (a), clause (21);

(8) combine the results of clauses (6) and (7) and multiply the result by one plus the employee vacation, sick, and training allowance ratio in subdivision 5, paragraph (b), clause (3). This is defined as the direct staffing cost;

(9) for employee-related expenses, multiply the direct staffing cost by one plus the employee-related cost ratio in subdivision 5, paragraph (b), clause (4); and

(10) for client programming and supports, the commissioner shall add $2,260.21 divided by 365.

(f) The total rate must be calculated as follows:

(1) add the results of paragraph (e), clauses (9) and (10);

(2) add the standard general and administrative rate, the program-related expense ratio, and the absence and utilization factor ratio;

(3) divide the result of clause (1) by one minus the result of clause (2). This is the total payment amount; and

(4) adjust the result of clause (3) by a factor to be determined by the commissioner to adjust for regional differences in the cost of providing services.

(g) The payment methodology for customized living and 24-hour customized living services must be the customized living tool. The commissioner shall revise the customized living tool to reflect the services and activities unique to disability-related recipient needs and adjust for regional differences in the cost of providing services.

(h) The number of days authorized for all individuals enrolling in residential services must include every day that services start and end.

EFFECTIVE DATE. This section is effective January 1, 2022, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 19. Minnesota Statutes 2020, section 256B.4914, subdivision 7, is amended to read:

Subd. 7. **Payments for day programs.** Payments for services with day programs including adult day services, day treatment and habilitation, day support services, prevocational services, and structured day services, provided in person or remotely, must be calculated as follows:

(1) determine the number of units of service and staffing ratio to meet a recipient's needs:

(i) the staffing ratios for the units of service provided to a recipient in a typical week must be averaged to determine an individual's staffing ratio; and

(ii) the commissioner, in consultation with service providers, shall develop a uniform staffing ratio worksheet to be used to determine staffing ratios under this subdivision;

(2) personnel hourly wage rates must be based on the 2009 Bureau of Labor Statistics Minnesota-specific rates or rates derived by the commissioner as provided in subdivision 5;

(3) except for subdivision 5, paragraph (a), clauses (4) and (21) to (23), multiply the result of clause (2) by the product of one plus the competitive workforce factor in subdivision 5, paragraph ~~(d)~~ (c), clause (1);

(4) for a recipient requiring customization for deaf and hard-of-hearing language accessibility under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (3);

(5) multiply the number of day program direct staff hours and nursing hours by the appropriate staff wage;

(6) multiply the number of day direct staff hours by the product of the supervision span of control ratio in subdivision 5, paragraph ~~(d)~~ (c), clause (2), for in-person services or subdivision 5, paragraph (d), clause (2), for remote services, and the appropriate supervision wage in subdivision 5, paragraph (a), clause (21);

(7) combine the results of clauses (5) and (6), and multiply the result by one plus the employee vacation, sick, and training allowance ratio in subdivision 5, paragraph ~~(d)~~ (c), clause (3), for in-person services or subdivision 5, paragraph (d), clause (3), for remote services. This is defined as the direct staffing rate;

(8) for program plan support, multiply the result of clause (7) by one plus the program plan support ratio in subdivision 5, paragraph ~~(d)~~ (c), clause (5), for in-person services or subdivision 5, paragraph (d), clause (5), for remote services;

(9) for employee-related expenses, multiply the result of clause (8) by one plus the employee-related cost ratio in subdivision 5, paragraph ~~(d)~~ (c), clause (4), for in-person services or subdivision 5, paragraph (d), clause (4), for remote services;

(10) for client programming and supports, multiply the result of clause (9) by one plus the client programming and support ratio in subdivision 5, paragraph ~~(d)~~ (c), clause (6), for in-person services or subdivision 5, paragraph (d), clause (6), for remote services;

(11) for program facility costs, add $19.30 per week with consideration of staffing ratios to meet individual needs for in-person service only;

(12) for adult day bath services, add $7.01 per 15 minute unit;

(13) this is the subtotal rate;

(14) sum the standard general and administrative rate, the program-related expense ratio, and the absence and utilization factor ratio;

(15) divide the result of clause (13) by one minus the result of clause (14). This is the total payment amount;

(16) adjust the result of clause (15) by a factor to be determined by the commissioner to adjust for regional differences in the cost of providing services;

(17) for transportation provided as part of day training and habilitation for an individual who does not require a lift, add:

(i) $10.50 for a trip between zero and ten miles for a nonshared ride in a vehicle without a lift, $8.83 for a shared ride in a vehicle without a lift, and $9.25 for a shared ride in a vehicle with a lift;

(ii) $15.75 for a trip between 11 and 20 miles for a nonshared ride in a vehicle without a lift, $10.58 for a shared ride in a vehicle without a lift, and $11.88 for a shared ride in a vehicle with a lift;

(iii) $25.75 for a trip between 21 and 50 miles for a nonshared ride in a vehicle without a lift, $13.92 for a shared ride in a vehicle without a lift, and $16.88 for a shared ride in a vehicle with a lift; or

(iv) $33.50 for a trip of 51 miles or more for a nonshared ride in a vehicle without a lift, $16.50 for a shared ride in a vehicle without a lift, and $20.75 for a shared ride in a vehicle with a lift;

(18) for transportation provided as part of day training and habilitation for an individual who does require a lift, add:

(i) $19.05 for a trip between zero and ten miles for a nonshared ride in a vehicle with a lift, and $15.05 for a shared ride in a vehicle with a lift;

(ii) $32.16 for a trip between 11 and 20 miles for a nonshared ride in a vehicle with a lift, and $28.16 for a shared ride in a vehicle with a lift;

(iii) $58.76 for a trip between 21 and 50 miles for a nonshared ride in a vehicle with a lift, and $58.76 for a shared ride in a vehicle with a lift; or

(iv) $80.93 for a trip of 51 miles or more for a nonshared ride in a vehicle with a lift, and $80.93 for a shared ride in a vehicle with a lift.

EFFECTIVE DATE. This section is effective January 1, 2022, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 20. Minnesota Statutes 2020, section 256B.4914, subdivision 8, is amended to read:

Subd. 8. **Payments for unit-based services with programming.** Payments for unit-based services with programming, including employment exploration services, employment development services, housing access coordination, individualized home supports with family training, individualized home supports with training, in-home family support, independent living skills training, and hourly supported living services provided to an individual outside of any day or residential service plan, provided in person or remotely, must be calculated as follows, unless the services are authorized separately under subdivision 6 or 7:

(1) determine the number of units of service to meet a recipient's needs;

(2) personnel hourly wage rate must be based on the 2009 Bureau of Labor Statistics Minnesota-specific rates or rates derived by the commissioner as provided in subdivision 5;

(3) except for subdivision 5, paragraph (a), clauses (4) and (21) to (23), multiply the result of clause (2) by the product of one plus the competitive workforce factor in subdivision 5, paragraph (f), clause (1);

(4) for a recipient requiring customization for deaf and hard-of-hearing language accessibility under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (3);

(5) multiply the number of direct staff hours by the appropriate staff wage;

(6) multiply the number of direct staff hours by the product of the supervision span of control ratio in subdivision 5, paragraph (f), clause (2), for in-person services or subdivision 5, paragraph (g), clause (2), for remote services, and the appropriate supervision wage in subdivision 5, paragraph (a), clause (21);

(7) combine the results of clauses (5) and (6), and multiply the result by one plus the employee vacation, sick, and training allowance ratio in subdivision 5, paragraph (f), clause (3), for in-person services or subdivision 5, paragraph (g), clause (3), for remote services. This is defined as the direct staffing rate;

(8) for program plan support, multiply the result of clause (7) by one plus the program plan supports ratio in subdivision 5, paragraph (f), clause (5), for in-person services or subdivision 5, paragraph (g), clause (5), for remote services;

(9) for employee-related expenses, multiply the result of clause (8) by one plus the employee-related cost ratio in subdivision 5, paragraph (f), clause (4), for in-person services or subdivision 5, paragraph (g), clause (4), for remote services;

(10) for client programming and supports, multiply the result of clause (9) by one plus the client programming and supports ratio in subdivision 5, paragraph (f), clause (6), for in-person services or subdivision 5, paragraph (g), clause (6), for remote services;

(11) this is the subtotal rate;

(12) sum the standard general and administrative rate, the program-related expense ratio, and the absence and utilization factor ratio;

(13) divide the result of clause (11) by one minus the result of clause (12). This is the total payment amount;

(14) for employment exploration services provided in a shared manner, divide the total payment amount in clause (13) by the number of service recipients, not to exceed five. For employment support services provided in a shared manner, divide the total payment amount in clause (13) by the number of service recipients, not to exceed six. For independent living skills training, individualized home supports with training, and individualized home supports with family training provided in a shared manner, divide the total payment amount in clause (13) by the number of service recipients, not to exceed two; and

(15) adjust the result of clause (14) by a factor to be determined by the commissioner to adjust for regional differences in the cost of providing services.

EFFECTIVE DATE. This section is effective January 1, 2022, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 21. Minnesota Statutes 2020, section 256B.4914, subdivision 9, is amended to read:

Subd. 9. **Payments for unit-based services without programming.** Payments for unit-based services without programming, including individualized home supports, night supervision, personal support, respite, and companion care provided to an individual outside of any day or residential service plan, provided in person or remotely, must be calculated as follows unless the services are authorized separately under subdivision 6 or 7:

(1) for all services except respite, determine the number of units of service to meet a recipient's needs;

(2) personnel hourly wage rates must be based on the 2009 Bureau of Labor Statistics Minnesota-specific rate or rates derived by the commissioner as provided in subdivision 5;

(3) except for subdivision 5, paragraph (a), clauses (4) and (21) to (23), multiply the result of clause (2) by the product of one plus the competitive workforce factor in subdivision 5, paragraph ~~(g)~~ (h), clause (1);

(4) for a recipient requiring customization for deaf and hard-of-hearing language accessibility under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (3);

(5) multiply the number of direct staff hours by the appropriate staff wage;

(6) multiply the number of direct staff hours by the product of the supervision span of control ratio in subdivision 5, paragraph ~~(g)~~ (h), clause (2), for in-person services or subdivision 5, paragraph (i), clause (2), for remote services, and the appropriate supervision wage in subdivision 5, paragraph (a), clause (21);

(7) combine the results of clauses (5) and (6), and multiply the result by one plus the employee vacation, sick, and training allowance ratio in subdivision 5, paragraph ~~(g)~~ (h), clause (3), for in-person services or subdivision 5, paragraph (i), clause (3), for remote services. This is defined as the direct staffing rate;

(8) for program plan support, multiply the result of clause (7) by one plus the program plan support ratio in subdivision 5, paragraph ~~(g)~~ (h), clause (5), for in-person services or subdivision 5, paragraph (i), clause (5), for remote services;

(9) for employee-related expenses, multiply the result of clause (8) by one plus the employee-related cost ratio in subdivision 5, paragraph ~~(g)~~ (h), clause (4), for in-person services or subdivision 5, paragraph (i), clause (4), for remote services;

(10) for client programming and supports, multiply the result of clause (9) by one plus the client programming and support ratio in subdivision 5, paragraph ~~(g)~~ (h), clause (6), for in-person services or subdivision 5, paragraph (i), clause (6), for remote services;

(11) this is the subtotal rate;

(12) sum the standard general and administrative rate, the program-related expense ratio, and the absence and utilization factor ratio;

(13) divide the result of clause (11) by one minus the result of clause (12). This is the total payment amount;

(14) for respite services, determine the number of day units of service to meet an individual's needs;

(15) personnel hourly wage rates must be based on the 2009 Bureau of Labor Statistics Minnesota-specific rate or rates derived by the commissioner as provided in subdivision 5;

(16) except for subdivision 5, paragraph (a), clauses (4) and (21) to (23), multiply the result of clause (15) by the product of one plus the competitive workforce factor in subdivision 5, paragraph ~~(h)~~ (j), clause (1);

(17) for a recipient requiring deaf and hard-of-hearing customization under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (16);

(18) multiply the number of direct staff hours by the appropriate staff wage;

(19) multiply the number of direct staff hours by the product of the supervisory span of control ratio in subdivision 5, paragraph ~~(h)~~ (j), clause (2), and the appropriate supervision wage in subdivision 5, paragraph (a), clause (21);

(20) combine the results of clauses (18) and (19), and multiply the result by one plus the employee vacation, sick, and training allowance ratio in subdivision 5, paragraph ~~(h)~~ (j), clause (3). This is defined as the direct staffing rate;

(21) for employee-related expenses, multiply the result of clause (20) by one plus the employee-related cost ratio in subdivision 5, paragraph ~~(h)~~ (j), clause (4);

(22) this is the subtotal rate;

(23) sum the standard general and administrative rate, the program-related expense ratio, and the absence and utilization factor ratio;

(24) divide the result of clause (22) by one minus the result of clause (23). This is the total payment amount;

(25) for individualized home supports provided in a shared manner, divide the total payment amount in clause (13) by the number of service recipients, not to exceed two;

(26) for respite care services provided in a shared manner, divide the total payment amount in clause (24) by the number of service recipients, not to exceed three; and

(27) adjust the result of clauses (13), (25), and (26) by a factor to be determined by the commissioner to adjust for regional differences in the cost of providing services.

EFFECTIVE DATE. This section is effective January 1, 2022, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 22. Minnesota Statutes 2020, section 256B.4914, is amended by adding a subdivision to read:

Subd. 18. **Payments for family residential services.** The commissioner shall establish rates for family residential services based on a person's assessed needs as described in the federally approved waiver plans.

EFFECTIVE DATE. This section is effective January 1, 2022, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 23. Minnesota Statutes 2020, section 256B.69, subdivision 5a, is amended to read:

Subd. 5a. **Managed care contracts.** (a) Managed care contracts under this section and section 256L.12 shall be entered into or renewed on a calendar year basis. The commissioner may issue separate contracts with requirements specific to services to medical assistance recipients age 65 and older.

(b) A prepaid health plan providing covered health services for eligible persons pursuant to chapters 256B and 256L is responsible for complying with the terms of its contract with the commissioner. Requirements applicable to managed care programs under chapters 256B and 256L established after the effective date of a contract with the commissioner take effect when the contract is next issued or renewed.

(c) The commissioner shall withhold five percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program pending completion of performance targets. Each performance target must be quantifiable, objective, measurable, and reasonably attainable, except in the case of a performance target based on a federal or state law or rule. Criteria for assessment of each performance target must be outlined in writing prior to the contract effective date. Clinical or utilization performance targets and their related criteria must consider evidence-based research and reasonable interventions when available or applicable to the populations served, and must be developed with input from external clinical experts and stakeholders, including managed care plans, county-based purchasing plans, and providers. The managed care or county-based purchasing plan must demonstrate, to the commissioner's satisfaction, that the data submitted regarding attainment of the performance target is accurate. The commissioner shall periodically change the administrative measures used as performance targets in order to improve plan performance across a broader range of administrative services. The performance targets must include measurement of plan efforts to contain spending on health care services and administrative activities. The commissioner may adopt plan-specific performance targets that take into account factors affecting only one plan, including characteristics of the plan's enrollee population. The withheld funds must be returned no sooner than July of the following year if performance targets in the contract are achieved. The commissioner may exclude special demonstration projects under subdivision 23.

(d) The commissioner shall require that managed care plans:

(1) use the assessment and authorization processes, forms, timelines, standards, documentation, and data reporting requirements, protocols, billing processes, and policies consistent with medical assistance fee-for-service or the Department of Human Services contract requirements for all personal care assistance services under section 256B.0659.; and

(2) by January 30 of each year that follows a rate increase for any aspect of services under section 256B.0659 or 256B.85, inform the commissioner and the chairs and ranking minority members of the legislative committees with jurisdiction over rates determined under section 256B.851 of the amount of the rate increase that is paid to each personal care assistance provider agency with which the plan has a contract.

(e) Effective for services rendered on or after January 1, 2012, the commissioner shall include as part of the performance targets described in paragraph (c) a reduction in the health plan's emergency department utilization rate for medical assistance and MinnesotaCare enrollees, as determined by the commissioner. For 2012, the reduction shall be based on the health plan's utilization in 2009. To earn the return of the withhold each subsequent year, the managed care plan or county-based purchasing plan must achieve a qualifying reduction of no less than ten percent of the plan's emergency department utilization rate for medical assistance and MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and 28, compared to the previous measurement year until the final performance target is reached. When measuring performance, the commissioner must consider the difference in health risk in a managed care or county-based purchasing plan's membership in the baseline year compared to the measurement year, and work with the managed care or county-based purchasing plan to account for differences that they agree are significant.

The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if the managed care plan or county-based purchasing plan demonstrates to the satisfaction of the commissioner that a reduction in the utilization rate was achieved. The commissioner shall structure the withhold so that the commissioner returns a portion of the withheld funds in amounts commensurate with achieved reductions in utilization less than the targeted amount.

The withhold described in this paragraph shall continue for each consecutive contract period until the plan's emergency room utilization rate for state health care program enrollees is reduced by 25 percent of the plan's emergency room utilization rate for medical assistance and MinnesotaCare enrollees for calendar year 2009. Hospitals shall cooperate with the health plans in meeting this performance target and shall accept payment withholds that may be returned to the hospitals if the performance target is achieved.

(f) Effective for services rendered on or after January 1, 2012, the commissioner shall include as part of the performance targets described in paragraph (c) a reduction in the plan's hospitalization admission rate for medical assistance and MinnesotaCare enrollees, as determined by the commissioner. To earn the return of the withhold each year, the managed care plan or county-based purchasing plan must achieve a qualifying reduction of no less than five percent of the plan's hospital admission rate for medical assistance and MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and 28, compared to the previous calendar year until the final performance target is reached. When measuring performance, the commissioner must consider the difference in health risk in a managed care or county-based purchasing plan's membership in the baseline year compared to the measurement year, and work with the managed care or county-based purchasing plan to account for differences that they agree are significant.

The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if the managed care plan or county-based purchasing plan demonstrates to the satisfaction of the commissioner that this reduction in the hospitalization rate was achieved. The commissioner shall structure the withhold so that the commissioner returns a portion of the withheld funds in amounts commensurate with achieved reductions in utilization less than the targeted amount.

The withhold described in this paragraph shall continue until there is a 25 percent reduction in the hospital admission rate compared to the hospital admission rates in calendar year 2011, as determined by the commissioner. The hospital admissions in this performance target do not include the admissions applicable to the subsequent hospital admission performance target under paragraph (g). Hospitals shall cooperate with the plans in meeting this performance target and shall accept payment withholds that may be returned to the hospitals if the performance target is achieved.

(g) Effective for services rendered on or after January 1, 2012, the commissioner shall include as part of the performance targets described in paragraph (c) a reduction in the plan's hospitalization admission rates for subsequent hospitalizations within 30 days of a previous hospitalization of a patient regardless of the reason, for medical assistance and MinnesotaCare enrollees, as determined by the commissioner. To earn the return of the withhold each year, the managed care plan or county-based purchasing plan must achieve a qualifying reduction of the subsequent hospitalization rate for medical assistance and MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and 28, of no less than five percent compared to the previous calendar year until the final performance target is reached.

The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if the managed care plan or county-based purchasing plan demonstrates to the satisfaction of the commissioner that a qualifying reduction in the subsequent hospitalization rate was achieved. The commissioner shall structure the withhold so that the commissioner returns a portion of the withheld funds in amounts commensurate with achieved reductions in utilization less than the targeted amount.

The withhold described in this paragraph must continue for each consecutive contract period until the plan's subsequent hospitalization rate for medical assistance and MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and 28, is reduced by 25 percent of the plan's subsequent hospitalization rate for calendar year 2011. Hospitals shall cooperate with the plans in meeting this performance target and shall accept payment withholds that must be returned to the hospitals if the performance target is achieved.

(h) Effective for services rendered on or after January 1, 2013, through December 31, 2013, the commissioner shall withhold 4.5 percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

(i) Effective for services rendered on or after January 1, 2014, the commissioner shall withhold three percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

(j) A managed care plan or a county-based purchasing plan under section 256B.692 may include as admitted assets under section 62D.044 any amount withheld under this section that is reasonably expected to be returned.

(k) Contracts between the commissioner and a prepaid health plan are exempt from the set-aside and preference provisions of section 16C.16, subdivisions 6, paragraph (a), and 7.

(l) The return of the withhold under paragraphs (h) and (i) is not subject to the requirements of paragraph (c).

(m) Managed care plans and county-based purchasing plans shall maintain current and fully executed agreements for all subcontractors, including bargaining groups, for administrative services that are expensed to the state's public health care programs. Subcontractor agreements determined to be material, as defined by the

commissioner after taking into account state contracting and relevant statutory requirements, must be in the form of a written instrument or electronic document containing the elements of offer, acceptance, consideration, payment terms, scope, duration of the contract, and how the subcontractor services relate to state public health care programs. Upon request, the commissioner shall have access to all subcontractor documentation under this paragraph. Nothing in this paragraph shall allow release of information that is nonpublic data pursuant to section 13.02.

EFFECTIVE DATE. This section is effective January 1, 2023.

Sec. 24. Minnesota Statutes 2020, section 256B.85, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For the purposes of this section and section 256B.851, the terms defined in this subdivision have the meanings given.

(b) "Activities of daily living" or "ADLs" means eating, toileting, grooming, dressing, bathing, mobility, positioning, and transferring.

(c) "Agency-provider model" means a method of CFSS under which a qualified agency provides services and supports through the agency's own employees and policies. The agency must allow the participant to have a significant role in the selection and dismissal of support workers of their choice for the delivery of their specific services and supports.

(d) "Behavior" means a description of a need for services and supports used to determine the home care rating and additional service units. The presence of Level I behavior is used to determine the home care rating.

(e) "Budget model" means a service delivery method of CFSS that allows the use of a service budget and assistance from a financial management services (FMS) provider for a participant to directly employ support workers and purchase supports and goods.

(f) "Complex health-related needs" means an intervention listed in clauses (1) to (8) that has been ordered by a physician, and is specified in a community support plan, including:

(1) tube feedings requiring:

(i) a gastrojejunostomy tube; or

(ii) continuous tube feeding lasting longer than 12 hours per day;

(2) wounds described as:

(i) stage III or stage IV;

(ii) multiple wounds;

(iii) requiring sterile or clean dressing changes or a wound vac; or

(iv) open lesions such as burns, fistulas, tube sites, or ostomy sites that require specialized care;

(3) parenteral therapy described as:

(i) IV therapy more than two times per week lasting longer than four hours for each treatment; or

(ii) total parenteral nutrition (TPN) daily;

(4) respiratory interventions, including:

(i) oxygen required more than eight hours per day;

(ii) respiratory vest more than one time per day;

(iii) bronchial drainage treatments more than two times per day;

(iv) sterile or clean suctioning more than six times per day;

(v) dependence on another to apply respiratory ventilation augmentation devices such as BiPAP and CPAP; and

(vi) ventilator dependence under section 256B.0651;

(5) insertion and maintenance of catheter, including:

(i) sterile catheter changes more than one time per month;

(ii) clean intermittent catheterization, and including self-catheterization more than six times per day; or

(iii) bladder irrigations;

(6) bowel program more than two times per week requiring more than 30 minutes to perform each time;

(7) neurological intervention, including:

(i) seizures more than two times per week and requiring significant physical assistance to maintain safety; or

(ii) swallowing disorders diagnosed by a physician and requiring specialized assistance from another on a daily basis; and

(8) other congenital or acquired diseases creating a need for significantly increased direct hands-on assistance and interventions in six to eight activities of daily living.

(g) "Community first services and supports" or "CFSS" means the assistance and supports program under this section needed for accomplishing activities of daily living, instrumental activities of daily living, and health-related tasks through hands-on assistance to accomplish the task or constant supervision and cueing to accomplish the task, or the purchase of goods as defined in subdivision 7, clause (3), that replace the need for human assistance.

(h) "Community first services and supports service delivery plan" or "CFSS service delivery plan" means a written document detailing the services and supports chosen by the participant to meet assessed needs that are within the approved CFSS service authorization, as determined in subdivision 8. Services and supports are based on the coordinated service and support plan identified in section 256S.10.

(i) "Consultation services" means a Minnesota health care program enrolled provider organization that provides assistance to the participant in making informed choices about CFSS services in general and self-directed tasks in particular, and in developing a person-centered CFSS service delivery plan to achieve quality service outcomes.

(j) "Critical activities of daily living" means transferring, mobility, eating, and toileting.

(k) "Dependency" in activities of daily living means a person requires hands-on assistance or constant supervision and cueing to accomplish one or more of the activities of daily living every day or on the days during the week that the activity is performed; however, a child may not be found to be dependent in an activity of daily living if, because of the child's age, an adult would either perform the activity for the child or assist the child with the activity and the assistance needed is the assistance appropriate for a typical child of the same age.

(l) "Extended CFSS" means CFSS services and supports provided under CFSS that are included in the CFSS service delivery plan through one of the home and community-based services waivers and as approved and authorized under chapter 256S and sections 256B.092, subdivision 5, and 256B.49, which exceed the amount, duration, and frequency of the state plan CFSS services for participants.

(m) "Financial management services provider" or "FMS provider" means a qualified organization required for participants using the budget model under subdivision 13 that is an enrolled provider with the department to provide vendor fiscal/employer agent financial management services (FMS).

(n) "Health-related procedures and tasks" means procedures and tasks related to the specific assessed health needs of a participant that can be taught or assigned by a state-licensed health care or mental health professional and performed by a support worker.

(o) "Instrumental activities of daily living" means activities related to living independently in the community, including but not limited to: meal planning, preparation, and cooking; shopping for food, clothing, or other essential items; laundry; housecleaning; assistance with medications; managing finances; communicating needs and preferences during activities; arranging supports; and assistance with traveling around and participating in the community.

(p) "Lead agency" has the meaning given in section 256B.0911, subdivision 1a, paragraph (e).

(q) "Legal representative" means parent of a minor, a court-appointed guardian, or another representative with legal authority to make decisions about services and supports for the participant. Other representatives with legal authority to make decisions include but are not limited to a health care agent or an attorney-in-fact authorized through a health care directive or power of attorney.

(r) "Level I behavior" means physical aggression ~~towards~~ toward self or others or destruction of property that requires the immediate response of another person.

(s) "Medication assistance" means providing verbal or visual reminders to take regularly scheduled medication, and includes any of the following supports listed in clauses (1) to (3) and other types of assistance, except that a support worker may not determine medication dose or time for medication or inject medications into veins, muscles, or skin:

(1) under the direction of the participant or the participant's representative, bringing medications to the participant including medications given through a nebulizer, opening a container of previously set-up medications, emptying the container into the participant's hand, opening and giving the medication in the original container to the participant, or bringing to the participant liquids or food to accompany the medication;

(2) organizing medications as directed by the participant or the participant's representative; and

(3) providing verbal or visual reminders to perform regularly scheduled medications.

(t) "Participant" means a person who is eligible for CFSS.

(u) "Participant's representative" means a parent, family member, advocate, or other adult authorized by the participant or participant's legal representative, if any, to serve as a representative in connection with the provision of CFSS. This authorization must be in writing or by another method that clearly indicates the participant's free choice and may be withdrawn at any time. The participant's representative must have no financial interest in the provision of any services included in the participant's CFSS service delivery plan and must be capable of providing the support necessary to assist the participant in the use of CFSS. If through the assessment process described in subdivision 5 a participant is determined to be in need of a participant's representative, one must be selected. If the participant is unable to assist in the selection of a participant's representative, the legal representative shall appoint one. Two persons may be designated as a participant's representative for reasons such as divided households and court-ordered custodies. Duties of a participant's representatives may include:

(1) being available while services are provided in a method agreed upon by the participant or the participant's legal representative and documented in the participant's CFSS service delivery plan;

(2) monitoring CFSS services to ensure the participant's CFSS service delivery plan is being followed; and

(3) reviewing and signing CFSS time sheets after services are provided to provide verification of the CFSS services.

(v) "Person-centered planning process" means a process that is directed by the participant to plan for CFSS services and supports.

(w) "Service budget" means the authorized dollar amount used for the budget model or for the purchase of goods.

(x) "Shared services" means the provision of CFSS services by the same CFSS support worker to two or three participants who voluntarily enter into an agreement to receive services at the same time and in the same setting by the same employer.

(y) "Support worker" means a qualified and trained employee of the agency-provider as required by subdivision 11b or of the participant employer under the budget model as required by subdivision 14 who has direct contact with the participant and provides services as specified within the participant's CFSS service delivery plan.

(z) "Unit" means the increment of service based on hours or minutes identified in the service agreement.

(aa) "Vendor fiscal employer agent" means an agency that provides financial management services.

(bb) "Wages and benefits" means the hourly wages and salaries, the employer's share of FICA taxes, Medicare taxes, state and federal unemployment taxes, workers' compensation, mileage reimbursement, health and dental insurance, life insurance, disability insurance, long-term care insurance, uniform allowance, contributions to employee retirement accounts, or other forms of employee compensation and benefits.

(cc) "Worker training and development" means services provided according to subdivision 18a for developing workers' skills as required by the participant's individual CFSS service delivery plan that are arranged for or provided by the agency-provider or purchased by the participant employer. These services include training, education, direct observation and supervision, and evaluation and coaching of job skills and tasks, including supervision of health-related tasks or behavioral supports.

EFFECTIVE DATE. This section is effective January 1, 2023, or upon federal approval, whichever is later. The commissioner of human services must notify the revisor of statutes when federal approval is obtained.

Sec. 25. **[256B.851] COMMUNITY FIRST SERVICES AND SUPPORTS; PAYMENT RATES.**

Subdivision 1. **Application.** (a) The payment methodologies in this section apply to:

(1) community first services and supports (CFSS), extended CFSS, and enhanced rate CFSS under section 256B.85; and

(2) personal care assistance services under section 256B.0625, subdivisions 19a and 19c; extended personal care assistance service as defined in section 256B.0659, subdivision 1; and enhanced rate personal care assistance services under section 256B.0659, subdivision 17a.

(b) This section does not change existing personal care assistance program or community first services and supports policies and procedures.

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given in section 256B.85, subdivision 2, and as follows.

(b) "Commissioner" means the commissioner of human services.

(c) "Component value" means an underlying factor that is built into the rate methodology to calculate service rates and is part of the cost of providing services.

(d) "Payment rate" or "rate" means reimbursement to an eligible provider for services provided to a qualified individual based on an approved service authorization.

Subd. 3. **Payment rates; base wage index.** (a) When initially establishing the base wage component values, the commissioner must use the Minnesota-specific median wage for the standard occupational classification (SOC) codes published by the Bureau of Labor Statistics in the edition of the Occupational Handbook available January 1, 2021. The commissioner must calculate the base wage component values as follows for:

(1) personal care assistance services, CFSS, extended personal care assistance services, and extended CFSS. The base wage component value equals the median wage for personal care aide (SOC code 31-1120);

(2) enhanced rate personal care assistance services and enhanced rate CFSS. The base wage component value equals the product of median wage for personal care aide (SOC code 31-1120) and the value of the enhanced rate under section 256B.0659, subdivision 17a; and

(3) qualified professional services and CFSS worker training and development. The base wage component value equals the sum of 70 percent of the median wage for registered nurse (SOC code 29-1141), 15 percent of the median wage for health care social worker (SOC code 21-1099), and 15 percent of the median wage for social and human service assistant (SOC code 21-1093).

(b) On January 1, 2025, and every two years thereafter, the commissioner must update the base wage component values based on the wage data by SOC codes from the Bureau of Labor Statistics available 30 months and a day prior to the scheduled update.

(c) On August 1, 2024, and every two years thereafter, the commissioner shall report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over health and human services policy and finance an update of the framework components as calculated in paragraph (b).

Subd. 4. **Payment rates; total wage index.** (a) The commissioner must multiply the base wage component values in subdivision 3 by one plus the appropriate competitive workforce factor. The product is the total wage component value.

(b) For personal care assistance services, CFSS, extended personal care assistance services, extended CFSS, enhanced rate personal care assistance services, and enhanced rate CFSS, the initial competitive workforce factor is 4.7 percent.

(c) For qualified professional services and CFSS worker training and development, the competitive workforce factor is zero percent.

(d) On August 1, 2024, and every two years thereafter, the commissioner shall report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over health and human services policy and finance an update of the competitive workforce factors in this subdivision using the most recently available data. The commissioner shall calculate the biennial adjustments to the competitive workforce factor after determining the base wage index updates required in subdivision 3, paragraph (b). The commissioner shall adjust the competitive workforce factor toward the percent difference between: (1) the median wage for personal care aide (SOC code 31-1120); and (2) the weighted average wage for all other SOC codes with the same Bureau of Labor Statistics classifications for education, experience, and training required for job competency.

(e) The commissioner shall recommend an increase or decrease of the competitive workforce factor from its previous value by no more than three percentage points. If, after a biennial adjustment, the competitive workforce factor is less than or equal to zero, the competitive workforce factor shall be zero.

Subd. 5. **Payment rates; component values.** (a) The commissioner must use the following component values:

(1) employee vacation, sick, and training factor, 8.71 percent;

(2) employer taxes and workers' compensation factor, 11.56 percent;

(3) employee benefits factor, 12.04 percent;

(4) client programming and supports factor, 2.30 percent;

(5) program plan support factor, 7.00 percent;

(6) general business and administrative expenses factor, 13.25 percent;

(7) program administration expenses factor, 2.90 percent; and

(8) absence and utilization factor, 3.90 percent.

(b) For purposes of implementation, the commissioner shall use the following implementation components:

(1) personal care assistance services and CFSS: 75.45 percent;

(2) enhanced rate personal care assistance services and enhanced rate CFSS: 75.45 percent; and

(3) qualified professional services and CFSS worker training and development: 75.45 percent.

(c) On January 1, 2026, and each January 1 thereafter, the commissioner shall increase the implementation components by two percentage points until the value of each implementation component equals 100 percent.

(d) On January 1, 2025, and every two years thereafter, the commissioner shall update the component value in paragraph (a), clause (4), for changes in the Consumer Price Index by the percentage change from the date of any previous update to the data available six months and one day prior to the scheduled update.

(e) On August 1, 2024, and every two years thereafter, the commissioner shall report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over health and human services policy and finance an update on the component values as calculated in paragraph (d).

Subd. 6. **Payment rates; rate determination.** (a) The commissioner must determine the rate for personal care assistance services, CFSS, extended personal care assistance services, extended CFSS, enhanced rate personal care assistance services, enhanced rate CFSS, qualified professional services, and CFSS worker training and development as follows:

(1) multiply the appropriate total wage component value calculated in subdivision 4 by one plus the employee vacation, sick, and training factor in subdivision 5;

(2) for program plan support, multiply the result of clause (1) by one plus the program plan support factor in subdivision 5;

(3) for employee-related expenses, add the employer taxes and workers' compensation factor in subdivision 5 and the employee benefits factor in subdivision 5. The sum is employee-related expenses. Multiply the product of clause (2) by one plus the value for employee-related expenses;

(4) for client programming and supports, multiply the product of clause (3) by one plus the client programming and supports factor in subdivision 5;

(5) for administrative expenses, add the general business and administrative expenses factor in subdivision 5, the program administration expenses factor in subdivision 5, and the absence and utilization factor in subdivision 5;

(6) divide the result of clause (4) by one minus the result of clause (5). The quotient is the hourly rate;

(7) multiply the hourly rate by the appropriate implementation component under subdivision 5. This is the adjusted hourly rate; and

(8) divide the adjusted hourly rate by four. The quotient is the total adjusted payment rate.

(b) The commissioner must publish the total adjusted payment rates.

Subd. 7. **Personal care provider agency; required reporting and analysis of cost data.** (a) The commissioner shall evaluate on an ongoing basis whether the base wage component values and component values in this section appropriately address the cost to provide the service. The commissioner shall make recommendations to adjust the rate methodology as indicated by the evaluation. As determined by the commissioner and in consultation with stakeholders, agencies enrolled to provide services with rates determined under this section must submit requested cost data to the commissioner. The commissioner may request cost data, including but not limited to:

(1) worker wage costs;

(2) benefits paid;

(3) supervisor wage costs;

(4) executive wage costs;

(5) vacation, sick, and training time paid;

(6) taxes, workers' compensation, and unemployment insurance costs paid;

(7) administrative costs paid;

(8) program costs paid;

(9) transportation costs paid;

(10) staff vacancy rates; and

(11) other data relating to costs required to provide services requested by the commissioner.

(b) At least once in any three-year period, a provider must submit the required cost data for a fiscal year that ended not more than 18 months prior to the submission date. The commissioner must provide each provider a 90-day notice prior to its submission due date. If a provider fails to submit required cost data, the commissioner must provide notice to a provider that has not provided required cost data 30 days after the required submission date and a second notice to a provider that has not provided required cost data 60 days after the required submission date. The commissioner must temporarily suspend payments to a provider if the commissioner has not received required cost data 90 days after the required submission date. The commissioner must make withheld payments when the required cost data is received by the commissioner.

(c) The commissioner must conduct a random validation of data submitted under this subdivision to ensure data accuracy. The commissioner shall analyze cost documentation in paragraph (a) and provide recommendations for adjustments to cost components.

(d) The commissioner shall analyze cost documentation in paragraph (a) and may submit recommendations on component values, updated base wage component values, and competitive workforce factors to the chair and ranking minority members of the legislative committees and divisions with jurisdiction over human services policy and finance every two years beginning August 1, 2026. The commissioner shall release cost data in an aggregate form, and cost data from individual providers shall not be released except as provided for in current law.

(e) The commissioner, in consultation with stakeholders, must develop and implement a process for providing training and technical assistance necessary to support provider submission of cost data required under this subdivision.

Subd. 8. **Payment rates; reports required.** (a) The commissioner must assess the standard component values and publish evaluation findings and recommended changes to the rate methodology in a report to the legislature by August 1, 2026.

(b) The commissioner must assess the long-term impacts of the rate methodology implementation on staff providing services with rates determined under this section, including but not limited to measuring changes in wages, benefits provided, hours worked, and retention. The commissioner must publish evaluation findings in a report to the legislature by August 1, 2028, and once every two years thereafter.

Subd. 9. **Payment rates; collective bargaining.** The commissioner's authority to set payment rates, including wages and benefits, for the services of individual providers defined in section 256B.0711, subdivision 1, paragraph (d), is subject to the state's obligations to meet and negotiate under chapter 179A, as modified and made applicable to individual providers under section 179A.54, and to agreements with any exclusive representative of individual providers, as authorized by chapter 179A, as modified and made applicable to individual providers under section 179A.54.

EFFECTIVE DATE. This section is effective January 1, 2023, or upon federal approval, whichever is later. The commissioner of human services must notify the revisor of statutes when federal approval is obtained.

Sec. 26. Minnesota Statutes 2020, section 256I.04, subdivision 3, is amended to read:

Subd. 3. **Moratorium on development of housing support beds.** (a) Agencies shall not enter into agreements for new housing support beds with total rates in excess of the MSA equivalent rate except:

(1) for establishments licensed under chapter 245D provided the facility is needed to meet the census reduction targets for persons with developmental disabilities at regional treatment centers;

(2) up to 80 beds in a single, specialized facility located in Hennepin County that will provide housing for chronic inebriates who are repetitive users of detoxification centers and are refused placement in emergency shelters because of their state of intoxication, and planning for the specialized facility must have been initiated before July 1, 1991, in anticipation of receiving a grant from the Housing Finance Agency under section 462A.05, subdivision 20a, paragraph (b);

(3) notwithstanding the provisions of subdivision 2a, for up to ~~226~~ 500 supportive housing units in Anoka, Carver, Dakota, Hennepin, ~~or~~ Ramsey, Scott, or Washington County for homeless adults with a mental illness, a history of substance abuse, or human immunodeficiency virus or acquired immunodeficiency syndrome. For purposes of this section, "homeless adult" means a person who is living on the street or in a shelter ~~or discharged from a regional treatment center, community hospital, or residential treatment program and~~, has no appropriate housing available, and lacks the resources and support necessary to access appropriate housing. ~~At least 70 percent of the supportive housing units must serve homeless adults with mental illness, substance abuse problems, or human immunodeficiency virus or acquired immunodeficiency syndrome who are about to be or, within the previous six months, have been discharged from a regional treatment center, or a state contracted psychiatric bed in a community hospital, or a residential mental health or chemical dependency treatment program.~~ If a person meets the requirements of subdivision 1, paragraph (a) or (b), and receives a federal or state housing subsidy, the housing support rate for that person is limited to the supplementary rate under section 256I.05, subdivision 1a~~, and is determined by subtracting the amount of the person's countable income that exceeds the MSA equivalent rate from the housing support supplementary service rate~~. A resident in a demonstration project site who no longer participates in the demonstration program shall retain eligibility for a housing support payment in an amount determined under section 256I.06, subdivision 8, using the MSA equivalent rate~~. Service funding under section 256I.05, subdivision 1a, will end June 30, 1997, if federal matching funds are available and the services can be provided through a managed care entity. If federal matching funds are not available, then service funding will continue under section 256I.05, subdivision 1a~~;

(4) for an additional two beds, resulting in a total of 32 beds, for a facility located in Hennepin County providing services for recovering and chemically dependent men that has had a housing support contract with the county and has been licensed as a board and lodge facility with special services since 1980;

(5) for a housing support provider located in the city of St. Cloud, or a county contiguous to the city of St. Cloud, that operates a 40-bed facility, that received financing through the Minnesota Housing Finance Agency Ending Long-Term Homelessness Initiative and serves chemically dependent clientele, providing 24-hour-a-day supervision;

(6) for a new 65-bed facility in Crow Wing County that will serve chemically dependent persons, operated by a housing support provider that currently operates a 304-bed facility in Minneapolis, and a 44-bed facility in Duluth;

(7) for a housing support provider that operates two ten-bed facilities, one located in Hennepin County and one located in Ramsey County, that provide community support and 24-hour-a-day supervision to serve the mental health needs of individuals who have chronically lived unsheltered; and

(8) for a facility authorized for recipients of housing support in Hennepin County with a capacity of up to 48 beds that has been licensed since 1978 as a board and lodging facility and that until August 1, 2007, operated as a licensed chemical dependency treatment program.

(b) An agency may enter into a housing support agreement for beds with rates in excess of the MSA equivalent rate in addition to those currently covered under a housing support agreement if the additional beds are only a replacement of beds with rates in excess of the MSA equivalent rate which have been made available due to closure of a setting, a change of licensure or certification which removes the beds from housing support payment, or as a result of the downsizing of a setting authorized for recipients of housing support. The transfer of available beds from one agency to another can only occur by the agreement of both agencies.

(c) The appropriation for this subdivision must include administrative funding equal to the cost of two full-time equivalent employees to process eligibility. The commissioner must disburse administrative funding to the fiscal agent for the counties under this subdivision.

Sec. 27. Minnesota Statutes 2020, section 256I.05, subdivision 1a, is amended to read:

Subd. 1a. **Supplementary service rates.** (a) Subject to the provisions of section 256I.04, subdivision 3, the ~~county~~ agency may negotiate a payment not to exceed $426.37 for other services necessary to provide room and board if the residence is licensed by or registered by the Department of Health, or licensed by the Department of Human Services to provide services in addition to room and board, and if the provider of services is not also concurrently receiving funding for services for a recipient under a home and community-based waiver under title XIX of the federal Social Security Act; or funding from the medical assistance program under section 256B.0659, for personal care services for residents in the setting; or residing in a setting which receives funding under section 245.73. If funding is available for other necessary services through a home and community-based waiver, or personal care services under section 256B.0659, then the housing support rate is limited to the rate set in subdivision 1. Unless otherwise provided in law, in no case may the supplementary service rate exceed $426.37. The registration and licensure requirement does not apply to establishments which are exempt from state licensure because they are located on Indian reservations and for which the tribe has prescribed health and safety requirements. Service payments under this section may be prohibited under rules to prevent the supplanting of federal funds with state funds. The commissioner shall pursue the feasibility of obtaining the approval of the Secretary of Health and Human Services to provide home and community-based waiver services under title XIX of the federal Social Security Act for residents who are not eligible for an existing home and community-based waiver due to a primary diagnosis of mental illness or chemical dependency and shall apply for a waiver if it is determined to be cost-effective.

(b) The commissioner is authorized to make cost-neutral transfers from the housing support fund for beds under this section to other funding programs administered by the department after consultation with the ~~county or counties~~ agency in which the affected beds are located. The commissioner may also make cost-neutral transfers from the housing support fund to ~~county human service~~ agencies for beds permanently removed from the housing support census under a plan submitted by the ~~county~~ agency and approved by the commissioner. The commissioner shall report the amount of any transfers under this provision annually to the legislature.

(c) ~~Counties~~ Agencies must not negotiate supplementary service rates with providers of housing support that are licensed as board and lodging with special services and that do not encourage a policy of sobriety on their premises and make referrals to available community services for volunteer and employment opportunities for residents.

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

Sec. 28. Minnesota Statutes 2020, section 256I.05, subdivision 1c, is amended to read:

Subd. 1c. **Rate increases.** An agency may not increase the rates negotiated for housing support above those in effect on June 30, 1993, except as provided in paragraphs (a) to (f).

(a) An agency may increase the rates for room and board to the MSA equivalent rate for those settings whose current rate is below the MSA equivalent rate.

(b) An agency may increase the rates for residents in adult foster care whose difficulty of care has increased. The total housing support rate for these residents must not exceed the maximum rate specified in subdivisions 1 and 1a. Agencies must not include nor increase difficulty of care rates for adults in foster care whose difficulty of care is eligible for funding by home and community-based waiver programs under title XIX of the Social Security Act.

(c) The room and board rates will be increased each year when the MSA equivalent rate is adjusted for SSI cost-of-living increases by the amount of the annual SSI increase, less the amount of the increase in the medical assistance personal needs allowance under section 256B.35.

(d) When housing support pays for an individual's room and board, or other costs necessary to provide room and board, the rate payable to the residence must continue for up to 18 calendar days per incident that the person is temporarily absent from the residence, not to exceed 60 days in a calendar year, if the absence or absences are reported in advance to the county agency's social service staff. Advance reporting is not required for emergency absences due to crisis, illness, or injury. For purposes of maintaining housing while temporarily absent due to residential behavioral health treatment or health care treatment that requires admission to an inpatient hospital, nursing facility, or other health care facility, the room and board rate for an individual is payable beyond an 18-calendar-day absence period, not to exceed 150 days in a calendar year.

(e) For facilities meeting substantial change criteria within the prior year. Substantial change criteria exists if the establishment experiences a 25 percent increase or decrease in the total number of its beds, if the net cost of capital additions or improvements is in excess of 15 percent of the current market value of the residence, or if the residence physically moves, or changes its licensure, and incurs a resulting increase in operation and property costs.

(f) Until June 30, 1994, an agency may increase by up to five percent the total rate paid for recipients of assistance under sections 256D.01 to 256D.21 or 256D.33 to 256D.54 who reside in residences that are licensed by the commissioner of health as a boarding care home, but are not certified for the purposes of the medical assistance program. However, an increase under this clause must not exceed an amount equivalent to 65 percent of the 1991 medical assistance reimbursement rate for nursing home resident class A, in the geographic grouping in which the facility is located, as established under Minnesota Rules, parts 9549.0051 to 9549.0058.

Sec. 29. Minnesota Statutes 2020, section 256I.05, subdivision 11, is amended to read:

Subd. 11. **Transfer of emergency shelter funds.** (a) The commissioner shall make a cost-neutral transfer of funding from the housing support fund to ~~county human service agencies~~ the agency for emergency shelter beds removed from the housing support census under a biennial plan submitted by the ~~county~~ agency and approved by the commissioner. The plan must describe: (1) anticipated and actual outcomes for persons experiencing homelessness in emergency shelters; (2) improved efficiencies in administration; (3) requirements for individual eligibility; and (4) plans for quality assurance monitoring and quality assurance outcomes. The commissioner shall review the ~~county~~ agency plan to monitor implementation and outcomes at least biennially, and more frequently if the commissioner deems necessary.

(b) The funding under paragraph (a) may be used for the provision of room and board or supplemental services according to section 256I.03, subdivisions 2 and 8. Providers must meet the requirements of section 256I.04, subdivisions 2a to 2f. Funding must be allocated annually, and the room and board portion of the allocation shall be adjusted according to the percentage change in the housing support room and board rate. The room and board portion of the allocation shall be determined at the time of transfer. The commissioner or ~~county~~ agency may return beds to the housing support fund with 180 days' notice, including financial reconciliation.

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

Sec. 30. Minnesota Statutes 2020, section 256S.18, subdivision 7, is amended to read:

Subd. 7. **Monthly case mix budget cap exception.** The commissioner shall approve an exception to the monthly case mix budget cap in ~~paragraph (a)~~ subdivision 3 to account for the additional cost of providing enhanced rate personal care assistance services under section 256B.0659 or enhanced rate community first services and supports under section 256B.85. ~~The exception shall not exceed 107.5 percent of the budget otherwise available to the individual.~~ The commissioner must calculate the difference between the rate for personal care assistance services and enhanced rate personal care assistance services. The additional budget amount approved under an exception must not exceed this difference. The exception must be reapproved on an annual basis at the time of a participant's annual reassessment.

EFFECTIVE DATE. This section is effective July 1, 2021, or upon federal approval, whichever is later. The commissioner of human services must notify the revisor of statutes when federal approval is obtained.

Sec. 31. Minnesota Statutes 2020, section 256S.20, subdivision 1, is amended to read:

Subdivision 1. **Customized living services provider requirements.** ~~Only a provider licensed by the Department of Health as a comprehensive home care provider may provide~~ To deliver customized living services or 24-hour customized living services~~.~~, a provider must:

(1) be licensed as an assisted living facility under chapter 144G; or

(2) be licensed as a comprehensive home care provider under chapter 144A and be delivering services in a setting defined under section 144G.08, subdivision 7, clauses (10) to (13). A licensed home care provider is subject to section 256B.0651, subdivision 14.

Sec. 32. Laws 2020, Fifth Special Session chapter 3, article 10, section 3, is amended to read:

Sec. 3. **TEMPORARY PERSONAL CARE ASSISTANCE COMPENSATION FOR SERVICES PROVIDED BY A PARENT OR SPOUSE.**

(a) Notwithstanding Minnesota Statutes, section 256B.0659, subdivisions 3, paragraph (a), clause (1); 11, paragraph (c); and 19, paragraph (b), clause (3), during a peacetime emergency declared by the governor under Minnesota Statutes, section 12.31, subdivision 2, for an outbreak of COVID-19, a parent, stepparent, or legal guardian of a minor who is a personal care assistance recipient or a spouse of a personal care assistance recipient may provide and be paid for providing personal care assistance services.

(b) This section expires ~~February 7, 2021~~ upon the expiration of the COVID-19 public health emergency declared by the United States Secretary of Health and Human Services.

EFFECTIVE DATE; REVIVAL AND REENACTMENT. This section is effective the day following final enactment, or upon federal approval, whichever is later, and Laws 2020, Fifth Special Session chapter 3, article 10, section 3, is revived and reenacted as of that date.

Sec. 33. **SELF-DIRECTED WORKER CONTRACT RATIFICATION.**

The labor agreement between the state of Minnesota and the Service Employees International Union Healthcare Minnesota, submitted to the Legislative Coordinating Commission on March 1, 2021, is ratified.

Sec. 34. **DIRECTION TO THE COMMISSIONER; CUSTOMIZED LIVING REPORT.**

(a) By January 15, 2022, the commissioner of human services shall submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over human services policy and finance. The report must include the commissioner's:

(1) assessment of the prevalence of customized living services provided under Minnesota Statutes, section 256B.49, supplanting the provision of residential services and supports licensed under Minnesota Statutes, chapter 245D, and provided in settings licensed under Minnesota Statutes, chapter 245A;

(2) recommendations regarding the continuation of the moratorium on home and community-based services customized living settings under Minnesota Statutes, section 256B.49, subdivision 28;

(3) other policy recommendations to ensure that customized living services are being provided in a manner consistent with the policy objectives of the foster care licensing moratorium under Minnesota Statutes, section 245A.03, subdivision 7; and

(4) recommendations for needed statutory changes to implement the transition from existing four-person or fewer customized living settings to corporate adult foster care or community residential settings.

(b) The commissioner of health shall provide the commissioner of human services with the required data to complete the report in paragraph (a) and implement the moratorium on home and community-based services customized living settings under Minnesota Statutes, section 256B.49, subdivision 28. The data must include, at a minimum, each registered housing with services establishment under Minnesota Statutes, chapter 144D, enrolled as a customized living setting to deliver customized living services as defined under the brain injury or community access for disability inclusion waiver plans under Minnesota Statutes, section 256B.49.

Sec. 35. **GOVERNOR'S COUNCIL ON AN AGE-FRIENDLY MINNESOTA.**

The Governor's Council on an Age-Friendly Minnesota, established in Executive Order 19-38, shall: (1) work to advance age-friendly policies; and (2) coordinate state, local, and private partners' collaborative work on emergency preparedness, with a focus on older adults, communities, and persons in zip codes most impacted by the COVID-19 pandemic. The Governor's Council on an Age-Friendly Minnesota is extended and expires October 1, 2022.

Sec. 36. **RATE INCREASE FOR DIRECT SUPPORT SERVICES WORKFORCE.**

(a) Effective October 1, 2021, or upon federal approval, whichever is later, if the labor agreement between the state of Minnesota and the Service Employees International Union Healthcare Minnesota under Minnesota Statutes, section 179A.54, is approved pursuant to Minnesota Statutes, section 3.855, the commissioner of human services shall increase:

(1) reimbursement rates, individual budgets, grants, or allocations by 4.14 percent for services under paragraph (b) provided on or after October 1, 2021, or upon federal approval, whichever is later, to implement the minimum hourly wage, holiday, and paid time off provisions of that agreement;

(2) reimbursement rates, individual budgets, grants, or allocations by 2.95 percent for services under paragraph (b) provided on or after July 1, 2022, or upon federal approval, whichever is later, to implement the minimum hourly wage, holiday, and paid time off provisions of that agreement;

(3) individual budgets, grants, or allocations by 1.58 percent for services under paragraph (c) provided on or after October 1, 2021, or upon federal approval, whichever is later, to implement the minimum hourly wage, holiday, and paid time off provisions of that agreement; and

(4) individual budgets, grants, or allocations by .81 percent for services under paragraph (c) provided on or after July 1, 2022, or upon federal approval, whichever is later, to implement the minimum hourly wage, holiday, and paid time off provisions of that agreement.

(b) The rate changes described in paragraph (a), clauses (1) and (2), apply to direct support services provided through a covered program, as defined in Minnesota Statutes, section 256B.0711, subdivision 1, with the exception of consumer-directed community supports available under programs established pursuant to home and community-based service waivers authorized under section 1915(c) of the federal Social Security Act and Minnesota Statutes, including but not limited to chapter 256S and sections 256B.092 and 256B.49, and under the alternative care program under Minnesota Statutes, section 256B.0913.

(c) The funding changes described in paragraph (a), clauses (3) and (4), apply to consumer-directed community supports available under programs established pursuant to home and community-based service waivers authorized under section 1915(c) of the federal Social Security Act, and Minnesota Statutes, including but not limited to chapter 256S and sections 256B.092 and 256B.49, and under the alternative care program under Minnesota Statutes, section 256B.0913.

Sec. 37. **WAIVER REIMAGINE PHASE II.**

(a) The commissioner of human services must implement a two-home and community-based services waiver program structure, as authorized under section 1915(c) of the federal Social Security Act, that serves persons who are determined by a certified assessor to require the levels of care provided in a nursing home, a hospital, a neurobehavioral hospital, or an intermediate care facility for persons with developmental disabilities.

(b) The commissioner of human services must implement an individualized budget methodology, as authorized under section 1915(c) of the federal Social Security Act, that serves persons who are determined by a certified assessor to require the levels of care provided in a nursing home, a hospital, a neurobehavioral hospital, or an intermediate care facility for persons with developmental disabilities.

(c) The commissioner of human services may seek all federal authority necessary to implement this section.

EFFECTIVE DATE. This section is effective September 1, 2024, or 90 days after federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 38. **REPEALER.**

(a) Minnesota Statutes 2020, section 256B.097, subdivisions 1, 2, 3, 4, 5, and 6, are repealed effective July 1, 2021.

(b) Minnesota Statutes 2020, sections 256B.0916, subdivisions 2, 3, 4, 5, 8, 11, and 12; and 256B.49, subdivisions 26 and 27, are repealed effective January 1, 2023, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

ARTICLE 7
COMMUNITY SUPPORTS POLICY

Section 1. Minnesota Statutes 2020, section 256B.0947, subdivision 6, is amended to read:

Subd. 6. **Service standards.** The standards in this subdivision apply to intensive nonresidential rehabilitative mental health services.

(a) The treatment team must use team treatment, not an individual treatment model.

(b) Services must be available at times that meet client needs.

(c) Services must be age-appropriate and meet the specific needs of the client.

(d) The initial functional assessment must be completed within ten days of intake and updated at least every six months or prior to discharge from the service, whichever comes first.

(e) The treatment team must complete an individual treatment plan for each client and the individual treatment plan must:

(1) be based on the information in the client's diagnostic assessment and baselines;

(2) identify goals and objectives of treatment, a treatment strategy, a schedule for accomplishing treatment goals and objectives, and the individuals responsible for providing treatment services and supports;

(3) be developed after completion of the client's diagnostic assessment by a mental health professional or clinical trainee and before the provision of children's therapeutic services and supports;

(4) be developed through a child-centered, family-driven, culturally appropriate planning process, including allowing parents and guardians to observe or participate in individual and family treatment services, assessments, and treatment planning;

(5) be reviewed at least once every six months and revised to document treatment progress on each treatment objective and next goals or, if progress is not documented, to document changes in treatment;

(6) be signed by the clinical supervisor and by the client or by the client's parent or other person authorized by statute to consent to mental health services for the client. A client's parent may approve the client's individual treatment plan by secure electronic signature or by documented oral approval that is later verified by written signature;

(7) be completed in consultation with the client's current therapist and key providers and provide for ongoing consultation with the client's current therapist to ensure therapeutic continuity and to facilitate the client's return to the community. For clients under the age of 18, the treatment team must consult with parents and guardians in developing the treatment plan;

(8) if a need for substance use disorder treatment is indicated by validated assessment:

(i) identify goals, objectives, and strategies of substance use disorder treatment; develop a schedule for accomplishing treatment goals and objectives; and identify the individuals responsible for providing treatment services and supports;

(ii) be reviewed at least once every 90 days and revised, if necessary;

(9) be signed by the clinical supervisor and by the client and, if the client is a minor, by the client's parent or other person authorized by statute to consent to mental health treatment and substance use disorder treatment for the client; and

(10) provide for the client's transition out of intensive nonresidential rehabilitative mental health services by defining the team's actions to assist the client and subsequent providers in the transition to less intensive or "stepped down" services.

(f) The treatment team shall actively and assertively engage the client's family members and significant others by establishing communication and collaboration with the family and significant others and educating the family and significant others about the client's mental illness, symptom management, and the family's role in treatment, unless the team knows or has reason to suspect that the client has suffered or faces a threat of suffering any physical or mental injury, abuse, or neglect from a family member or significant other.

(g) For a client age 18 or older, the treatment team may disclose to a family member, other relative, or a close personal friend of the client, or other person identified by the client, the protected health information directly relevant to such person's involvement with the client's care, as provided in Code of Federal Regulations, title 45, part 164.502(b). If the client is present, the treatment team shall obtain the client's agreement, provide the client with an opportunity to object, or reasonably infer from the circumstances, based on the exercise of professional judgment, that the client does not object. If the client is not present or is unable, by incapacity or emergency circumstances, to agree or object, the treatment team may, in the exercise of professional judgment, determine whether the disclosure is in the best interests of the client and, if so, disclose only the protected health information that is directly relevant to the family member's, relative's, friend's, or client-identified person's involvement with the client's health care. The client may orally agree or object to the disclosure and may prohibit or restrict disclosure to specific individuals.

(h) The treatment team shall provide interventions to promote positive interpersonal relationships.

Sec. 2. Minnesota Statutes 2020, section 256B.69, subdivision 5a, is amended to read:

Subd. 5a. **Managed care contracts.** (a) Managed care contracts under this section and section 256L.12 shall be entered into or renewed on a calendar year basis. The commissioner may issue separate contracts with requirements specific to services to medical assistance recipients age 65 and older.

(b) A prepaid health plan providing covered health services for eligible persons pursuant to chapters 256B and 256L is responsible for complying with the terms of its contract with the commissioner. Requirements applicable to managed care programs under chapters 256B and 256L established after the effective date of a contract with the commissioner take effect when the contract is next issued or renewed.

(c) The commissioner shall withhold five percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program pending completion of performance targets. Each performance target must be quantifiable, objective, measurable, and reasonably attainable, except in the case of a performance target based on a federal or state law or rule. Criteria for assessment of each performance target must be outlined in writing prior to the contract effective date. Clinical or utilization performance targets and their related criteria must consider evidence-based research and reasonable interventions when available or applicable to the populations served, and must be developed with input from external clinical experts and stakeholders, including managed care plans, county-based purchasing plans, and providers. The managed care or county-based purchasing plan must demonstrate, to the commissioner's satisfaction, that the data submitted regarding attainment of the performance target is accurate. The commissioner shall periodically change the administrative measures used as performance targets in order to improve plan performance across a broader range of administrative services. The performance targets must include measurement of plan efforts to contain spending on health care services and administrative activities. The commissioner may adopt plan-specific performance targets that take into account factors affecting only one plan, including characteristics of the plan's enrollee population. The withheld funds must be returned no sooner than July of the following year if performance targets in the contract are achieved. The commissioner may exclude special demonstration projects under subdivision 23.

(d) The commissioner shall require that managed care plans use the assessment and authorization processes, forms, timelines, standards, documentation, and data reporting requirements, protocols, billing processes, and policies consistent with medical assistance fee-for-service or the Department of Human Services contract requirements for all personal care assistance services under section 256B.0659 and community first services and supports under section 256B.85.

(e) Effective for services rendered on or after January 1, 2012, the commissioner shall include as part of the performance targets described in paragraph (c) a reduction in the health plan's emergency department utilization rate for medical assistance and MinnesotaCare enrollees, as determined by the commissioner. For 2012, the reduction shall be based on the health plan's utilization in 2009. To earn the return of the withhold each subsequent year, the managed care plan or county-based purchasing plan must achieve a qualifying reduction of no less than ten percent of the plan's emergency department utilization rate for medical assistance and MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and 28, compared to the previous measurement year until the final performance target is reached. When measuring performance, the commissioner must consider the difference in health risk in a managed care or county-based purchasing plan's membership in the baseline year compared to the measurement year, and work with the managed care or county-based purchasing plan to account for differences that they agree are significant.

The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if the managed care plan or county-based purchasing plan demonstrates to the satisfaction of the commissioner that a reduction in the utilization rate was achieved. The commissioner shall structure the withhold so that the commissioner returns a portion of the withheld funds in amounts commensurate with achieved reductions in utilization less than the targeted amount.

The withhold described in this paragraph shall continue for each consecutive contract period until the plan's emergency room utilization rate for state health care program enrollees is reduced by 25 percent of the plan's emergency room utilization rate for medical assistance and MinnesotaCare enrollees for calendar year 2009. Hospitals shall cooperate with the health plans in meeting this performance target and shall accept payment withholds that may be returned to the hospitals if the performance target is achieved.

(f) Effective for services rendered on or after January 1, 2012, the commissioner shall include as part of the performance targets described in paragraph (c) a reduction in the plan's hospitalization admission rate for medical assistance and MinnesotaCare enrollees, as determined by the commissioner. To earn the return of the withhold each year, the managed care plan or county-based purchasing plan must achieve a qualifying reduction of no less than five percent of the plan's hospital admission rate for medical assistance and MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and 28, compared to the previous calendar year until the final performance target is reached. When measuring performance, the commissioner must consider the difference in health risk in a managed care or county-based purchasing plan's membership in the baseline year compared to the measurement year, and work with the managed care or county-based purchasing plan to account for differences that they agree are significant.

The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if the managed care plan or county-based purchasing plan demonstrates to the satisfaction of the commissioner that this reduction in the hospitalization rate was achieved. The commissioner shall structure the withhold so that the commissioner returns a portion of the withheld funds in amounts commensurate with achieved reductions in utilization less than the targeted amount.

The withhold described in this paragraph shall continue until there is a 25 percent reduction in the hospital admission rate compared to the hospital admission rates in calendar year 2011, as determined by the commissioner. The hospital admissions in this performance target do not include the admissions applicable to the subsequent hospital admission performance target under paragraph (g). Hospitals shall cooperate with the plans in meeting this performance target and shall accept payment withholds that may be returned to the hospitals if the performance target is achieved.

(g) Effective for services rendered on or after January 1, 2012, the commissioner shall include as part of the performance targets described in paragraph (c) a reduction in the plan's hospitalization admission rates for subsequent hospitalizations within 30 days of a previous hospitalization of a patient regardless of the reason, for

medical assistance and MinnesotaCare enrollees, as determined by the commissioner. To earn the return of the withhold each year, the managed care plan or county-based purchasing plan must achieve a qualifying reduction of the subsequent hospitalization rate for medical assistance and MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and 28, of no less than five percent compared to the previous calendar year until the final performance target is reached.

The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if the managed care plan or county-based purchasing plan demonstrates to the satisfaction of the commissioner that a qualifying reduction in the subsequent hospitalization rate was achieved. The commissioner shall structure the withhold so that the commissioner returns a portion of the withheld funds in amounts commensurate with achieved reductions in utilization less than the targeted amount.

The withhold described in this paragraph must continue for each consecutive contract period until the plan's subsequent hospitalization rate for medical assistance and MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and 28, is reduced by 25 percent of the plan's subsequent hospitalization rate for calendar year 2011. Hospitals shall cooperate with the plans in meeting this performance target and shall accept payment withholds that must be returned to the hospitals if the performance target is achieved.

(h) Effective for services rendered on or after January 1, 2013, through December 31, 2013, the commissioner shall withhold 4.5 percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

(i) Effective for services rendered on or after January 1, 2014, the commissioner shall withhold three percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

(j) A managed care plan or a county-based purchasing plan under section 256B.692 may include as admitted assets under section 62D.044 any amount withheld under this section that is reasonably expected to be returned.

(k) Contracts between the commissioner and a prepaid health plan are exempt from the set-aside and preference provisions of section 16C.16, subdivisions 6, paragraph (a), and 7.

(l) The return of the withhold under paragraphs (h) and (i) is not subject to the requirements of paragraph (c).

(m) Managed care plans and county-based purchasing plans shall maintain current and fully executed agreements for all subcontractors, including bargaining groups, for administrative services that are expensed to the state's public health care programs. Subcontractor agreements determined to be material, as defined by the commissioner after taking into account state contracting and relevant statutory requirements, must be in the form of a written instrument or electronic document containing the elements of offer, acceptance, consideration, payment terms, scope, duration of the contract, and how the subcontractor services relate to state public health care programs. Upon request, the commissioner shall have access to all subcontractor documentation under this paragraph. Nothing in this paragraph shall allow release of information that is nonpublic data pursuant to section 13.02.

Sec. 3. Minnesota Statutes 2020, section 256B.85, subdivision 1, is amended to read:

Subdivision 1. **Basis and scope.** (a) Upon federal approval, the commissioner shall establish a state plan option for the provision of home and community-based personal assistance service and supports called "community first services and supports (CFSS)."

(b) CFSS is a participant-controlled method of selecting and providing services and supports that allows the participant maximum control of the services and supports. Participants may choose the degree to which they direct and manage their supports by choosing to have a significant and meaningful role in the management of services and supports including by directly employing support workers with the necessary supports to perform that function.

(c) CFSS is available statewide to eligible people to assist with accomplishing activities of daily living (ADLs), instrumental activities of daily living (IADLs), and health-related procedures and tasks through hands-on assistance to accomplish the task or constant supervision and cueing to accomplish the task; and to assist with acquiring, maintaining, and enhancing the skills necessary to accomplish ADLs, IADLs, and health-related procedures and tasks. CFSS allows payment for the participant for certain supports and goods such as environmental modifications and technology that are intended to replace or decrease the need for human assistance.

(d) Upon federal approval, CFSS will replace the personal care assistance program under sections 256.476, 256B.0625, subdivisions 19a and 19c, and 256B.0659.

(e) For the purposes of this section, notwithstanding the provisions of section 144A.43, subdivision 3, supports purchased under CFSS are not considered home care services.

Sec. 4. Minnesota Statutes 2020, section 256B.85, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given.

(b) "Activities of daily living" or "ADLs" means ~~eating, toileting, grooming, dressing, bathing, mobility, positioning, and transferring.~~:

(1) dressing, including assistance with choosing, applying, and changing clothing and applying special appliances, wraps, or clothing;

(2) grooming, including assistance with basic hair care, oral care, shaving, applying cosmetics and deodorant, and care of eyeglasses and hearing aids. Grooming includes nail care, except for recipients who are diabetic or have poor circulation;

(3) bathing, including assistance with basic personal hygiene and skin care;

(4) eating, including assistance with hand washing and applying orthotics required for eating, transfers, or feeding;

(5) transfers, including assistance with transferring the participant from one seating or reclining area to another;

(6) mobility, including assistance with ambulation and use of a wheelchair. Mobility does not include providing transportation for a participant;

(7) positioning, including assistance with positioning or turning a participant for necessary care and comfort; and

(8) toileting, including assistance with bowel or bladder elimination and care, transfers, mobility, positioning, feminine hygiene, use of toileting equipment or supplies, cleansing the perineal area, inspection of the skin, and adjusting clothing.

(c) "Agency-provider model" means a method of CFSS under which a qualified agency provides services and supports through the agency's own employees and policies. The agency must allow the participant to have a significant role in the selection and dismissal of support workers of their choice for the delivery of their specific services and supports.

(d) "Behavior" means a description of a need for services and supports used to determine the home care rating and additional service units. The presence of Level I behavior is used to determine the home care rating.

(e) "Budget model" means a service delivery method of CFSS that allows the use of a service budget and assistance from a financial management services (FMS) provider for a participant to directly employ support workers and purchase supports and goods.

(f) "Complex health-related needs" means an intervention listed in clauses (1) to (8) that has been ordered by a physician, advanced practice registered nurse, or physician's assistant and is specified in a community support plan, including:

(1) tube feedings requiring:

(i) a gastrojejunostomy tube; or

(ii) continuous tube feeding lasting longer than 12 hours per day;

(2) wounds described as:

(i) stage III or stage IV;

(ii) multiple wounds;

(iii) requiring sterile or clean dressing changes or a wound vac; or

(iv) open lesions such as burns, fistulas, tube sites, or ostomy sites that require specialized care;

(3) parenteral therapy described as:

(i) IV therapy more than two times per week lasting longer than four hours for each treatment; or

(ii) total parenteral nutrition (TPN) daily;

(4) respiratory interventions, including:

(i) oxygen required more than eight hours per day;

(ii) respiratory vest more than one time per day;

(iii) bronchial drainage treatments more than two times per day;

(iv) sterile or clean suctioning more than six times per day;

(v) dependence on another to apply respiratory ventilation augmentation devices such as BiPAP and CPAP; and

(vi) ventilator dependence under section 256B.0651;

(5) insertion and maintenance of catheter, including:

(i) sterile catheter changes more than one time per month;

(ii) clean intermittent catheterization, and including self-catheterization more than six times per day; or

(iii) bladder irrigations;

(6) bowel program more than two times per week requiring more than 30 minutes to perform each time;

(7) neurological intervention, including:

(i) seizures more than two times per week and requiring significant physical assistance to maintain safety; or

(ii) swallowing disorders diagnosed by a physician, advanced practice registered nurse, or physician's assistant and requiring specialized assistance from another on a daily basis; and

(8) other congenital or acquired diseases creating a need for significantly increased direct hands-on assistance and interventions in six to eight activities of daily living.

(g) "Community first services and supports" or "CFSS" means the assistance and supports program under this section needed for accomplishing activities of daily living, instrumental activities of daily living, and health-related tasks through hands-on assistance to accomplish the task or constant supervision and cueing to accomplish the task, or the purchase of goods as defined in subdivision 7, clause (3), that replace the need for human assistance.

(h) "Community first services and supports service delivery plan" or "CFSS service delivery plan" means a written document detailing the services and supports chosen by the participant to meet assessed needs that are within the approved CFSS service authorization, as determined in subdivision 8. Services and supports are based on the coordinated service and support plan identified in ~~section~~ sections 256B.092, subdivision 1b, and 256S.10.

(i) "Consultation services" means a Minnesota health care program enrolled provider organization that provides assistance to the participant in making informed choices about CFSS services in general and self-directed tasks in particular, and in developing a person-centered CFSS service delivery plan to achieve quality service outcomes.

(j) "Critical activities of daily living" means transferring, mobility, eating, and toileting.

(k) "Dependency" in activities of daily living means a person requires hands-on assistance or constant supervision and cueing to accomplish one or more of the activities of daily living every day or on the days during the week that the activity is performed; however, a child ~~may~~ must not be found to be dependent in an activity of daily living if, because of the child's age, an adult would either perform the activity for the child or assist the child with the activity and the assistance needed is the assistance appropriate for a typical child of the same age.

(l) "Extended CFSS" means CFSS services and supports provided under CFSS that are included in the CFSS service delivery plan through one of the home and community-based services waivers and as approved and authorized under chapter 256S and sections 256B.092, subdivision 5, and 256B.49, which exceed the amount, duration, and frequency of the state plan CFSS services for participants. Extended CFSS excludes the purchase of goods.

(m) "Financial management services provider" or "FMS provider" means a qualified organization required for participants using the budget model under subdivision 13 that is an enrolled provider with the department to provide vendor fiscal/employer agent financial management services (FMS).

(n) "Health-related procedures and tasks" means procedures and tasks related to the specific assessed health needs of a participant that can be taught or assigned by a state-licensed health care or mental health professional and performed by a support worker.

(o) "Instrumental activities of daily living" means activities related to living independently in the community, including but not limited to: meal planning, preparation, and cooking; shopping for food, clothing, or other essential items; laundry; housecleaning; assistance with medications; managing finances; communicating needs and preferences during activities; arranging supports; and assistance with traveling around and participating in the community.

(p) "Lead agency" has the meaning given in section 256B.0911, subdivision 1a, paragraph (e).

(q) "Legal representative" means parent of a minor, a court-appointed guardian, or another representative with legal authority to make decisions about services and supports for the participant. Other representatives with legal authority to make decisions include but are not limited to a health care agent or an attorney-in-fact authorized through a health care directive or power of attorney.

(r) "Level I behavior" means physical aggression towards self or others or destruction of property that requires the immediate response of another person.

(s) "Medication assistance" means providing verbal or visual reminders to take regularly scheduled medication, and includes any of the following supports listed in clauses (1) to (3) and other types of assistance, except that a support worker ~~may~~ must not determine medication dose or time for medication or inject medications into veins, muscles, or skin:

(1) under the direction of the participant or the participant's representative, bringing medications to the participant including medications given through a nebulizer, opening a container of previously set-up medications, emptying the container into the participant's hand, opening and giving the medication in the original container to the participant, or bringing to the participant liquids or food to accompany the medication;

(2) organizing medications as directed by the participant or the participant's representative; and

(3) providing verbal or visual reminders to perform regularly scheduled medications.

(t) "Participant" means a person who is eligible for CFSS.

(u) "Participant's representative" means a parent, family member, advocate, or other adult authorized by the participant or participant's legal representative, if any, to serve as a representative in connection with the provision of CFSS. ~~This authorization must be in writing or by another method that clearly indicates the participant's free choice and may be withdrawn at any time. The participant's representative must have no financial interest in the provision of any services included in the participant's CFSS service delivery plan and must be capable of providing the support necessary to assist the participant in the use of CFSS. If through the assessment process described in subdivision 5 a participant is determined to be in need of a participant's representative, one must be selected.~~ If the participant is unable to assist in the selection of a participant's representative, the legal representative shall appoint one. ~~Two persons may be designated as a participant's representative for reasons such as divided households and court-ordered custodies. Duties of a participant's representatives may include:~~

~~(1) being available while services are provided in a method agreed upon by the participant or the participant's legal representative and documented in the participant's CFSS service delivery plan;~~

~~(2) monitoring CFSS services to ensure the participant's CFSS service delivery plan is being followed; and~~

~~(3) reviewing and signing CFSS time sheets after services are provided to provide verification of the CFSS services.~~

(v) "Person-centered planning process" means a process that is directed by the participant to plan for CFSS services and supports.

(w) "Service budget" means the authorized dollar amount used for the budget model or for the purchase of goods.

(x) "Shared services" means the provision of CFSS services by the same CFSS support worker to two or three participants who voluntarily enter into ~~an~~ a written agreement to receive services at the same time ~~and,~~ in the same setting ~~by~~, and through the same ~~employer~~ agency-provider or FMS provider.

(y) "Support worker" means a qualified and trained employee of the agency-provider as required by subdivision 11b or of the participant employer under the budget model as required by subdivision 14 who has direct contact with the participant and provides services as specified within the participant's CFSS service delivery plan.

(z) "Unit" means the increment of service based on hours or minutes identified in the service agreement.

(aa) "Vendor fiscal employer agent" means an agency that provides financial management services.

(bb) "Wages and benefits" means the hourly wages and salaries, the employer's share of FICA taxes, Medicare taxes, state and federal unemployment taxes, workers' compensation, mileage reimbursement, health and dental insurance, life insurance, disability insurance, long-term care insurance, uniform allowance, contributions to employee retirement accounts, or other forms of employee compensation and benefits.

(cc) "Worker training and development" means services provided according to subdivision 18a for developing workers' skills as required by the participant's individual CFSS service delivery plan that are arranged for or provided by the agency-provider or purchased by the participant employer. These services include training, education, direct observation and supervision, and evaluation and coaching of job skills and tasks, including supervision of health-related tasks or behavioral supports.

Sec. 5. Minnesota Statutes 2020, section 256B.85, subdivision 3, is amended to read:

Subd. 3. **Eligibility.** (a) CFSS is available to a person who ~~meets one of the following~~:

~~(1) is an enrollee of medical assistance as determined under section 256B.055, 256B.056, or 256B.057, subdivisions 5 and 9;~~

(1) is determined eligible for medical assistance under this chapter, excluding those under section 256B.057, subdivisions 3, 3a, 3b, and 4;

(2) is a participant in the alternative care program under section 256B.0913;

(3) is a waiver participant as defined under chapter 256S or section 256B.092, 256B.093, or 256B.49; or

(4) has medical services identified in a person's individualized education program and is eligible for services as determined in section 256B.0625, subdivision 26.

(b) In addition to meeting the eligibility criteria in paragraph (a), a person must also meet all of the following:

(1) require assistance and be determined dependent in one activity of daily living or Level I behavior based on assessment under section 256B.0911; and

(2) is not a participant under a family support grant under section 252.32.

(c) A pregnant woman eligible for medical assistance under section 256B.055, subdivision 6, is eligible for CFSS without federal financial participation if the woman: (1) is eligible for CFSS under paragraphs (a) and (b); and (2) does not meet institutional level of care, as determined under section 256B.0911.

Sec. 6. Minnesota Statutes 2020, section 256B.85, subdivision 4, is amended to read:

Subd. 4. **Eligibility for other services.** Selection of CFSS by a participant must not restrict access to other medically necessary care and services furnished under the state plan benefit or other services available through the alternative care program.

Sec. 7. Minnesota Statutes 2020, section 256B.85, subdivision 5, is amended to read:

Subd. 5. **Assessment requirements.** (a) The assessment of functional need must:

(1) be conducted by a certified assessor according to the criteria established in section 256B.0911, subdivision 3a;

(2) be conducted face-to-face, initially and at least annually thereafter, or when there is a significant change in the participant's condition or a change in the need for services and supports, or at the request of the participant when the participant experiences a change in condition or needs a change in the services or supports; and

(3) be completed using the format established by the commissioner.

(b) The results of the assessment and any recommendations and authorizations for CFSS must be determined and communicated in writing by the lead agency's ~~certified~~ assessor as defined in section 256B.0911 to the participant ~~and the agency provider or FMS provider chosen by the participant~~ or the participant's representative and chosen CFSS providers within ~~40 calendar~~ ten business days and must include the participant's right to appeal the assessment under section 256.045, subdivision 3.

(c) The lead agency assessor may authorize a temporary authorization for CFSS services to be provided under the agency-provider model. The lead agency assessor may authorize a temporary authorization for CFSS services to be provided under the agency-provider model without using the assessment process described in this subdivision. Authorization for a temporary level of CFSS services under the agency-provider model is limited to the time specified by the commissioner, but shall not exceed 45 days. The level of services authorized under this paragraph shall have no bearing on a future authorization. ~~Participants approved for a temporary authorization shall access the consultation service~~ For CFSS services needed beyond the 45-day temporary authorization, the lead agency must conduct an assessment as described in this subdivision and participants must use consultation services to complete their orientation and selection of a service model.

Sec. 8. Minnesota Statutes 2020, section 256B.85, subdivision 6, is amended to read:

Subd. 6. **Community first services and supports service delivery plan.** (a) The CFSS service delivery plan must be developed and evaluated through a person-centered planning process by the participant, or the participant's representative or legal representative who may be assisted by a consultation services provider. The CFSS service delivery plan must reflect the services and supports that are important to the participant and for the participant to meet the needs assessed by the certified assessor and identified in the coordinated service and support plan identified in ~~section~~ sections 256B.092, subdivision 1b, and 256S.10. The CFSS service delivery plan must be reviewed by the participant, the consultation services provider, and the agency-provider or FMS provider prior to starting services and at least annually upon reassessment, or when there is a significant change in the participant's condition, or a change in the need for services and supports.

(b) The commissioner shall establish the format and criteria for the CFSS service delivery plan.

(c) The CFSS service delivery plan must be person-centered and:

(1) specify the consultation services provider, agency-provider, or FMS provider selected by the participant;

(2) reflect the setting in which the participant resides that is chosen by the participant;

(3) reflect the participant's strengths and preferences;

(4) include the methods and supports used to address the needs as identified through an assessment of functional needs;

(5) include the participant's identified goals and desired outcomes;

(6) reflect the services and supports, paid and unpaid, that will assist the participant to achieve identified goals, including the costs of the services and supports, and the providers of those services and supports, including natural supports;

(7) identify the amount and frequency of face-to-face supports and amount and frequency of remote supports and technology that will be used;

(8) identify risk factors and measures in place to minimize them, including individualized backup plans;

(9) be understandable to the participant and the individuals providing support;

(10) identify the individual or entity responsible for monitoring the plan;

(11) be finalized and agreed to in writing by the participant and signed by ~~all~~ individuals and providers responsible for its implementation;

(12) be distributed to the participant and other people involved in the plan;

(13) prevent the provision of unnecessary or inappropriate care;

(14) include a detailed budget for expenditures for budget model participants or participants under the agency-provider model if purchasing goods; and

(15) include a plan for worker training and development provided according to subdivision 18a detailing what service components will be used, when the service components will be used, how they will be provided, and how these service components relate to the participant's individual needs and CFSS support worker services.

(d) The CFSS service delivery plan must describe the units or dollar amount available to the participant. The total units of agency-provider services or the service budget amount for the budget model include both annual totals and a monthly average amount that cover the number of months of the service agreement. The amount used each month may vary, but additional funds must not be provided above the annual service authorization amount, determined according to subdivision 8, unless a change in condition is assessed and authorized by the certified assessor and documented in the coordinated service and support plan and CFSS service delivery plan.

(e) In assisting with the development or modification of the CFSS service delivery plan during the authorization time period, the consultation services provider shall:

(1) consult with the FMS provider on the spending budget when applicable; and

(2) consult with the participant or participant's representative, agency-provider, and case manager~~/~~ or care coordinator.

(f) The CFSS service delivery plan must be approved by the consultation services provider for participants without a case manager or care coordinator who is responsible for authorizing services. A case manager or care coordinator must approve the plan for a waiver or alternative care program participant.

Sec. 9. Minnesota Statutes 2020, section 256B.85, subdivision 7, is amended to read:

Subd. 7. **Community first services and supports; covered services.** Services and supports covered under CFSS include:

(1) assistance to accomplish activities of daily living (ADLs), instrumental activities of daily living (IADLs), and health-related procedures and tasks through hands-on assistance to accomplish the task or constant supervision and cueing to accomplish the task;

(2) assistance to acquire, maintain, or enhance the skills necessary for the participant to accomplish activities of daily living, instrumental activities of daily living, or health-related tasks;

(3) expenditures for items, services, supports, environmental modifications, or goods, including assistive technology. These expenditures must:

(i) relate to a need identified in a participant's CFSS service delivery plan; and

(ii) increase independence or substitute for human assistance, to the extent that expenditures would otherwise be made for human assistance for the participant's assessed needs;

(4) observation and redirection for behavior or symptoms where there is a need for assistance;

(5) back-up systems or mechanisms, such as the use of pagers or other electronic devices, to ensure continuity of the participant's services and supports;

(6) services provided by a consultation services provider as defined under subdivision 17, that is under contract with the department and enrolled as a Minnesota health care program provider;

(7) services provided by an FMS provider as defined under subdivision 13a, that is an enrolled provider with the department;

(8) CFSS services provided by a support worker who is a parent, stepparent, or legal guardian of a participant under age 18, or who is the participant's spouse. These support workers shall not:

(i) provide any medical assistance home and community-based services in excess of 40 hours per seven-day period regardless of the number of parents providing services, combination of parents and spouses providing services, or number of children who receive medical assistance services; and

(ii) have a wage that exceeds the current rate for a CFSS support worker including the wage, benefits, and payroll taxes; and

(9) worker training and development services as described in subdivision 18a.

Sec. 10. Minnesota Statutes 2020, section 256B.85, subdivision 8, is amended to read:

Subd. 8. **Determination of CFSS service authorization amount.** (a) All community first services and supports must be authorized by the commissioner or the commissioner's designee before services begin. The authorization for CFSS must be completed as soon as possible following an assessment but no later than 40 calendar days from the date of the assessment.

(b) The amount of CFSS authorized must be based on the participant's home care rating described in paragraphs (d) and (e) and any additional service units for which the participant qualifies as described in paragraph (f).

(c) The home care rating shall be determined by the commissioner or the commissioner's designee based on information submitted to the commissioner identifying the following for a participant:

(1) the total number of dependencies of activities of daily living;

(2) the presence of complex health-related needs; and

(3) the presence of Level I behavior.

(d) The methodology to determine the total service units for CFSS for each home care rating is based on the median paid units per day for each home care rating from fiscal year 2007 data for the PCA program.

(e) Each home care rating is designated by the letters P through Z and EN and has the following base number of service units assigned:

(1) P home care rating requires Level I behavior or one to three dependencies in ADLs and qualifies the person for five service units;

(2) Q home care rating requires Level I behavior and one to three dependencies in ADLs and qualifies the person for six service units;

(3) R home care rating requires a complex health-related need and one to three dependencies in ADLs and qualifies the person for seven service units;

(4) S home care rating requires four to six dependencies in ADLs and qualifies the person for ten service units;

(5) T home care rating requires four to six dependencies in ADLs and Level I behavior and qualifies the person for 11 service units;

(6) U home care rating requires four to six dependencies in ADLs and a complex health-related need and qualifies the person for 14 service units;

(7) V home care rating requires seven to eight dependencies in ADLs and qualifies the person for 17 service units;

(8) W home care rating requires seven to eight dependencies in ADLs and Level I behavior and qualifies the person for 20 service units;

(9) Z home care rating requires seven to eight dependencies in ADLs and a complex health-related need and qualifies the person for 30 service units; and

(10) EN home care rating includes ventilator dependency as defined in section 256B.0651, subdivision 1, paragraph (g). A person who meets the definition of ventilator-dependent and the EN home care rating and utilize a combination of CFSS and home care nursing services is limited to a total of 96 service units per day for those services in combination. Additional units may be authorized when a person's assessment indicates a need for two staff to perform activities. Additional time is limited to 16 service units per day.

(f) Additional service units are provided through the assessment and identification of the following:

(1) 30 additional minutes per day for a dependency in each critical activity of daily living;

(2) 30 additional minutes per day for each complex health-related need; and

(3) 30 additional minutes per day ~~when the~~ for each behavior under this clause that requires assistance at least four times per week ~~for one or more of the following behaviors~~:

(i) level I behavior that requires the immediate response of another person;

(ii) increased vulnerability due to cognitive deficits or socially inappropriate behavior; or

(iii) increased need for assistance for participants who are verbally aggressive or resistive to care so that the time needed to perform activities of daily living is increased.

(g) The service budget for budget model participants shall be based on:

(1) assessed units as determined by the home care rating; and

(2) an adjustment needed for administrative expenses.

Sec. 11. Minnesota Statutes 2020, section 256B.85, is amended by adding a subdivision to read:

Subd. 8a. **Authorization; exceptions.** All CFSS services must be authorized by the commissioner or the commissioner's designee as described in subdivision 8 except when:

(1) the lead agency temporarily authorizes services in the agency-provider model as described in subdivision 5, paragraph (c);

(2) CFSS services in the agency-provider model were required to treat an emergency medical condition that if not immediately treated could cause a participant serious physical or mental disability, continuation of severe pain, or death. The CFSS agency provider must request retroactive authorization from the lead agency no later than five working days after providing the initial emergency service. The CFSS agency provider must be able to substantiate the emergency through documentation such as reports, notes, and admission or discharge histories. A lead agency must follow the authorization process in subdivision 5 after the lead agency receives the request for authorization from the agency provider;

(3) the lead agency authorizes a temporary increase to the amount of services authorized in the agency or budget model to accommodate the participant's temporary higher need for services. Authorization for a temporary level of CFSS services is limited to the time specified by the commissioner, but shall not exceed 45 days. The level of services authorized under this clause shall have no bearing on a future authorization;

(4) a participant's medical assistance eligibility has lapsed, is then retroactively reinstated, and an authorization for CFSS services is completed based on the date of a current assessment, eligibility, and request for authorization;

(5) a third-party payer for CFSS services has denied or adjusted a payment. Authorization requests must be submitted by the provider within 20 working days of the notice of denial or adjustment. A copy of the notice must be included with the request;

(6) the commissioner has determined that a lead agency or state human services agency has made an error; or

(7) a participant enrolled in managed care experiences a temporary disenrollment from a health plan, in which case the commissioner shall accept the current health plan authorization for CFSS services for up to 60 days. The request must be received within the first 30 days of the disenrollment. If the recipient's reenrollment in managed care is after the 60 days and before 90 days, the provider shall request an additional 30-day extension of the current health plan authorization, for a total limit of 90 days from the time of disenrollment.

Sec. 12. Minnesota Statutes 2020, section 256B.85, subdivision 9, is amended to read:

Subd. 9. **Noncovered services.** (a) Services or supports that are not eligible for payment under this section include those that:

(1) are not authorized by the certified assessor or included in the CFSS service delivery plan;

(2) are provided prior to the authorization of services and the approval of the CFSS service delivery plan;

(3) are duplicative of other paid services in the CFSS service delivery plan;

(4) supplant natural unpaid supports that appropriately meet a need in the CFSS service delivery plan, are provided voluntarily to the participant, and are selected by the participant in lieu of other services and supports;

(5) are not effective means to meet the participant's needs; and

(6) are available through other funding sources, including~~,~~ but not limited to~~,~~ funding through title IV-E of the Social Security Act.

(b) Additional services, goods, or supports that are not covered include:

(1) those that are not for the direct benefit of the participant, except that services for caregivers such as training to improve the ability to provide CFSS are considered to directly benefit the participant if chosen by the participant and approved in the support plan;

(2) any fees incurred by the participant, such as Minnesota health care programs fees and co-pays, legal fees, or costs related to advocate agencies;

(3) insurance, except for insurance costs related to employee coverage;

(4) room and board costs for the participant;

(5) services, supports, or goods that are not related to the assessed needs;

(6) special education and related services provided under the Individuals with Disabilities Education Act and vocational rehabilitation services provided under the Rehabilitation Act of 1973;

(7) assistive technology devices and assistive technology services other than those for back-up systems or mechanisms to ensure continuity of service and supports listed in subdivision 7;

(8) medical supplies and equipment covered under medical assistance;

(9) environmental modifications, except as specified in subdivision 7;

(10) expenses for travel, lodging, or meals related to training the participant or the participant's representative or legal representative;

(11) experimental treatments;

(12) any service or good covered by other state plan services, including prescription and over-the-counter medications, compounds, and solutions and related fees, including premiums and co-payments;

(13) membership dues or costs, except when the service is necessary and appropriate to treat a health condition or to improve or maintain the adult participant's health condition. The condition must be identified in the participant's CFSS service delivery plan and monitored by a Minnesota health care program enrolled physician, advanced practice registered nurse, or physician's assistant;

(14) vacation expenses other than the cost of direct services;

(15) vehicle maintenance or modifications not related to the disability, health condition, or physical need;

(16) tickets and related costs to attend sporting or other recreational or entertainment events;

(17) services provided and billed by a provider who is not an enrolled CFSS provider;

(18) CFSS provided by a participant's representative or paid legal guardian;

(19) services that are used solely as a child care or babysitting service;

(20) services that are the responsibility or in the daily rate of a residential or program license holder under the terms of a service agreement and administrative rules;

(21) sterile procedures;

(22) giving of injections into veins, muscles, or skin;

(23) homemaker services that are not an integral part of the assessed CFSS service;

(24) home maintenance or chore services;

(25) home care services, including hospice services if elected by the participant, covered by Medicare or any other insurance held by the participant;

(26) services to other members of the participant's household;

(27) services not specified as covered under medical assistance as CFSS;

(28) application of restraints or implementation of deprivation procedures;

(29) assessments by CFSS provider organizations or by independently enrolled registered nurses;

(30) services provided in lieu of legally required staffing in a residential or child care setting; ~~and~~

(31) services provided by ~~the residential or program~~ a foster care license holder ~~in a residence for more than four participants.~~ except when the home of the person receiving services is the licensed foster care provider's primary residence;

(32) services that are the responsibility of the foster care provider under the terms of the foster care placement agreement, assessment under sections 256N.24 and 260C.4411, and administrative rules under sections 256N.24 and 260C.4411;

(33) services in a setting that has a licensed capacity greater than six, unless all conditions for a variance under section 245A.04, subdivision 9a, are satisfied for a sibling, as defined in section 260C.007, subdivision 32;

(34) services from a provider who owns or otherwise controls the living arrangement, except when the provider of services is related by blood, marriage, or adoption or when the provider is a licensed foster care provider who is not prohibited from providing services under clauses (31) to (33);

(35) instrumental activities of daily living for children younger than 18 years of age, except when immediate attention is needed for health or hygiene reasons integral to an assessed need for assistance with activities of daily living, health-related procedures, and tasks or behaviors; or

(36) services provided to a resident of a nursing facility, hospital, intermediate care facility, or health care facility licensed by the commissioner of health.

Sec. 13. Minnesota Statutes 2020, section 256B.85, subdivision 10, is amended to read:

Subd. 10. **Agency-provider and FMS provider qualifications and duties.** (a) Agency-providers identified in subdivision 11 and FMS providers identified in subdivision 13a shall:

(1) enroll as a medical assistance Minnesota health care programs provider and meet all applicable provider standards and requirements including completion of required provider training as determined by the commissioner;

(2) demonstrate compliance with federal and state laws and policies for CFSS as determined by the commissioner;

(3) comply with background study requirements under chapter 245C and maintain documentation of background study requests and results;

(4) verify and maintain records of all services and expenditures by the participant, including hours worked by support workers;

(5) not engage in any agency-initiated direct contact or marketing in person, by telephone, or other electronic means to potential participants, guardians, family members, or participants' representatives;

(6) directly provide services and not use a subcontractor or reporting agent;

(7) meet the financial requirements established by the commissioner for financial solvency;

(8) have never had a lead agency contract or provider agreement discontinued due to fraud, or have never had an owner, board member, or manager fail a state or FBI-based criminal background check while enrolled or seeking enrollment as a Minnesota health care programs provider; and

(9) have an office located in Minnesota.

(b) In conducting general duties, agency-providers and FMS providers shall:

(1) pay support workers based upon actual hours of services provided;

(2) pay for worker training and development services based upon actual hours of services provided or the unit cost of the training session purchased;

(3) withhold and pay all applicable federal and state payroll taxes;

(4) make arrangements and pay unemployment insurance, taxes, workers' compensation, liability insurance, and other benefits, if any;

(5) enter into a written agreement with the participant, participant's representative, or legal representative that assigns roles and responsibilities to be performed before services, supports, or goods are provided and that meets the requirements of subdivisions 20a, 20b, and 20c for agency-providers;

(6) report maltreatment as required under section 626.557 and chapter 260E;

(7) comply with the labor market reporting requirements described in section 256B.4912, subdivision 1a;

(8) comply with any data requests from the department consistent with the Minnesota Government Data Practices Act under chapter 13; ~~and~~

(9) maintain documentation for the requirements under subdivision 16, paragraph (e), clause (2), to qualify for an enhanced rate under this section~~.~~; and

(10) request reassessments 60 days before the end of the current authorization for CFSS on forms provided by the commissioner.

Sec. 14. Minnesota Statutes 2020, section 256B.85, subdivision 11, is amended to read:

Subd. 11. **Agency-provider model.** (a) The agency-provider model includes services provided by support workers and staff providing worker training and development services who are employed by an agency-provider that meets the criteria established by the commissioner, including required training.

(b) The agency-provider shall allow the participant to have a significant role in the selection and dismissal of the support workers for the delivery of the services and supports specified in the participant's CFSS service delivery plan. The agency must make a reasonable effort to fulfill the participant's request for the participant's preferred worker.

(c) A participant may use authorized units of CFSS services as needed within a service agreement that is not greater than 12 months. Using authorized units in a flexible manner in either the agency-provider model or the budget model does not increase the total amount of services and supports authorized for a participant or included in the participant's CFSS service delivery plan.

(d) A participant may share CFSS services. Two or three CFSS participants may share services at the same time provided by the same support worker.

(e) The agency-provider must use a minimum of 72.5 percent of the revenue generated by the medical assistance payment for CFSS for support worker wages and benefits, except all of the revenue generated by a medical assistance rate increase due to a collective bargaining agreement under section 179A.54 must be used for support

worker wages and benefits. The agency-provider must document how this requirement is being met. The revenue generated by the worker training and development services and the reasonable costs associated with the worker training and development services must not be used in making this calculation.

(f) The agency-provider model must be used by ~~individuals~~ participants who are restricted by the Minnesota restricted recipient program under Minnesota Rules, parts 9505.2160 to 9505.2245.

(g) Participants purchasing goods under this model, along with support worker services, must:

(1) specify the goods in the CFSS service delivery plan and detailed budget for expenditures that must be approved by the consultation services provider, case manager, or care coordinator; and

(2) use the FMS provider for the billing and payment of such goods.

Sec. 15. Minnesota Statutes 2020, section 256B.85, subdivision 11b, is amended to read:

Subd. 11b. **Agency-provider model; support worker competency.** (a) The agency-provider must ensure that support workers are competent to meet the participant's assessed needs, goals, and additional requirements as written in the CFSS service delivery plan. ~~Within 30 days of any support worker beginning to provide services for a participant,~~ The agency-provider must evaluate the competency of the worker through direct observation of the support worker's performance of the job functions in a setting where the participant is using CFSS~~.~~ within 30 days of:

(1) any support worker beginning to provide services for a participant; or

(2) any support worker beginning to provide shared services.

(b) The agency-provider must verify and maintain evidence of support worker competency, including documentation of the support worker's:

(1) education and experience relevant to the job responsibilities assigned to the support worker and the needs of the participant;

(2) relevant training received from sources other than the agency-provider;

(3) orientation and instruction to implement services and supports to participant needs and preferences as identified in the CFSS service delivery plan; ~~and~~

(4) orientation and instruction delivered by an individual competent to perform, teach, or assign the health-related tasks for tracheostomy suctioning and services to participants on ventilator support, including equipment operation and maintenance; and

~~(4)~~ (5) periodic performance reviews completed by the agency-provider at least annually, including any evaluations required under subdivision 11a, paragraph (a). If a support worker is a minor, all evaluations of worker competency must be completed in person and in a setting where the participant is using CFSS.

(c) The agency-provider must develop a worker training and development plan with the participant to ensure support worker competency. The worker training and development plan must be updated when:

(1) the support worker begins providing services;

(2) the support worker begins providing shared services;

~~(2)~~ (3) there is any change in condition or a modification to the CFSS service delivery plan; or

~~(3)~~ (4) a performance review indicates that additional training is needed.

Sec. 16. Minnesota Statutes 2020, section 256B.85, subdivision 12, is amended to read:

Subd. 12. **Requirements for enrollment of CFSS agency-providers.** (a) All CFSS agency-providers must provide, at the time of enrollment, reenrollment, and revalidation as a CFSS agency-provider in a format determined by the commissioner, information and documentation that includes~~,~~ but is not limited to~~,~~ the following:

(1) the CFSS agency-provider's current contact information including address, telephone number, and e-mail address;

(2) proof of surety bond coverage. Upon new enrollment, or if the agency-provider's Medicaid revenue in the previous calendar year is less than or equal to $300,000, the agency-provider must purchase a surety bond of $50,000. If the agency-provider's Medicaid revenue in the previous calendar year is greater than $300,000, the agency-provider must purchase a surety bond of $100,000. The surety bond must be in a form approved by the commissioner, must be renewed annually, and must allow for recovery of costs and fees in pursuing a claim on the bond;

(3) proof of fidelity bond coverage in the amount of $20,000 per provider location;

(4) proof of workers' compensation insurance coverage;

(5) proof of liability insurance;

(6) a ~~description~~ copy of the CFSS agency-provider's ~~organization~~ organizational chart identifying the names and roles of all owners, managing employees, staff, board of directors, and ~~the~~ additional documentation reporting any affiliations of the directors and owners to other service providers;

(7) ~~a copy of~~ proof that the CFSS ~~agency provider's~~ agency-provider has written policies and procedures including: hiring of employees; training requirements; service delivery; and employee and consumer safety, including the process for notification and resolution of participant grievances, incident response, identification and prevention of communicable diseases, and employee misconduct;

(8) ~~copies of all other forms~~ proof that the CFSS agency-provider ~~uses in the course of daily business including, but not limited to~~ has all of the following forms and documents:

(i) a copy of the CFSS agency-provider's time sheet; and

(ii) a copy of the participant's individual CFSS service delivery plan;

(9) a list of all training and classes that the CFSS agency-provider requires of its staff providing CFSS services;

(10) documentation that the CFSS agency-provider and staff have successfully completed all the training required by this section;

(11) documentation of the agency-provider's marketing practices;

(12) disclosure of ownership, leasing, or management of all residential properties that are used or could be used for providing home care services;

(13) documentation that the agency-provider will use at least the following percentages of revenue generated from the medical assistance rate paid for CFSS services for CFSS support worker wages and benefits: 72.5 percent of revenue from CFSS providers, except 100 percent of the revenue generated by a medical assistance rate increase due to a collective bargaining agreement under section 179A.54 must be used for support worker wages and benefits. The revenue generated by the worker training and development services and the reasonable costs associated with the worker training and development services shall not be used in making this calculation; and

(14) documentation that the agency-provider does not burden participants' free exercise of their right to choose service providers by requiring CFSS support workers to sign an agreement not to work with any particular CFSS participant or for another CFSS agency-provider after leaving the agency and that the agency is not taking action on any such agreements or requirements regardless of the date signed.

(b) CFSS agency-providers shall provide to the commissioner the information specified in paragraph (a).

(c) All CFSS agency-providers shall require all employees in management and supervisory positions and owners of the agency who are active in the day-to-day management and operations of the agency to complete mandatory training as determined by the commissioner. Employees in management and supervisory positions and owners who are active in the day-to-day operations of an agency who have completed the required training as an employee with a CFSS agency-provider do not need to repeat the required training if they are hired by another agency~~, if~~ and they have completed the training within the past three years. CFSS agency-provider billing staff shall complete training about CFSS program financial management. Any new owners or employees in management and supervisory positions involved in the day-to-day operations are required to complete mandatory training as a requisite of working for the agency.

~~(d) The commissioner shall send annual review notifications to agency-providers 30 days prior to renewal. The notification must:~~

~~(1) list the materials and information the agency-provider is required to submit;~~

~~(2) provide instructions on submitting information to the commissioner; and~~

~~(3) provide a due date by which the commissioner must receive the requested information.~~

~~Agency-providers shall submit all required documentation for annual review within 30 days of notification from the commissioner. If an agency-provider fails to submit all the required documentation, the commissioner may take action under subdivision 23a.~~

(d) Agency-providers shall submit all required documentation in this section within 30 days of notification from the commissioner. If an agency-provider fails to submit all the required documentation, the commissioner may take action under subdivision 23a.

Sec. 17. Minnesota Statutes 2020, section 256B.85, subdivision 12b, is amended to read:

Subd. 12b. **CFSS agency-provider requirements; notice regarding termination of services.** (a) An agency-provider must provide written notice when it intends to terminate services with a participant at least ~~ten~~ 30 calendar days before the proposed service termination is to become effective, except in cases where:

(1) the participant engages in conduct that significantly alters the terms of the CFSS service delivery plan with the agency-provider;

(2) the participant or other persons at the setting where services are being provided engage in conduct that creates an imminent risk of harm to the support worker or other agency-provider staff; or

(3) an emergency or a significant change in the participant's condition occurs within a 24-hour period that results in the participant's service needs exceeding the participant's identified needs in the current CFSS service delivery plan so that the agency-provider cannot safely meet the participant's needs.

(b) When a participant initiates a request to terminate CFSS services with the agency-provider, the agency-provider must give the participant a written ~~acknowledgement~~ acknowledgment of the participant's service termination request that includes the date the request was received by the agency-provider and the requested date of termination.

(c) The agency-provider must participate in a coordinated transfer of the participant to a new agency-provider to ensure continuity of care.

Sec. 18. Minnesota Statutes 2020, section 256B.85, subdivision 13, is amended to read:

Subd. 13. **Budget model.** (a) Under the budget model participants exercise responsibility and control over the services and supports described and budgeted within the CFSS service delivery plan. Participants must use services specified in subdivision 13a provided by an FMS provider. Under this model, participants may use their approved service budget allocation to:

(1) directly employ support workers, and pay wages, federal and state payroll taxes, and premiums for workers' compensation, liability, and health insurance coverage; and

(2) obtain supports and goods as defined in subdivision 7.

(b) Participants who are unable to fulfill any of the functions listed in paragraph (a) may authorize a legal representative or participant's representative to do so on their behalf.

(c) If two or more participants using the budget model live in the same household and have the same worker, the participants must use the same FMS provider.

(d) If the FMS provider advises that there is a joint employer in the budget model, all participants associated with that joint employer must use the same FMS provider.

~~(c)~~ (e) The commissioner shall disenroll or exclude participants from the budget model and transfer them to the agency-provider model under, but not limited to, the following circumstances:

(1) when a participant has been restricted by the Minnesota restricted recipient program, in which case the participant may be excluded for a specified time period under Minnesota Rules, parts 9505.2160 to 9505.2245;

(2) when a participant exits the budget model during the participant's service plan year. Upon transfer, the participant shall not access the budget model for the remainder of that service plan year; or

(3) when the department determines that the participant or participant's representative or legal representative is unable to fulfill the responsibilities under the budget model, as specified in subdivision 14.

~~(d)~~ (f) A participant may appeal in writing to the department under section 256.045, subdivision 3, to contest the department's decision under paragraph ~~(c)~~ (e), clause (3), to disenroll or exclude the participant from the budget model.

Sec. 19. Minnesota Statutes 2020, section 256B.85, subdivision 13a, is amended to read:

Subd. 13a. **Financial management services.** (a) Services provided by an FMS provider include but are not limited to: filing and payment of federal and state payroll taxes on behalf of the participant; initiating and complying with background study requirements under chapter 245C and maintaining documentation of background study requests and results; billing for approved CFSS services with authorized funds; monitoring expenditures; accounting for and disbursing CFSS funds; providing assistance in obtaining and filing for liability, workers' compensation, and unemployment coverage; and providing participant instruction and technical assistance to the participant in fulfilling employer-related requirements in accordance with section 3504 of the Internal Revenue Code and related regulations and interpretations, including Code of Federal Regulations, title 26, section 31.3504-1.

(b) Agency-provider services shall not be provided by the FMS provider.

(c) The FMS provider shall provide service functions as determined by the commissioner for budget model participants that include but are not limited to:

(1) assistance with the development of the detailed budget for expenditures portion of the CFSS service delivery plan as requested by the consultation services provider or participant;

(2) data recording and reporting of participant spending;

(3) other duties established by the department, including with respect to providing assistance to the participant, participant's representative, or legal representative in performing employer responsibilities regarding support workers. The support worker shall not be considered the employee of the FMS provider; and

(4) billing, payment, and accounting of approved expenditures for goods.

(d) The FMS provider shall obtain an assurance statement from the participant employer agreeing to follow state and federal regulations and CFSS policies regarding employment of support workers.

(e) The FMS provider shall:

(1) not limit or restrict the participant's choice of service or support providers or service delivery models consistent with any applicable state and federal requirements;

(2) provide the participant, consultation services provider, and case manager or care coordinator, if applicable, with a monthly written summary of the spending for services and supports that were billed against the spending budget;

(3) be knowledgeable of state and federal employment regulations, including those under the Fair Labor Standards Act of 1938, and comply with the requirements under section 3504 of the Internal Revenue Code and related regulations and interpretations, including Code of Federal Regulations, title 26, section 31.3504-1, regarding agency employer tax liability for vendor fiscal/employer agent, and any requirements necessary to process employer and employee deductions, provide appropriate and timely submission of employer tax liabilities, and maintain documentation to support medical assistance claims;

(4) have current and adequate liability insurance and bonding and sufficient cash flow as determined by the commissioner and have on staff or under contract a certified public accountant or an individual with a baccalaureate degree in accounting;

(5) assume fiscal accountability for state funds designated for the program and be held liable for any overpayments or violations of applicable statutes or rules, including but not limited to the Minnesota False Claims Act, chapter 15C; ~~and~~

(6) maintain documentation of receipts, invoices, and bills to track all services and supports expenditures for any goods purchased and maintain time records of support workers. The documentation and time records must be maintained for a minimum of five years from the claim date and be available for audit or review upon request by the commissioner. Claims submitted by the FMS provider to the commissioner for payment must correspond with services, amounts, and time periods as authorized in the participant's service budget and service plan and must contain specific identifying information as determined by the commissioner~~.~~; and

(7) provide written notice to the participant or the participant's representative at least 30 calendar days before a proposed service termination becomes effective.

(f) The commissioner ~~of human services~~ shall:

(1) establish rates and payment methodology for the FMS provider;

(2) identify a process to ensure quality and performance standards for the FMS provider and ensure statewide access to FMS providers; and

(3) establish a uniform protocol for delivering and administering CFSS services to be used by eligible FMS providers.

Sec. 20. Minnesota Statutes 2020, section 256B.85, is amended by adding a subdivision to read:

Subd. 14a. **Participant's representative responsibilities.** (a) If a participant is unable to direct the participant's own care, the participant must use a participant's representative to receive CFSS services. A participant's representative is required if:

(1) the person is under 18 years of age;

(2) the person has a court-appointed guardian; or

(3) an assessment according to section 256B.0659, subdivision 3a, determines that the participant is in need of a participant's representative.

(b) A participant's representative must:

(1) be at least 18 years of age;

(2) actively participate in planning and directing CFSS services;

(3) have sufficient knowledge of the participant's circumstances to use CFSS services consistent with the participant's health and safety needs identified in the participant's service delivery plan;

(4) not have a financial interest in the provision of any services included in the participant's CFSS service delivery plan; and

(5) be capable of providing the support necessary to assist the participant in the use of CFSS services.

(c) A participant's representative must not be the:

(1) support worker;

(2) worker training and development service provider;

(3) agency-provider staff, unless related to the participant by blood, marriage, or adoption;

(4) consultation service provider, unless related to the participant by blood, marriage, or adoption;

(5) FMS staff, unless related to the participant by blood, marriage, or adoption;

(6) FMS owner or manager; or

(7) lead agency staff acting as part of employment.

(d) A licensed family foster parent who lives with the participant may be the participant's representative if the family foster parent meets the other participant's representative requirements.

(e) There may be two persons designated as the participant's representative, including instances of divided households and court-ordered custodies. Each person named as the participant's representative must meet the program criteria and responsibilities.

(f) The participant or the participant's legal representative shall appoint a participant's representative. The participant's representative must be identified at the time of assessment and listed on the participant's service agreement and CFSS service delivery plan.

(g) A participant's representative must enter into a written agreement with an agency-provider or FMS on a form determined by the commissioner and maintained in the participant's file, to:

(1) be available while care is provided using a method agreed upon by the participant or the participant's legal representative and documented in the participant's service delivery plan;

(2) monitor CFSS services to ensure the participant's service delivery plan is followed;

(3) review and sign support worker time sheets after services are provided to verify the provision of services;

(4) review and sign vendor paperwork to verify receipt of goods; and

(5) in the budget model, review and sign documentation to verify worker training and development expenditures.

(h) A participant's representative may delegate responsibility to another adult who is not the support worker during a temporary absence of at least 24 hours but not more than six months. To delegate responsibility, the participant's representative must:

(1) ensure that the delegate serving as the participant's representative satisfies the requirements of the participant's representative;

(2) ensure that the delegate performs the functions of the participant's representative;

(3) communicate to the CFSS agency-provider or FMS provider about the need for a delegate by updating the written agreement to include the name of the delegate and the delegate's contact information; and

(4) ensure that the delegate protects the participant's privacy according to federal and state data privacy laws.

(i) The designation of a participant's representative remains in place until:

(1) the participant revokes the designation;

(2) the participant's representative withdraws the designation or becomes unable to fulfill the duties;

(3) the legal authority to act as a participant's representative changes; or

(4) the participant's representative is disqualified.

(j) A lead agency may disqualify a participant's representative who engages in conduct that creates an imminent risk of harm to the participant, the support workers, or other staff. A participant's representative who fails to provide support required by the participant must be referred to the common entry point.

Sec. 21. Minnesota Statutes 2020, section 256B.85, subdivision 15, is amended to read:

Subd. 15. **Documentation of support services provided; time sheets.** (a) CFSS services provided to a participant by a support worker employed by either an agency-provider or the participant employer must be documented daily by each support worker, on a time sheet. Time sheets may be created, submitted, and maintained electronically. Time sheets must be submitted by the support worker at least once per month to the:

(1) agency-provider when the participant is using the agency-provider model. The agency-provider must maintain a record of the time sheet and provide a copy of the time sheet to the participant; or

(2) participant and the participant's FMS provider when the participant is using the budget model. The participant and the FMS provider must maintain a record of the time sheet.

(b) The documentation on the time sheet must correspond to the participant's assessed needs within the scope of CFSS covered services. The accuracy of the time sheets must be verified by the:

(1) agency-provider when the participant is using the agency-provider model; or

(2) participant employer and the participant's FMS provider when the participant is using the budget model.

(c) The time sheet must document the time the support worker provides services to the participant. The following elements must be included in the time sheet:

(1) the support worker's full name and individual provider number;

(2) the agency-provider's name and telephone numbers, when responsible for the CFSS service delivery plan;

(3) the participant's full name;

(4) the dates within the pay period established by the agency-provider or FMS provider, including month, day, and year, and arrival and departure times with a.m. or p.m. notations for days worked within the established pay period;

(5) the covered services provided to the participant on each date of service;

(6) ~~a~~ the signature ~~line for~~ of the participant or the participant's representative and a statement that the participant's or participant's representative's signature is verification of the time sheet's accuracy;

(7) the ~~personal~~ signature of the support worker;

(8) any shared care provided, if applicable;

(9) a statement that it is a federal crime to provide false information on CFSS billings for medical assistance payments; and

(10) dates and location of participant stays in a hospital, care facility, or incarceration occurring within the established pay period.

Sec. 22. Minnesota Statutes 2020, section 256B.85, subdivision 17a, is amended to read:

Subd. 17a. **Consultation services provider qualifications and requirements.** Consultation services providers must meet the following qualifications and requirements:

(1) meet the requirements under subdivision 10, paragraph (a), excluding clauses (4) and (5);

(2) are under contract with the department;

(3) are not the FMS provider, the lead agency, or the CFSS or home and community-based services waiver vendor or agency-provider to the participant;

(4) meet the service standards as established by the commissioner;

(5) have proof of surety bond coverage. Upon new enrollment, or if the consultation service provider's Medicaid revenue in the previous calendar year is less than or equal to $300,000, the consultation service provider must purchase a surety bond of $50,000. If the agency-provider's Medicaid revenue in the previous calendar year is greater than $300,000, the consultation service provider must purchase a surety bond of $100,000. The surety bond must be in a form approved by the commissioner, must be renewed annually, and must allow for recovery of costs and fees in pursuing a claim on the bond;

~~(5)~~ (6) employ lead professional staff with a minimum of ~~three~~ two years of experience in providing services such as support planning, support broker, case management or care coordination, or consultation services and consumer education to participants using a self-directed program using FMS under medical assistance;

(7) report maltreatment as required under chapter 260E and section 626.557;

~~(6)~~ (8) comply with medical assistance provider requirements;

~~(7)~~ (9) understand the CFSS program and its policies;

~~(8)~~ (10) are knowledgeable about self-directed principles and the application of the person-centered planning process;

~~(9)~~ (11) have general knowledge of the FMS provider duties and the vendor fiscal/employer agent model, including all applicable federal, state, and local laws and regulations regarding tax, labor, employment, and liability and workers' compensation coverage for household workers; and

~~(10)~~ (12) have all employees, including lead professional staff, staff in management and supervisory positions, and owners of the agency who are active in the day-to-day management and operations of the agency, complete training as specified in the contract with the department.

Sec. 23. Minnesota Statutes 2020, section 256B.85, subdivision 18a, is amended to read:

Subd. 18a. **Worker training and development services.** (a) The commissioner shall develop the scope of tasks and functions, service standards, and service limits for worker training and development services.

(b) Worker training and development costs are in addition to the participant's assessed service units or service budget. Services provided according to this subdivision must:

(1) help support workers obtain and expand the skills and knowledge necessary to ensure competency in providing quality services as needed and defined in the participant's CFSS service delivery plan and as required under subdivisions 11b and 14;

(2) be provided or arranged for by the agency-provider under subdivision 11, or purchased by the participant employer under the budget model as identified in subdivision 13; ~~and~~

(3) be delivered by an individual competent to perform, teach, or assign the tasks, including health-related tasks, identified in the plan through education, training, and work experience relevant to the person's assessed needs; and

~~(3)~~ (4) be described in the participant's CFSS service delivery plan and documented in the participant's file.

(c) Services covered under worker training and development shall include:

(1) support worker training on the participant's individual assessed needs and condition, provided individually or in a group setting by a skilled and knowledgeable trainer beyond any training the participant or participant's representative provides;

(2) tuition for professional classes and workshops for the participant's support workers that relate to the participant's assessed needs and condition;

(3) direct observation, monitoring, coaching, and documentation of support worker job skills and tasks, beyond any training the participant or participant's representative provides, including supervision of health-related tasks or behavioral supports that is conducted by an appropriate professional based on the participant's assessed needs. These services must be provided at the start of services or the start of a new support worker except as provided in paragraph (d) and must be specified in the participant's CFSS service delivery plan; and

(4) the activities to evaluate CFSS services and ensure support worker competency described in subdivisions 11a and 11b.

(d) The services in paragraph (c), clause (3), are not required to be provided for a new support worker providing services for a participant due to staffing failures, unless the support worker is expected to provide ongoing backup staffing coverage.

(e) Worker training and development services shall not include:

(1) general agency training, worker orientation, or training on CFSS self-directed models;

(2) payment for preparation or development time for the trainer or presenter;

(3) payment of the support worker's salary or compensation during the training;

(4) training or supervision provided by the participant, the participant's support worker, or the participant's informal supports, including the participant's representative; or

(5) services in excess of ~~96 units~~ the rate set by the commissioner per annual service agreement, unless approved by the department.

Sec. 24. Minnesota Statutes 2020, section 256B.85, subdivision 20b, is amended to read:

Subd. 20b. **Service-related rights under an agency-provider.** A participant receiving CFSS from an agency-provider has service-related rights to:

(1) participate in and approve the initial development and ongoing modification and evaluation of CFSS services provided to the participant;

(2) refuse or terminate services and be informed of the consequences of refusing or terminating services;

(3) before services are initiated, be told the limits to the services available from the agency-provider, including the agency-provider's knowledge, skill, and ability to meet the participant's needs identified in the CFSS service delivery plan;

(4) a coordinated transfer of services when there will be a change in the agency-provider;

(5) before services are initiated, be told what the agency-provider charges for the services;

(6) before services are initiated, be told to what extent payment may be expected from health insurance, public programs, or other sources, if known; and what charges the participant may be responsible for paying;

(7) receive services from an individual who is competent and trained, who has professional certification or licensure, as required, and who meets additional qualifications identified in the participant's CFSS service delivery plan;

(8) have the participant's preferences for support workers identified and documented, and have those preferences met when possible; and

(9) before services are initiated, be told the choices that are available from the agency-provider for meeting the participant's assessed needs identified in the CFSS service delivery plan, including but not limited to which support worker staff will be providing services ~~and~~, the proposed frequency and schedule of visits, and any agreements for shared services.

Sec. 25. Minnesota Statutes 2020, section 256B.85, subdivision 23, is amended to read:

Subd. 23. **Commissioner's access.** (a) When the commissioner is investigating a possible overpayment of Medicaid funds, the commissioner must be given immediate access without prior notice to the agency-provider, consultation services provider, or FMS provider's office during regular business hours and to documentation and records related to services provided and submission of claims for services provided. ~~Denying the commissioner access to records is cause for immediate suspension of payment and terminating~~ If the ~~agency-provider's enrollment or~~ agency-provider, FMS ~~provider's enrollment~~ provider, or consultation services provider denies the commissioner access to records, the provider's payment may be immediately suspended or the provider's enrollment may be terminated according to section 256B.064 ~~or terminating the consultation services provider contract~~.

(b) The commissioner has the authority to request proof of compliance with laws, rules, and policies from agency-providers, consultation services providers, FMS providers, and participants.

(c) When relevant to an investigation conducted by the commissioner, the commissioner must be given access to the business office, documents, and records of the agency-provider, consultation services provider, or FMS provider, including records maintained in electronic format; participants served by the program; and staff during regular business hours. The commissioner must be given access without prior notice and as often as the commissioner considers necessary if the commissioner is investigating an alleged violation of applicable laws or rules. The commissioner may request and shall receive assistance from lead agencies and other state, county, and municipal agencies and departments. The commissioner's access includes being allowed to photocopy, photograph, and make audio and video recordings at the commissioner's expense.

Sec. 26. Minnesota Statutes 2020, section 256B.85, subdivision 23a, is amended to read:

Subd. 23a. **Sanctions; information for participants upon termination of services.** (a) The commissioner may withhold payment from the provider or suspend or terminate the provider enrollment number if the provider fails to comply fully with applicable laws or rules. The provider has the right to appeal the decision of the commissioner under section 256B.064.

(b) Notwithstanding subdivision 13, paragraph (c), if a participant employer fails to comply fully with applicable laws or rules, the commissioner may disenroll the participant from the budget model. A participant may appeal in writing to the department under section 256.045, subdivision 3, to contest the department's decision to disenroll the participant from the budget model.

(c) Agency-providers of CFSS services or FMS providers must provide each participant with a copy of participant protections in subdivision 20c at least 30 days prior to terminating services to a participant, if the termination results from sanctions under this subdivision or section 256B.064, such as a payment withhold or a suspension or termination of the provider enrollment number. If a CFSS agency-provider ~~or,~~ FMS provider, or consultation services provider determines it is unable to continue providing services to a participant because of an action under this subdivision or section 256B.064, the agency-provider ~~or,~~ FMS provider, or consultation services provider must notify the participant, the participant's representative, and the commissioner 30 days prior to terminating services to the participant, and must assist the commissioner and lead agency in supporting the participant in transitioning to another CFSS agency-provider ~~or,~~ FMS provider, or consultation services provider of the participant's choice.

(d) In the event the commissioner withholds payment from a CFSS agency-provider ~~or,~~ FMS provider, or consultation services provider, or suspends or terminates a provider enrollment number of a CFSS agency-provider ~~or,~~ FMS provider, or consultation services provider under this subdivision or section 256B.064, the commissioner may inform the Office of Ombudsman for Long-Term Care and the lead agencies for all participants with active service agreements with the agency-provider ~~or,~~ FMS provider, or consultation services provider. At the commissioner's request, the lead agencies must contact participants to ensure that the participants are continuing to receive needed care, and that the participants have been given free choice of agency-provider ~~or,~~ FMS provider, or consultation services provider if they transfer to another CFSS agency-provider ~~or,~~ FMS provider, or consultation services provider. In addition, the commissioner or the commissioner's delegate may directly notify participants who receive care from the agency-provider ~~or,~~ FMS provider, or consultation services provider that payments have been or will be withheld or that the provider's participation in medical assistance has been or will be suspended or terminated, if the commissioner determines that the notification is necessary to protect the welfare of the participants.

ARTICLE 8
MISCELLANEOUS

Section 1. Minnesota Statutes 2020, section 256.041, is amended to read:

256.041 CULTURAL AND ETHNIC COMMUNITIES LEADERSHIP COUNCIL.

Subdivision 1. **Establishment; purpose.** (a) There is hereby established the Cultural and Ethnic Communities Leadership Council for the Department of Human Services. The purpose of the council is to advise the commissioner of human services on ~~reducing~~ implementing strategies to reduce inequities and disparities that particularly affect racial and ethnic groups in Minnesota.

(b) This council is comprised of racially and ethnically diverse community leaders including American Indians who are residents of Minnesota facing the compounded challenges of systemic inequities. Members include people who are refugees, immigrants, and LGBTQ+; people who have disabilities; and people who live in rural Minnesota.

Subd. 2. **Members.** (a) The council must consist of:

(1) the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over human services; and

(2) no fewer than 15 and no more than 25 members appointed by and serving at the pleasure of the commissioner of human services, in consultation with county, tribal, cultural, and ethnic communities; diverse program participants; ~~and~~ parent representatives from these communities; and cultural and ethnic communities leadership council members.

(b) In making appointments under this section, the commissioner shall give priority consideration to public members of the legislative councils of color established under ~~chapter 3~~ section 15.0145.

(c) Members must be appointed to allow for representation of the following groups:

(1) racial and ethnic minority groups;

(2) the American Indian community, which must be represented by two members;

(3) culturally and linguistically specific advocacy groups and service providers;

(4) human services program participants;

(5) public and private institutions;

(6) parents of human services program participants;

(7) members of the faith community;

(8) Department of Human Services employees; and

(9) any other group the commissioner deems appropriate to facilitate the goals and duties of the council.

Subd. 3. **Guidelines.** The commissioner shall direct the development of guidelines defining the membership of the council; setting out definitions; and developing duties of the commissioner, the council, and council members regarding racial and ethnic disparities reduction. The guidelines must be developed in consultation with:

(1) the chairs of relevant committees; and

(2) county, tribal, and cultural communities and program participants from these communities.

Subd. 4. **Chair.** The commissioner shall accept recommendations from the council to appoint a chair or chairs.

~~Subd. 5. **Terms for first appointees.** The initial members appointed shall serve until January 15, 2016.~~

Subd. 6. **Terms.** A term shall be for two years and appointees may be reappointed to serve two additional terms. The commissioner shall make appointments to replace members vacating their positions ~~by January 15 of each year~~ in a timely manner, no more than three months after the council reviews panel recommendations.

Subd. 7. **Duties of commissioner.** (a) The commissioner of human services or the commissioner's designee shall:

(1) maintain and actively engage with the council established in this section;

(2) supervise and coordinate policies for persons from racial, ethnic, cultural, linguistic, and tribal communities who experience disparities in access and outcomes;

(3) identify human services rules or statutes affecting persons from racial, ethnic, cultural, linguistic, and tribal communities that may need to be revised;

(4) investigate and implement ~~cost-effective~~ equitable and culturally responsive models of service delivery ~~such as~~ including careful ~~adaptation~~ adoption of ~~clinically~~ proven services ~~that constitute one strategy for increasing~~ to increase the number of culturally relevant services available to currently underserved populations; ~~and~~

(5) based on recommendations of the council, review identified department policies that maintain racial, ethnic, cultural, linguistic, and tribal disparities~~, and~~; make adjustments to ensure those disparities are not perpetuated~~.~~; and advise the department on progress and accountability measures for addressing inequities;

(6) in partnership with the council, renew and implement equity policy with action plans and resources necessary to implement the action plans;

(7) support interagency collaboration to advance equity;

(8) address the council at least twice annually on the state of equity within the department; and

(9) support member participation in the council, including participation in educational and community engagement events across Minnesota that address equity in human services.

(b) The commissioner of human services or the commissioner's designee shall consult with the council and receive recommendations from the council when meeting the requirements in this subdivision.

Subd. 8. **Duties of council.** The council shall:

(1) recommend to the commissioner for review ~~identified policies in the~~ Department of Human Services policy, budgetary, and operational decisions and practices that ~~maintain~~ impact racial, ethnic, cultural, linguistic, and tribal disparities;

(2) with community input, advance legislative proposals to improve racial and health equity outcomes;

(3) identify issues regarding inequities and disparities by engaging diverse populations in human services programs;

~~(3)~~ (4) engage in mutual learning essential for achieving human services parity and optimal wellness for service recipients;

~~(4)~~ (5) raise awareness about human services disparities to the legislature and media;

~~(5)~~ (6) provide technical assistance and consultation support to counties, private nonprofit agencies, and other service providers to build their capacity to provide equitable human services for persons from racial, ethnic, cultural, linguistic, and tribal communities who experience disparities in access and outcomes;

~~(6)~~ (7) provide technical assistance to promote statewide development of culturally and linguistically appropriate, accessible, and cost-effective human services and related policies;

~~(7) provide~~ (8) recommend and monitor training and outreach to facilitate access to culturally and linguistically appropriate, accessible, and cost-effective human services to prevent disparities;

~~(8) facilitate culturally appropriate and culturally sensitive admissions, continued services, discharges, and utilization review for human services agencies and institutions;~~

(9) form work groups to help carry out the duties of the council that include, but are not limited to, persons who provide and receive services and representatives of advocacy groups, and provide the work groups with clear guidelines, standardized parameters, and tasks for the work groups to accomplish;

(10) promote information sharing in the human services community and statewide; and

(11) by February 15 ~~each year~~ in the second year of the biennium, prepare and submit to the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over human services a report that summarizes the activities of the council, identifies the major problems and issues confronting racial and ethnic groups in accessing human services, makes recommendations to address issues, and lists the specific objectives that the council seeks to attain during the next biennium, and recommendations to strengthen equity, diversity, and inclusion within the department. The report must ~~also include a list of programs, groups, and grants used to reduce disparities, and statistically valid reports of outcomes on the reduction of the disparities.~~ identify racial and ethnic groups' difficulty in accessing human services and make recommendations to address the issues. The report must include any updated Department of Human Services equity policy, implementation plans, equity initiatives, and the council's progress.

Subd. 9. **Duties of council members.** The members of the council shall:

(1) with no more than three absences per year, attend and participate in scheduled meetings and be prepared by reviewing meeting notes;

(2) maintain open communication channels with respective constituencies;

(3) identify and communicate issues and risks that could impact the timely completion of tasks;

(4) collaborate on inequity and disparity reduction efforts;

(5) communicate updates of the council's work progress and status on the Department of Human Services website; ~~and~~

(6) participate in any activities the council or chair deems appropriate and necessary to facilitate the goals and duties of the council.; and

(7) participate in work groups to carry out council duties.

Subd. 10. **Expiration.** The council ~~expires on June 30, 2022~~ shall expire when racial and ethnic-based disparities no longer exist in the state of Minnesota.

Subd. 11. **Compensation.** Compensation for members of the council is governed by section 15.059, subdivision 3.

ARTICLE 9
MENTAL HEALTH UNIFORM SERVICE STANDARDS

Section 1. **[245I.01] PURPOSE AND CITATION.**

Subdivision 1. **Citation.** This chapter may be cited as the "Mental Health Uniform Service Standards Act."

Subd. 2. **Purpose.** In accordance with sections 245.461 and 245.487, the purpose of this chapter is to create a system of mental health care that is unified, accountable, and comprehensive, and to promote the recovery and resiliency of Minnesotans who have mental illnesses. The state's public policy is to support Minnesotans' access to quality outpatient and residential mental health services. Further, the state's public policy is to protect the health and safety, rights, and well-being of Minnesotans receiving mental health services.

Sec. 2. **[245I.011] APPLICABILITY.**

Subdivision 1. **License requirements.** A license holder under this chapter must comply with the requirements in chapters 245A, 245C, and 260E; section 626.557; and Minnesota Rules, chapter 9544.

Subd. 2. **Variances.** (a) The commissioner may grant a variance to an applicant, license holder, or certification holder as long as the variance does not affect the staff qualifications or the health or safety of any person in a licensed or certified program and the applicant, license holder, or certification holder meets the following conditions:

(1) an applicant, license holder, or certification holder must request the variance on a form approved by the commissioner and in a manner prescribed by the commissioner;

(2) the request for a variance must include the:

(i) reasons that the applicant, license holder, or certification holder cannot comply with a requirement as stated in the law; and

(ii) alternative equivalent measures that the applicant, license holder, or certification holder will follow to comply with the intent of the law; and

(3) the request for a variance must state the period of time when the variance is requested.

(b) The commissioner may grant a permanent variance when the conditions under which the applicant, license holder, or certification holder requested the variance do not affect the health or safety of any person whom the licensed or certified program serves, and when the conditions of the variance do not compromise the qualifications of staff who provide services to clients. A permanent variance expires when the conditions that warranted the

variance change in any way. Any applicant, license holder, or certification holder must inform the commissioner of any changes to the conditions that warranted the permanent variance. If an applicant, license holder, or certification holder fails to advise the commissioner of changes to the conditions that warranted the variance, the commissioner must revoke the permanent variance and may impose other sanctions under sections 245A.06 and 245A.07.

(c) The commissioner's decision to grant or deny a variance request is final and not subject to appeal under the provisions of chapter 14.

Subd. 3. **Certification required.** (a) An individual, organization, or government entity that is exempt from licensure under section 245A.03, subdivision 2, paragraph (a), clause (19), and chooses to be identified as a certified mental health clinic must:

(1) be a mental health clinic that is certified under section 245I.20;

(2) comply with all of the responsibilities assigned to a license holder by this chapter except subdivision 1; and

(3) comply with all of the responsibilities assigned to a certification holder by chapter 245A.

(b) An individual, organization, or government entity described by this subdivision must obtain a criminal background study for each staff person or volunteer who provides direct contact services to clients.

Subd. 4. **License required.** An individual, organization, or government entity providing intensive residential treatment services or residential crisis stabilization to adults must be licensed under section 245I.23. An entity with an adult foster care license providing residential crisis stabilization is exempt from licensure under section 245I.23.

Subd. 5. **Programs certified under chapter 256B.** (a) An individual, organization, or government entity certified under the following sections must comply with all of the responsibilities assigned to a license holder under this chapter except subdivision 1:

(1) an assertive community treatment provider under section 256B.0622, subdivision 3a;

(2) an adult rehabilitative mental health services provider under section 256B.0623;

(3) a mobile crisis team under section 256B.0624;

(4) a children's therapeutic services and supports provider under section 256B.0943;

(5) an intensive treatment in foster care provider under section 256B.0946; and

(6) an intensive nonresidential rehabilitative mental health services provider under section 256B.0947.

(b) An individual, organization, or government entity certified under the sections listed in paragraph (a), clauses (1) to (6), must obtain a criminal background study for each staff person and volunteer providing direct contact services to a client.

Sec. 3. **[245I.02] DEFINITIONS.**

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

Subd. 2. **Approval.** "Approval" means the documented review of, opportunity to request changes to, and agreement with a treatment document. An individual may demonstrate approval with a written signature, secure electronic signature, or documented oral approval.

Subd. 3. **Behavioral sciences or related fields.** "Behavioral sciences or related fields" means an education from an accredited college or university in social work, psychology, sociology, community counseling, family social science, child development, child psychology, community mental health, addiction counseling, counseling and guidance, special education, nursing, and other similar fields approved by the commissioner.

Subd. 4. **Business day.** "Business day" means a weekday on which government offices are open for business. Business day does not include state or federal holidays, Saturdays, or Sundays.

Subd. 5. **Case manager.** "Case manager" means a client's case manager according to section 256B.0596; 256B.0621; 256B.0625, subdivision 20; 256B.092, subdivision 1a; 256B.0924; 256B.093, subdivision 3a; 256B.094; or 256B.49.

Subd. 6. **Certified rehabilitation specialist.** "Certified rehabilitation specialist" means a staff person who meets the qualifications of section 245I.04, subdivision 8.

Subd. 7. **Child.** "Child" means a client under the age of 18.

Subd. 8. **Client.** "Client" means a person who is seeking or receiving services regulated by this chapter. For the purpose of a client's consent to services, client includes a parent, guardian, or other individual legally authorized to consent on behalf of a client to services.

Subd. 9. **Clinical trainee.** "Clinical trainee" means a staff person who is qualified according to section 245I.04, subdivision 6.

Subd. 10. **Commissioner.** "Commissioner" means the commissioner of human services or the commissioner's designee.

Subd. 11. **Co-occurring substance use disorder treatment.** "Co-occurring substance use disorder treatment" means the treatment of a person who has a co-occurring mental illness and substance use disorder. Co-occurring substance use disorder treatment is characterized by stage-wise comprehensive treatment, treatment goal setting, and flexibility for clients at each stage of treatment. Co-occurring substance use disorder treatment includes assessing and tracking each client's stage of change readiness and treatment using a treatment approach based on a client's stage of change, such as motivational interviewing when working with a client at an earlier stage of change readiness and a cognitive behavioral approach and relapse prevention to work with a client at a later stage of change; and facilitating a client's access to community supports.

Subd. 12. **Crisis plan.** "Crisis plan" means a plan to prevent and de-escalate a client's future crisis situation, with the goal of preventing future crises for the client and the client's family and other natural supports. Crisis plan includes a crisis plan developed according to section 245.4871, subdivision 9a.

Subd. 13. **Critical incident.** "Critical incident" means an occurrence involving a client that requires a license holder to respond in a manner that is not part of the license holder's ordinary daily routine. Critical incident includes a client's suicide, attempted suicide, or homicide; a client's death; an injury to a client or other person that is life-threatening or requires medical treatment; a fire that requires a fire department's response; alleged maltreatment of a client; an assault of a client; an assault by a client; or other situation that requires a response by law enforcement, the fire department, an ambulance, or another emergency response provider.

Subd. 14. **Diagnostic assessment.** "Diagnostic assessment" means the evaluation and report of a client's potential diagnoses that a mental health professional or clinical trainee completes under section 245I.10, subdivisions 4 to 6.

Subd. 15. **Direct contact.** "Direct contact" has the meaning given in section 245C.02, subdivision 11.

Subd. 16. **Family and other natural supports.** "Family and other natural supports" means the people whom a client identifies as having a high degree of importance to the client. Family and other natural supports also means people that the client identifies as being important to the client's mental health treatment, regardless of whether the person is related to the client or lives in the same household as the client.

Subd. 17. **Functional assessment.** "Functional assessment" means the assessment of a client's current level of functioning relative to functioning that is appropriate for someone the client's age. For a client five years of age or younger, a functional assessment is the Early Childhood Service Intensity Instrument (ESCII). For a client six to 17 years of age, a functional assessment is the Child and Adolescent Service Intensity Instrument (CASII). For a client 18 years of age or older, a functional assessment is the functional assessment described in section 245I.10, subdivision 9.

Subd. 18. **Individual abuse prevention plan.** "Individual abuse prevention plan" means a plan according to section 245A.65, subdivision 2, paragraph (b), and section 626.557, subdivision 14.

Subd. 19. **Level of care assessment.** "Level of care assessment" means the level of care decision support tool appropriate to the client's age. For a client five years of age or younger, a level of care assessment is the Early Childhood Service Intensity Instrument (ESCII). For a client six to 17 years of age, a level of care assessment is the Child and Adolescent Service Intensity Instrument (CASII). For a client 18 years of age or older, a level of care assessment is the Level of Care Utilization System for Psychiatric and Addiction Services (LOCUS).

Subd. 20. **License.** "License" has the meaning given in section 245A.02, subdivision 8.

Subd. 21. **License holder.** "License holder" has the meaning given in section 245A.02, subdivision 9.

Subd. 22. **Licensed prescriber.** "Licensed prescriber" means an individual who is authorized to prescribe legend drugs under section 151.37.

Subd. 23. **Mental health behavioral aide.** "Mental health behavioral aide" means a staff person who is qualified under section 245I.04, subdivision 16.

Subd. 24. **Mental health certified family peer specialist.** "Mental health certified family peer specialist" means a staff person who is qualified under section 245I.04, subdivision 12.

Subd. 25. **Mental health certified peer specialist.** "Mental health certified peer specialist" means a staff person who is qualified under section 245I.04, subdivision 10.

Subd. 26. **Mental health practitioner.** "Mental health practitioner" means a staff person who is qualified under section 245I.04, subdivision 4.

Subd. 27. **Mental health professional.** "Mental health professional" means a staff person who is qualified under section 245I.04, subdivision 2.

Subd. 28. **Mental health rehabilitation worker.** "Mental health rehabilitation worker" means a staff person who is qualified under section 245I.04, subdivision 14.

Subd. 29. **Mental illness.** "Mental illness" means any of the conditions included in the most recent editions of the DC: 0-5 Diagnostic Classification of Mental Health and Development Disorders of Infancy and Early Childhood published by Zero to Three or the Diagnostic and Statistical Manual of Mental Disorders published by the American Psychiatric Association.

Subd. 30. **Organization.** "Organization" has the meaning given in section 245A.02, subdivision 10c.

Subd. 31. **Personnel file.** "Personnel file" means a set of records under section 245I.07, paragraph (a). Personnel files excludes information related to a person's employment that is not included in section 245I.07.

Subd. 32. **Registered nurse.** "Registered nurse" means a staff person who is qualified under section 148.171, subdivision 20.

Subd. 33. **Rehabilitative mental health services.** "Rehabilitative mental health services" means mental health services provided to an adult client that enable the client to develop and achieve psychiatric stability, social competencies, personal and emotional adjustment, independent living skills, family roles, and community skills when symptoms of mental illness has impaired any of the client's abilities in these areas.

Subd. 34. **Residential program.** "Residential program" has the meaning given in section 245A.02, subdivision 14.

Subd. 35. **Signature.** "Signature" means a written signature or an electronic signature defined in section 325L.02, paragraph (h).

Subd. 36. **Staff person.** "Staff person" means an individual who works under a license holder's direction or under a contract with a license holder. Staff person includes an intern, consultant, contractor, individual who works part-time, and an individual who does not provide direct contact services to clients. Staff person includes a volunteer who provides treatment services to a client or a volunteer whom the license holder regards as a staff person for the purpose of meeting staffing or service delivery requirements. A staff person must be 18 years of age or older.

Subd. 37. **Strengths.** "Strengths" means a person's inner characteristics, virtues, external relationships, activities, and connections to resources that contribute to a client's resilience and core competencies. A person can build on strengths to support recovery.

Subd. 38. **Trauma.** "Trauma" means an event, series of events, or set of circumstances that is experienced by an individual as physically or emotionally harmful or life-threatening that has lasting adverse effects on the individual's functioning and mental, physical, social, emotional, or spiritual well-being. Trauma includes group traumatic experiences. Group traumatic experiences are emotional or psychological harm that a group experiences. Group traumatic experiences can be transmitted across generations within a community and are often associated with racial and ethnic population groups who suffer major intergenerational losses.

Subd. 39. **Treatment plan.** "Treatment plan" means services that a license holder formulates to respond to a client's needs and goals. A treatment plan includes individual treatment plans under section 245I.10, subdivisions 7 and 8; initial treatment plans under section 245I.23, subdivision 7; and crisis treatment plans under sections 245I.23, subdivision 8, and 256B.0624, subdivision 11.

Subd. 40. **Treatment supervision.** "Treatment supervision" means a mental health professional's or certified rehabilitation specialist's oversight, direction, and evaluation of a staff person providing services to a client according to section 245I.06.

Subd. 41. **Volunteer.** "Volunteer" means an individual who, under the direction of the license holder, provides services to or facilitates an activity for a client without compensation.

Sec. 4. **[245I.03] REQUIRED POLICIES AND PROCEDURES.**

Subdivision 1. **Generally.** A license holder must establish, enforce, and maintain policies and procedures to comply with the requirements of this chapter and chapters 245A, 245C, and 260E; sections 626.557 and 626.5572; and Minnesota Rules, chapter 9544. The license holder must make all policies and procedures available in writing to each staff person. The license holder must complete and document a review of policies and procedures every two years and update policies and procedures as necessary. Each policy and procedure must identify the date that it was initiated and the dates of all revisions. The license holder must clearly communicate any policy and procedural change to each staff person and provide necessary training to each staff person to implement any policy and procedural change.

Subd. 2. **Health and safety.** A license holder must have policies and procedures to ensure the health and safety of each staff person and client during the provision of services, including policies and procedures for services based in community settings.

Subd. 3. **Client rights.** A license holder must have policies and procedures to ensure that each staff person complies with the client rights and protections requirements in section 245I.12.

Subd. 4. **Behavioral emergencies.** (a) A license holder must have procedures that each staff person follows when responding to a client who exhibits behavior that threatens the immediate safety of the client or others. A license holder's behavioral emergency procedures must incorporate person-centered planning and trauma-informed care.

(b) A license holder's behavioral emergency procedures must include:

(1) a plan designed to prevent the client from inflicting self-harm and harming others;

(2) contact information for emergency resources that a staff person must use when the license holder's behavioral emergency procedures are unsuccessful in controlling a client's behavior;

(3) the types of behavioral emergency procedures that a staff person may use;

(4) the specific circumstances under which the program may use behavioral emergency procedures; and

(5) the staff persons whom the license holder authorizes to implement behavioral emergency procedures.

(c) The license holder's behavioral emergency procedures must not include secluding or restraining a client except as allowed under section 245.8261.

(d) Staff persons must not use behavioral emergency procedures to enforce program rules or for the convenience of staff persons. Behavioral emergency procedures must not be part of any client's treatment plan. A staff person may not use behavioral emergency procedures except in response to a client's current behavior that threatens the immediate safety of the client or others.

Subd. 5. **Health services and medications.** If a license holder is licensed as a residential program, stores or administers client medications, or observes clients self-administer medications, the license holder must ensure that a staff person who is a registered nurse or licensed prescriber reviews and approves of the license holder's policies and procedures to comply with the health services and medications requirements in section 245I.11, the training requirements in section 245I.05, subdivision 6, and the documentation requirements in section 245I.08, subdivision 5.

Subd. 6. **Reporting maltreatment.** A license holder must have policies and procedures for reporting a staff person's suspected maltreatment, abuse, or neglect of a client according to chapter 260E and section 626.557.

Subd. 7. **Critical incidents.** If a license holder is licensed as a residential program, the license holder must have policies and procedures for reporting and maintaining records of critical incidents according to section 245I.13.

Subd. 8. **Personnel.** A license holder must have personnel policies and procedures that:

(1) include a chart or description of the organizational structure of the program that indicates positions and lines of authority;

(2) ensure that it will not adversely affect a staff person's retention, promotion, job assignment, or pay when a staff person communicates in good faith with the Department of Human Services, the Office of Ombudsman for Mental Health and Developmental Disabilities, the Department of Health, a health-related licensing board, a law enforcement agency, or a local agency investigating a complaint regarding a client's rights, health, or safety;

(3) prohibit a staff person from having sexual contact with a client in violation of chapter 604, sections 609.344 or 609.345;

(4) prohibit a staff person from neglecting, abusing, or maltreating a client as described in chapter 260E and sections 626.557 and 626.5572;

(5) include the drug and alcohol policy described in section 245A.04, subdivision 1, paragraph (c);

(6) describe the process for disciplinary action, suspension, or dismissal of a staff person for violating a policy provision described in clauses (3) to (5);

(7) describe the license holder's response to a staff person who violates other program policies or who has a behavioral problem that interferes with providing treatment services to clients; and

(8) describe each staff person's position that includes the staff person's responsibilities, authority to execute the responsibilities, and qualifications for the position.

Subd. 9. **Volunteers.** A license holder must have policies and procedures for using volunteers, including when a license holder must submit a background study for a volunteer, and the specific tasks that a volunteer may perform.

Subd. 10. **Data privacy.** (a) A license holder must have policies and procedures that comply with all applicable state and federal law. A license holder's use of electronic record keeping or electronic signatures does not alter a license holder's obligations to comply with applicable state and federal law.

(b) A license holder must have policies and procedures for a staff person to promptly document a client's revocation of consent to disclose the client's health record. The license holder must verify that the license holder has permission to disclose a client's health record before releasing any client data.

Sec. 5. **[245I.04] PROVIDER QUALIFICATIONS AND SCOPE OF PRACTICE.**

Subdivision 1. **Tribal providers.** For purposes of this section, a tribal entity may credential an individual according to section 256B.02, subdivision 7, paragraphs (b) and (c).

Subd. 2. **Mental health professional qualifications.** The following individuals may provide services to a client as a mental health professional:

(1) a registered nurse who is licensed under sections 148.171 to 148.285 and is certified as a: (i) clinical nurse specialist in child or adolescent, family, or adult psychiatric and mental health nursing by a national certification organization; or (ii) nurse practitioner in adult or family psychiatric and mental health nursing by a national nurse certification organization;

(2) a licensed independent clinical social worker as defined in section 148E.050, subdivision 5;

(3) a psychologist licensed by the Board of Psychology under sections 148.88 to 148.98;

(4) a physician licensed under chapter 147 if the physician is: (i) certified by the American Board of Psychiatry and Neurology; (ii) certified by the American Osteopathic Board of Neurology and Psychiatry; or (iii) eligible for board certification in psychiatry;

(5) a marriage and family therapist licensed under sections 148B.29 to 148B.392; or

(6) a licensed professional clinical counselor licensed under section 148B.5301.

Subd. 3. **Mental health professional scope of practice.** A mental health professional must maintain a valid license with the mental health professional's governing health-related licensing board and must only provide services to a client within the scope of practice determined by the applicable health-related licensing board.

Subd. 4. **Mental health practitioner qualifications.** (a) An individual who is qualified in at least one of the ways described in paragraph (b) to (d) may serve as a mental health practitioner.

(b) An individual is qualified as a mental health practitioner through relevant coursework if the individual completes at least 30 semester hours or 45 quarter hours in behavioral sciences or related fields and:

(1) has at least 2,000 hours of experience providing services to individuals with:

(i) a mental illness or a substance use disorder; or

(ii) a traumatic brain injury or a developmental disability, and completes the additional training described in section 245I.05, subdivision 3, paragraph (c), before providing direct contact services to a client;

(2) is fluent in the non-English language of the ethnic group to which at least 50 percent of the individual's clients belong, and completes the additional training described in section 245I.05, subdivision 3, paragraph (c), before providing direct contact services to a client;

(3) is working in a day treatment program under section 256B.0671, subdivision 3, or 256B.0943; or

(4) has completed a practicum or internship that (i) required direct interaction with adult clients or child clients, and (ii) was focused on behavioral sciences or related fields.

(c) An individual is qualified as a mental health practitioner through work experience if the individual:

(1) has at least 4,000 hours of experience in the delivery of services to individuals with:

(i) a mental illness or a substance use disorder; or

(ii) a traumatic brain injury or a developmental disability, and completes the additional training described in section 245I.05, subdivision 3, paragraph (c), before providing direct contact services to clients; or

(2) receives treatment supervision at least once per week until meeting the requirement in clause (1) of 4,000 hours of experience and has at least 2,000 hours of experience providing services to individuals with:

(i) a mental illness or a substance use disorder; or

(ii) a traumatic brain injury or a developmental disability, and completes the additional training described in section 245I.05, subdivision 3, paragraph (c), before providing direct contact services to clients.

(d) An individual is qualified as a mental health practitioner if the individual has a master's or other graduate degree in behavioral sciences or related fields.

Subd. 5. **Mental health practitioner scope of practice.** (a) A mental health practitioner under the treatment supervision of a mental health professional or certified rehabilitation specialist may provide an adult client with client education, rehabilitative mental health services, functional assessments, level of care assessments, and treatment plans. A mental health practitioner under the treatment supervision of a mental health professional may provide skill-building services to a child client and complete treatment plans for a child client.

(b) A mental health practitioner must not provide treatment supervision to other staff persons. A mental health practitioner may provide direction to mental health rehabilitation workers and mental health behavioral aides.

(c) A mental health practitioner who provides services to clients according to section 256B.0624 or 256B.0944 may perform crisis assessments and interventions for a client.

Subd. 6. **Clinical trainee qualifications.** (a) A clinical trainee is a staff person who: (1) is enrolled in an accredited graduate program of study to prepare the staff person for independent licensure as a mental health professional and who is participating in a practicum or internship with the license holder through the individual's graduate program; or (2) has completed an accredited graduate program of study to prepare the staff person for independent licensure as a mental health professional and who is in compliance with the requirements of the applicable health-related licensing board, including requirements for supervised practice.

(b) A clinical trainee is responsible for notifying and applying to a health-related licensing board to ensure that the trainee meets the requirements of the health-related licensing board. As permitted by a health-related licensing board, treatment supervision under this chapter may be integrated into a plan to meet the supervisory requirements of the health-related licensing board but does not supersede those requirements.

Subd. 7. **Clinical trainee scope of practice.** (a) A clinical trainee under the treatment supervision of a mental health professional may provide a client with psychotherapy, client education, rehabilitative mental health services, diagnostic assessments, functional assessments, level of care assessments, and treatment plans.

(b) A clinical trainee must not provide treatment supervision to other staff persons. A clinical trainee may provide direction to mental health behavioral aides and mental health rehabilitation workers.

(c) A psychological clinical trainee under the treatment supervision of a psychologist may perform psychological testing of clients.

(d) A clinical trainee must not provide services to clients that violate any practice act of a health-related licensing board, including failure to obtain licensure if licensure is required.

Subd. 8. **Certified rehabilitation specialist qualifications.** A certified rehabilitation specialist must have:

(1) a master's degree from an accredited college or university in behavioral sciences or related fields;

(2) at least 4,000 hours of post-master's supervised experience providing mental health services to clients; and

(3) a valid national certification as a certified rehabilitation counselor or certified psychosocial rehabilitation practitioner.

Subd. 9. **Certified rehabilitation specialist scope of practice.** (a) A certified rehabilitation specialist may provide an adult client with client education, rehabilitative mental health services, functional assessments, level of care assessments, and treatment plans.

(b) A certified rehabilitation specialist may provide treatment supervision to a mental health certified peer specialist, mental health practitioner, and mental health rehabilitation worker.

Subd. 10. **Mental health certified peer specialist qualifications.** A mental health certified peer specialist must:

(1) have been diagnosed with a mental illness;

(2) be a current or former mental health services client; and

(3) have a valid certification as a mental health certified peer specialist under section 256B.0615.

Subd. 11. **Mental health certified peer specialist scope of practice.** A mental health certified peer specialist under the treatment supervision of a mental health professional or certified rehabilitation specialist must:

(1) provide individualized peer support to each client;

(2) promote a client's recovery goals, self-sufficiency, self-advocacy, and development of natural supports; and

(3) support a client's maintenance of skills that the client has learned from other services.

Subd. 12. **Mental health certified family peer specialist qualifications.** A mental health certified family peer specialist must:

(1) have raised or be currently raising a child with a mental illness;

(2) have experience navigating the children's mental health system; and

(3) have a valid certification as a mental health certified family peer specialist under section 256B.0616.

Subd. 13. **Mental health certified family peer specialist scope of practice.** A mental health certified family peer specialist under the treatment supervision of a mental health professional must provide services to increase the child's ability to function in the child's home, school, and community. The mental health certified family peer specialist must:

(1) provide family peer support to build on a client's family's strengths and help the family achieve desired outcomes;

(2) provide nonadversarial advocacy to a child client and the child's family that encourages partnership and promotes the child's positive change and growth;

(3) support families in advocating for culturally appropriate services for a child in each treatment setting;

(4) promote resiliency, self-advocacy, and development of natural supports;

(5) support maintenance of skills learned from other services;

(6) establish and lead parent support groups;

(7) assist parents in developing coping and problem-solving skills; and

(8) educate parents about mental illnesses and community resources, including resources that connect parents with similar experiences to one another.

Subd. 14. **Mental health rehabilitation worker qualifications.** (a) A mental health rehabilitation worker must:

(1) have a high school diploma or equivalent; and

(2) meet one of the following qualification requirements:

(i) be fluent in the non-English language or competent in the culture of the ethnic group to which at least 20 percent of the mental health rehabilitation worker's clients belong;

(ii) have an associate of arts degree;

(iii) have two years of full-time postsecondary education or a total of 15 semester hours or 23 quarter hours in behavioral sciences or related fields;

(iv) be a registered nurse;

(v) have, within the previous ten years, three years of personal life experience with mental illness;

(vi) have, within the previous ten years, three years of life experience as a primary caregiver to an adult with a mental illness, traumatic brain injury, substance use disorder, or developmental disability; or

(vii) have, within the previous ten years, 2,000 hours of work experience providing health and human services to individuals.

(b) A mental health rehabilitation worker who is scheduled as an overnight staff person and works alone is exempt from the additional qualification requirements in paragraph (a), clause (2).

Subd. 15. **Mental health rehabilitation worker scope of practice.** A mental health rehabilitation worker under the treatment supervision of a mental health professional or certified rehabilitation specialist may provide rehabilitative mental health services to an adult client according to the client's treatment plan.

Subd. 16. **Mental health behavioral aide qualifications.** (a) A level 1 mental health behavioral aide must have: (1) a high school diploma or equivalent; or (2) two years of experience as a primary caregiver to a child with mental illness within the previous ten years.

(b) A level 2 mental health behavioral aide must: (1) have an associate or bachelor's degree; or (2) be certified by a program under section 256B.0943, subdivision 8a.

Subd. 17. **Mental health behavioral aide scope of practice.** While under the treatment supervision of a mental health professional, a mental health behavioral aide may practice psychosocial skills with a child client according to the child's treatment plan and individual behavior plan that a mental health professional, clinical trainee, or mental health practitioner has previously taught to the child.

Sec. 6. **[245I.05] TRAINING REQUIRED.**

Subdivision 1. **Training plan.** A license holder must develop a training plan to ensure that staff persons receive ongoing training according to this section. The training plan must include:

(1) a formal process to evaluate the training needs of each staff person. An annual performance evaluation of a staff person satisfies this requirement;

(2) a description of how the license holder conducts ongoing training of each staff person, including whether ongoing training is based on a staff person's hire date or a specified annual cycle determined by the program;

(3) a description of how the license holder verifies and documents each staff person's previous training experience. A license holder may consider a staff person to have met a training requirement in subdivision 3, paragraph (d) or (e), if the staff person has received equivalent postsecondary education in the previous four years or training experience in the previous two years; and

(4) a description of how the license holder determines when a staff person needs additional training, including when the license holder will provide additional training.

Subd. 2. **Documentation of training.** (a) The license holder must provide training to each staff person according to the training plan and must document that the license holder provided the training to each staff person. The license holder must document the following information for each staff person's training:

(1) the topics of the training;

(2) the name of the trainee;

(3) the name and credentials of the trainer;

(4) the license holder's method of evaluating the trainee's competency upon completion of training;

(5) the date of the training; and

(6) the length of training in hours and minutes.

(b) Documentation of a staff person's continuing education credit accepted by the governing health-related licensing board is sufficient to document training for purposes of this subdivision.

Subd. 3. **Initial training.** (a) A staff person must receive training about:

(1) vulnerable adult maltreatment under section 245A.65, subdivision 3; and

(2) the maltreatment of minor reporting requirements and definitions in chapter 260E within 72 hours of first providing direct contact services to a client.

(b) Before providing direct contact services to a client, a staff person must receive training about:

(1) client rights and protections under section 245I.12;

(2) the Minnesota Health Records Act, including client confidentiality, family engagement under section 144.294, and client privacy;

(3) emergency procedures that the staff person must follow when responding to a fire, inclement weather, a report of a missing person, and a behavioral or medical emergency;

(4) specific activities and job functions for which the staff person is responsible, including the license holder's program policies and procedures applicable to the staff person's position;

(5) professional boundaries that the staff person must maintain; and

(6) specific needs of each client to whom the staff person will be providing direct contact services, including each client's developmental status, cognitive functioning, physical and mental abilities.

(c) Before providing direct contact services to a client, a mental health rehabilitation worker, mental health behavioral aide, or mental health practitioner qualified under section 245I.04, subdivision 4, must receive 30 hours of training about:

(1) mental illnesses;

(2) client recovery and resiliency;

(3) mental health de-escalation techniques;

(4) co-occurring mental illness and substance use disorders; and

(5) psychotropic medications and medication side effects.

(d) Within 90 days of first providing direct contact services to an adult client, a clinical trainee, mental health practitioner, mental health certified peer specialist, or mental health rehabilitation worker must receive training about:

(1) trauma-informed care and secondary trauma;

(2) person-centered individual treatment plans, including seeking partnerships with family and other natural supports;

(3) co-occurring substance use disorders; and

(4) culturally responsive treatment practices.

(e) Within 90 days of first providing direct contact services to a child client, a clinical trainee, mental health practitioner, mental health certified family peer specialist, mental health certified peer specialist, or mental health behavioral aide must receive training about the topics in clauses (1) to (5). This training must address the developmental characteristics of each child served by the license holder and address the needs of each child in the context of the child's family, support system, and culture. Training topics must include:

(1) trauma-informed care and secondary trauma, including adverse childhood experiences (ACEs);

(2) family-centered treatment plan development, including seeking partnership with a child client's family and other natural supports;

(3) mental illness and co-occurring substance use disorders in family systems;

(4) culturally responsive treatment practices; and

(5) child development, including cognitive functioning, and physical and mental abilities.

(f) For a mental health behavioral aide, the training under paragraph (e) must include parent team training using a curriculum approved by the commissioner.

Subd. 4. **Ongoing training.** (a) A license holder must ensure that staff persons who provide direct contact services to clients receive annual training about the topics in subdivision 3, paragraphs (a) and (b), clauses (1) to (3).

(b) A license holder must ensure that each staff person who is qualified under section 245I.04 who is not a mental health professional receives 30 hours of training every two years. The training topics must be based on the program's needs and the staff person's areas of competency.

Subd. 5. **Additional training for medication administration.** (a) Prior to administering medications to a client under delegated authority or observing a client self-administer medications, a staff person who is not a licensed prescriber, registered nurse, or licensed practical nurse qualified under section 148.171, subdivision 8, must receive training about psychotropic medications, side effects, and medication management.

(b) Prior to administering medications to a client under delegated authority, a staff person must successfully complete a:

(1) medication administration training program for unlicensed personnel through an accredited Minnesota postsecondary educational institution with completion of the course documented in writing and placed in the staff person's personnel file; or

(2) formalized training program taught by a registered nurse or licensed prescriber that is offered by the license holder. A staff person's successful completion of the formalized training program must include direct observation of the staff person to determine the staff person's areas of competency.

Sec. 7. **[245I.06] TREATMENT SUPERVISION.**

Subdivision 1. **Generally.** (a) A license holder must ensure that a mental health professional or certified rehabilitation specialist provides treatment supervision to each staff person who provides services to a client and who is not a mental health professional or certified rehabilitation specialist. When providing treatment supervision, a treatment supervisor must follow a staff person's written treatment supervision plan.

(b) Treatment supervision must focus on each client's treatment needs and the ability of the staff person under treatment supervision to provide services to each client, including the following topics related to the staff person's current caseload:

(1) a review and evaluation of the interventions that the staff person delivers to each client;

(2) instruction on alternative strategies if a client is not achieving treatment goals;

(3) a review and evaluation of each client's assessments, treatment plans, and progress notes for accuracy and appropriateness;

(4) instruction on the cultural norms or values of the clients and communities that the license holder serves and the impact that a client's culture has on providing treatment;

(5) evaluation of and feedback regarding a direct service staff person's areas of competency; and

(6) coaching, teaching, and practicing skills with a staff person.

(c) A treatment supervisor must provide treatment supervision to a staff person using methods that allow for immediate feedback, including in-person, telephone, and interactive video supervision.

(d) A treatment supervisor's responsibility for a staff person receiving treatment supervision is limited to the services provided by the associated license holder. If a staff person receiving treatment supervision is employed by multiple license holders, each license holder is responsible for providing treatment supervision related to the treatment of the license holder's clients.

Subd. 2. **Treatment supervision planning.** (a) A treatment supervisor and the staff person supervised by the treatment supervisor must develop a written treatment supervision plan. The license holder must ensure that a new staff person's treatment supervision plan is completed and implemented by a treatment supervisor and the new staff person within 30 days of the new staff person's first day of employment. The license holder must review and update each staff person's treatment supervision plan annually.

(b) Each staff person's treatment supervision plan must include:

(1) the name and qualifications of the staff person receiving treatment supervision;

(2) the names and licensures of the treatment supervisors who are supervising the staff person;

(3) how frequently the treatment supervisors must provide treatment supervision to the staff person; and

(4) the staff person's authorized scope of practice, including a description of the client population that the staff person serves, and a description of the treatment methods and modalities that the staff person may use to provide services to clients.

Subd. 3. **Treatment supervision and direct observation of mental health rehabilitation workers and mental health behavioral aides.** (a) A mental health behavioral aide or a mental health rehabilitation worker must receive direct observation from a mental health professional, clinical trainee, certified rehabilitation specialist, or mental health practitioner while the mental health behavioral aide or mental health rehabilitation worker provides treatment services to clients, no less than twice per month for the first six months of employment and once per month thereafter. The staff person performing the direct observation must approve of the progress note for the observed treatment service.

(b) For a mental health rehabilitation worker qualified under section 245I.04, subdivision 14, paragraph (a), clause (2), item (i), treatment supervision in the first 2,000 hours of work must at a minimum consist of:

(1) monthly individual supervision; and

(2) direct observation twice per month.

Sec. 8. **[245I.07] PERSONNEL FILES.**

(a) For each staff person, a license holder must maintain a personnel file that includes:

(1) verification of the staff person's qualifications required for the position including training, education, practicum or internship agreement, licensure, and any other required qualifications;

(2) documentation related to the staff person's background study;

(3) the hiring date of the staff person;

(4) a description of the staff person's job responsibilities with the license holder;

(5) the date that the staff person's specific duties and responsibilities became effective, including the date that the staff person began having direct contact with clients;

(6) documentation of the staff person's training as required by section 245I.05, subdivision 2;

(7) a verification copy of license renewals that the staff person completed during the staff person's employment;

(8) annual job performance evaluations; and

(9) if applicable, the staff person's alleged and substantiated violations of the license holder's policies under section 245I.03, subdivision 8, clauses (3) to (7), and the license holder's response.

(b) The license holder must ensure that all personnel files are readily accessible for the commissioner's review. The license holder is not required to keep personnel files in a single location.

Sec. 9. **[245I.08] DOCUMENTATION STANDARDS.**

Subdivision 1. **Generally.** A license holder must ensure that all documentation required by this chapter complies with this section.

Subd. 2. **Documentation standards.** A license holder must ensure that all documentation required by this chapter:

(1) is legible;

(2) identifies the applicable client and staff person on each page; and

(3) is signed and dated by the staff persons who provided services to the client or completed the documentation, including the staff persons' credentials.

Subd. 3. **Documenting approval.** A license holder must ensure that all diagnostic assessments, functional assessments, level of care assessments, and treatment plans completed by a clinical trainee or mental health practitioner contain documentation of approval by a treatment supervisor within five business days of initial completion by the staff person under treatment supervision.

Subd. 4. **Progress notes.** A license holder must use a progress note to document each occurrence of a mental health service that a staff person provides to a client. A progress note must include the following:

(1) the type of service;

(2) the date of service;

(3) the start and stop time of the service unless the license holder is licensed as a residential program;

(4) the location of the service;

(5) the scope of the service, including: (i) the targeted goal and objective; (ii) the intervention that the staff person provided to the client and the methods that the staff person used; (iii) the client's response to the intervention; (iv) the staff person's plan to take future actions, including changes in treatment that the staff person will implement if the intervention was ineffective; and (v) the service modality;

(6) the signature, printed name, and credentials of the staff person who provided the service to the client;

(7) the mental health provider travel documentation required by section 256B.0625, if applicable; and

(8) significant observations by the staff person, if applicable, including: (i) the client's current risk factors; (ii) emergency interventions by staff persons; (iii) consultations with or referrals to other professionals, family, or significant others; and (iv) changes in the client's mental or physical symptoms.

Subd. 5. **Medication administration record.** If a license holder administers or observes a client self-administer medications, the license holder must maintain a medication administration record for each client that contains the following, as applicable:

(1) the client's date of birth;

(2) the client's allergies;

(3) all medication orders for the client, including client-specific orders for over-the-counter medications and approved condition-specific protocols;

(4) the name of each ordered medication, date of each medication's expiration, each medication's dosage frequency, method of administration, and time;

(5) the licensed prescriber's name and telephone number;

(6) the date of initiation;

(7) the signature, printed name, and credentials of the staff person who administered the medication or observed the client self-administer the medication; and

(8) the reason that the license holder did not administer the client's prescribed medication or observe the client self-administer the client's prescribed medication.

Sec. 10. **[245I.09] CLIENT FILES.**

Subdivision 1. **Generally.** (a) A license holder must maintain a file for each client that contains the client's current and accurate records. The license holder must store each client file on the premises where the license holder provides or coordinates services for the client. The license holder must ensure that all client files are readily accessible for the commissioner's review. The license holder is not required to keep client files in a single location.

(b) The license holder must protect client records against loss, tampering, or unauthorized disclosure of confidential client data according to the Minnesota Government Data Practices Act, chapter 13; the privacy provisions of the Minnesota health care programs provider agreement; the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Public Law 104-191; and the Minnesota Health Records Act, sections 144.291 to 144.298.

Subd. 2. **Record retention.** A license holder must retain client records of a discharged client for a minimum of five years from the date of the client's discharge. A license holder who ceases to provide treatment services to a client must retain the client's records for a minimum of five years from the date that the license holder stopped providing services to the client and must notify the commissioner of the location of the client records and the name of the individual responsible for storing and maintaining the client records.

Subd. 3. **Contents.** A license holder must retain a clear and complete record of the information that the license holder receives regarding a client, and of the services that the license holder provides to the client. If applicable, each client's file must include the following information:

(1) the client's screenings, assessments, and testing;

(2) the client's treatment plans and reviews of the client's treatment plan;

(3) the client's individual abuse prevention plans;

(4) the client's health care directive under section 145C.01, subdivision 5a, and the client's emergency contacts;

(5) the client's crisis plans;

(6) the client's consents for releases of information and documentation of the client's releases of information;

(7) the client's significant medical and health-related information;

(8) a record of each communication that a staff person has with the client's other mental health providers and persons interested in the client, including the client's case manager, family members, primary caregiver, legal representatives, court representatives, representatives from the correctional system, or school administration;

(9) written information by the client that the client requests to include in the client's file; and

(10) the date of the client's discharge from the license holder's program, the reason that the license holder discontinued services for the client, and the client's discharge summaries.

Sec. 11. **[245I.10] ASSESSMENT AND TREATMENT PLANNING.**

Subdivision 1. **Definitions.** (a) "Diagnostic formulation" means a written analysis and explanation of a client's clinical assessment to develop a hypothesis about the cause and nature of a client's presenting problems and to identify the most suitable approach for treating the client.

(b) "Responsivity factors" means the factors other than the diagnostic formulation that may modify a client's treatment needs. This includes a client's learning style, abilities, cognitive functioning, cultural background, and personal circumstances. When documenting a client's responsivity factors a mental health professional or clinical trainee must include an analysis of how a client's strengths are reflected in the license holder's plan to deliver services to the client.

Subd. 2. **Generally.** (a) A license holder must use a client's diagnostic assessment or crisis assessment to determine a client's eligibility for mental health services, except as provided in this section.

(b) Prior to completing a client's initial diagnostic assessment, a license holder may provide a client with the following services:

(1) an explanation of findings;

(2) neuropsychological testing, neuropsychological assessment, and psychological testing;

(3) any combination of psychotherapy sessions, family psychotherapy sessions, and family psychoeducation sessions not to exceed three sessions;

(4) crisis assessment services according to section 256B.0624; and

(5) ten days of intensive residential treatment services according to the assessment and treatment planning standards in section 245.23, subdivision 7.

(c) Based on the client's needs that a crisis assessment identifies under section 256B.0624, a license holder may provide a client with the following services:

(1) crisis intervention and stabilization services under section 245I.23 or 256B.0624; and

(2) any combination of psychotherapy sessions, group psychotherapy sessions, family psychotherapy sessions, and family psychoeducation sessions not to exceed ten sessions within a 12-month period without prior authorization.

(d) Based on the client's needs in the client's brief diagnostic assessment, a license holder may provide a client with any combination of psychotherapy sessions, group psychotherapy sessions, family psychotherapy sessions, and family psychoeducation sessions not to exceed ten sessions within a 12-month period without prior authorization for any new client or for an existing client who the license holder projects will need fewer than ten sessions during the next 12 months.

(e) Based on the client's needs that a hospital's medical history and presentation examination identifies, a license holder may provide a client with:

(1) any combination of psychotherapy sessions, group psychotherapy sessions, family psychotherapy sessions, and family psychoeducation sessions not to exceed ten sessions within a 12-month period without prior authorization for any new client or for an existing client who the license holder projects will need fewer than ten sessions during the next 12 months; and

(2) up to five days of day treatment services or partial hospitalization.

(f) A license holder must complete a new standard diagnostic assessment of a client:

(1) when the client requires services of a greater number or intensity than the services that paragraphs (b) to (e) describe;

(2) at least annually following the client's initial diagnostic assessment if the client needs additional mental health services and the client does not meet the criteria for a brief assessment;

(3) when the client's mental health condition has changed markedly since the client's most recent diagnostic assessment; or

(4) when the client's current mental health condition does not meet the criteria of the client's current diagnosis.

(g) For an existing client, the license holder must ensure that a new standard diagnostic assessment includes a written update containing all significant new or changed information about the client, and an update regarding what information has not significantly changed, including a discussion with the client about changes in the client's life situation, functioning, presenting problems, and progress with achieving treatment goals since the client's last diagnostic assessment was completed.

Subd. 3. **Continuity of services.** (a) For any client with a diagnostic assessment completed under Minnesota Rules, parts 9505.0370 to 9505.0372, before the effective date of this section, the diagnostic assessment is valid for authorizing the client's treatment and billing for one calendar year after the date that the assessment was completed.

(b) For any client with an individual treatment plan completed under section 256B.0622, 256B.0623, 256B.0943, 256B.0946, or 256B.0947 or Minnesota Rules, parts 9505.0370 to 9505.0372, the client's treatment plan is valid for authorizing treatment and billing until the treatment plan's expiration date.

(c) This subdivision expires July 1, 2023.

Subd. 4. **Diagnostic assessment.** A client's diagnostic assessment must: (1) identify at least one mental health diagnosis for which the client meets the diagnostic criteria and recommend mental health services to develop the client's mental health services and treatment plan; or (2) include a finding that the client does not meet the criteria for a mental health disorder.

Subd. 5. **Brief diagnostic assessment; required elements.** (a) Only a mental health professional or clinical trainee may complete a brief diagnostic assessment of a client. A license holder may only use a brief diagnostic assessment for a client who is six years of age or older.

(b) When conducting a brief diagnostic assessment of a client, the assessor must complete a face-to-face interview with the client and a written evaluation of the client. The assessor must gather and document initial components of the client's standard diagnostic assessment, including the client's:

(1) age;

(2) description of symptoms, including the reason for the client's referral;

(3) history of mental health treatment;

(4) cultural influences on the client; and

(5) mental status examination.

(c) Based on the initial components of the assessment, the assessor must develop a provisional diagnostic formulation about the client. The assessor may use the client's provisional diagnostic formulation to address the client's immediate needs and presenting problems.

(d) A mental health professional or clinical trainee may use treatment sessions with the client authorized by a brief diagnostic assessment to gather additional information about the client to complete the client's standard diagnostic assessment if the number of sessions will exceed the coverage limits in subdivision 2.

Subd. 6. **Standard diagnostic assessment; required elements.** (a) Only a mental health professional or a clinical trainee may complete a standard diagnostic assessment of a client. A standard diagnostic assessment of a client must include a face-to-face interview with a client and a written evaluation of the client. The assessor must complete a client's standard diagnostic assessment within the client's cultural context.

(b) When completing a standard diagnostic assessment of a client, the assessor must gather and document information about the client's current life situation, including the following information:

(1) the client's age;

(2) the client's current living situation, including the client's housing status and household members;

(3) the status of the client's basic needs;

(4) the client's education level and employment status;

(5) the client's current medications;

(6) any immediate risks to the client's health and safety;

(7) the client's perceptions of the client's condition;

(8) the client's description of the client's symptoms, including the reason for the client's referral;

(9) the client's history of mental health treatment; and

(10) cultural influences on the client.

(c) If the assessor cannot obtain the information that this subdivision requires without retraumatizing the client or harming the client's willingness to engage in treatment, the assessor must identify which topics will require further assessment during the course of the client's treatment. The assessor must gather and document information related to the following topics:

(1) the client's relationship with the client's family and other significant personal relationships, including the client's evaluation of the quality of each relationship;

(2) the client's strengths and resources, including the extent and quality of the client's social networks;

(3) important developmental incidents in the client's life;

(4) maltreatment, trauma, potential brain injuries, and abuse that the client has suffered;

(5) the client's history of or exposure to alcohol and drug usage and treatment; and

(6) the client's health history and the client's family health history, including the client's physical, chemical, and mental health history.

(d) When completing a standard diagnostic assessment of a client, an assessor must use a recognized diagnostic framework.

(1) When completing a standard diagnostic assessment of a client who is five years of age or younger, the assessor must use the current edition of the DC: 0-5 Diagnostic Classification of Mental Health and Development Disorders of Infancy and Early Childhood published by Zero to Three.

(2) When completing a standard diagnostic assessment of a client who is six years of age or older, the assessor must use the current edition of the Diagnostic and Statistical Manual of Mental Disorders published by the American Psychiatric Association.

(3) When completing a standard diagnostic assessment of a client who is five years of age or younger, an assessor must administer the Early Childhood Service Intensity Instrument (ECSII) to the client and include the results in the client's assessment.

(4) When completing a standard diagnostic assessment of a client who is six to 17 years of age, an assessor must administer the Child and Adolescent Service Intensity Instrument (CASII) to the client and include the results in the client's assessment.

(5) When completing a standard diagnostic assessment of a client who is 18 years of age or older, an assessor must use either (i) the CAGE-AID Questionnaire or (ii) the criteria in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders published by the American Psychiatric Association to screen and assess the client for a substance use disorder.

(e) When completing a standard diagnostic assessment of a client, the assessor must include and document the following components of the assessment:

(1) the client's mental status examination;

(2) the client's baseline measurements; symptoms; behavior; skills; abilities; resources; vulnerabilities; safety needs, including client information that supports the assessor's findings after applying a recognized diagnostic framework from paragraph (d); and any differential diagnosis of the client;

(3) an explanation of: (i) how the assessor diagnosed the client using the information from the client's interview, assessment, psychological testing, and collateral information about the client; (ii) the client's needs; (iii) the client's risk factors; (iv) the client's strengths; and (v) the client's responsivity factors.

(f) When completing a standard diagnostic assessment of a client, the assessor must consult the client and the client's family about which services that the client and the family prefer to treat the client. The assessor must make referrals for the client as to services required by law.

Subd. 7. **Individual treatment plan.** A license holder must follow each client's written individual treatment plan when providing services to the client with the following exceptions:

(1) services that do not require that a license holder completes a standard diagnostic assessment of a client before providing services to the client;

(2) when developing a service plan; and

(3) when a client re-engages in services under subdivision 8, paragraph (b).

Subd. 8. **Individual treatment plan; required elements.** (a) After completing a client's diagnostic assessment and before providing services to the client, the license holder must complete the client's individual treatment plan. The license holder must:

(1) base the client's individual treatment plan on the client's diagnostic assessment and baseline measurements;

(2) for a child client, use a child-centered, family-driven, and culturally appropriate planning process that allows the child's parents and guardians to observe and participate in the child's individual and family treatment services, assessments, and treatment planning;

(3) for an adult client, use a person-centered, culturally appropriate planning process that allows the client's family and other natural supports to observe and participate in the client's treatment services, assessments, and treatment planning;

(4) identify the client's treatment goals, measureable treatment objectives, a schedule for accomplishing the client's treatment goals and objectives, a treatment strategy, and the individuals responsible for providing treatment services and supports to the client. The license holder must have a treatment strategy to engage the client in treatment if the client:

(i) has a history of not engaging in treatment; and

(ii) is ordered by a court to participate in treatment services or to take neuroleptic medications;

(5) identify the participants involved in the client's treatment planning. The client must be a participant in the client's treatment planning. If applicable, the license holder must document the reasons that the license holder did not involve the client's family or other natural supports in the client's treatment planning;

(6) review the client's individual treatment plan every 180 days and update the client's individual treatment plan with the client's treatment progress, new treatment objectives and goals or, if the client has not made treatment progress, changes in the license holder's approach to treatment; and

(7) ensure that the client approves of the client's individual treatment plan unless a court orders the client's treatment plan under chapter 253B.

(b) If the client disagrees with the client's treatment plan, the license holder must document in the client file the reasons why the client does not agree with the treatment plan. If the license holder cannot obtain the client's approval of the treatment plan, a mental health professional must make efforts to obtain approval from a person who is authorized to consent on the client's behalf within 30 days after the client's previous individual treatment plan expired. A license holder may not deny a client service during this time period solely because the license holder could not obtain the client's approval of the client's individual treatment plan. A license holder may continue to bill for the client's otherwise eligible services when the client re-engages in services.

Subd. 9. **Functional assessment; required elements.** When a license holder is completing a functional assessment for an adult client, the license holder must:

(1) complete a functional assessment of the client after completing the client's diagnostic assessment;

(2) use a collaborative process that allows the client and the client's family and other natural supports, the client's referral sources, and the client's providers to provide information about how the client's symptoms of mental illness impact the client's functioning;

(3) if applicable, document the reasons that the license holder did not contact the client's family and other natural supports;

(4) assess and document how the client's symptoms of mental illness impact the client's functioning in the following areas:

(i) the client's mental health symptoms;

(ii) the client's mental health service needs;

(iii) the client's substance use;

(iv) the client's vocational and educational functioning;

(v) the client's social functioning, including the use of leisure time;

(vi) the client's interpersonal functioning, including relationships with the client's family and other natural supports;

(vii) the client's ability to provide self-care and live independently;

(viii) the client's medical and dental health;

(ix) the client's financial assistance needs; and

(x) the client's housing and transportation needs;

(5) include a narrative summarizing the client's strengths, resources, and all areas of functional impairment;

(6) complete the client's functional assessment before the client's initial individual treatment plan unless a service specifies otherwise; and

(7) update the client's functional assessment with the client's current functioning whenever there is a significant change in the client's functioning or at least every 180 days, unless a service specifies otherwise.

Sec. 12. **[245I.11] HEALTH SERVICES AND MEDICATIONS.**

Subdivision 1. **Generally.** If a license holder is licensed as a residential program, stores or administers client medications, or observes clients self-administer medications, the license holder must ensure that a staff person who is a registered nurse or licensed prescriber is responsible for overseeing storage and administration of client medications and observing as a client self-administers medications, including training according to section 245I.05, subdivision 6, and documenting the occurrence according to section 245I.08, subdivision 5.

Subd. 2. **Health services.** If a license holder is licensed as a residential program, the license holder must:

(1) ensure that a client is screened for health issues within 72 hours of the client's admission;

(2) monitor the physical health needs of each client on an ongoing basis;

(3) offer referrals to clients and coordinate each client's care with psychiatric and medical services;

(4) identify circumstances in which a staff person must notify a registered nurse or licensed prescriber of any of a client's health concerns and the process for providing notification of client health concerns; and

(5) identify the circumstances in which the license holder must obtain medical care for a client and the process for obtaining medical care for a client.

Subd. 3. **Storing and accounting for medications.** (a) If a license holder stores client medications, the license holder must:

(1) store client medications in original containers in a locked location;

(2) store refrigerated client medications in special trays or containers that are separate from food;

(3) store client medications marked "for external use only" in a compartment that is separate from other client medications;

(4) store Schedule II to IV drugs listed in section 152.02, subdivisions 3 to 5, in a compartment that is locked separately from other medications;

(5) ensure that only authorized staff persons have access to stored client medications;

(6) follow a documentation procedure on each shift to account for all scheduled drugs; and

(7) record each incident when a staff person accepts a supply of client medications and destroy discontinued, outdated, or deteriorated client medications.

(b) If a license holder is licensed as a residential program, the license holder must allow clients who self-administer medications to keep a private medication supply. The license holder must ensure that the client stores all private medication in a locked container in the client's private living area, unless the private medication supply poses a health and safety risk to any clients. A client must not maintain a private medication supply of a prescription medication without a written medication order from a licensed prescriber and a prescription label that includes the client's name.

Subd. 4. **Medication orders.** (a) If a license holder stores, prescribes, or administers medications or observes a client self-administer medications, the license holder must:

(1) ensure that a licensed prescriber writes all orders to accept, administer, or discontinue client medications;

(2) accept nonwritten orders to administer client medications in emergency circumstances only;

(3) establish a timeline and process for obtaining a written order with the licensed prescriber's signature when the license holder accepts a nonwritten order to administer client medications;

(4) obtain prescription medication renewals from a licensed prescriber for each client every 90 days for psychotropic medications and annually for all other medications; and

(5) maintain the client's right to privacy and dignity.

(b) If a license holder employs a licensed prescriber, the license holder must inform the client about potential medication effects and side effects and obtain and document the client's informed consent before the licensed prescriber prescribes a medication.

Subd. 5. **Medication administration.** If a license holder is licensed as a residential program, the license holder must:

(1) assess and document each client's ability to self-administer medication. In the assessment, the license holder must evaluate the client's ability to: (i) comply with prescribed medication regimens; and (ii) store the client's medications safely and in a manner that protects other individuals in the facility. Through the assessment process, the license holder must assist the client in developing the skills necessary to safely self-administer medication;

(2) monitor the effectiveness of medications, side effects of medications, and adverse reactions to medications for each client. The license holder must address and document any concerns about a client's medications;

(3) ensure that no staff person or client gives a legend drug supply for one client to another client;

(4) have policies and procedures for: (i) keeping a record of each client's medication orders; (ii) keeping a record of any incident of deferring a client's medications; (iii) documenting any incident when a client's medication is omitted; and (iv) documenting when a client refuses to take medications as prescribed; and

(5) document and track medication errors, document whether the license holder notified anyone about the medication error, determine if the license holder must take any follow-up actions, and identify the staff persons who are responsible for taking follow-up actions.

Sec. 13. **[245I.12] CLIENT RIGHTS AND PROTECTIONS.**

Subdivision 1. **Client rights.** A license holder must ensure that all clients have the following rights:

(1) the rights listed in the health care bill of rights in section 144.651;

(2) the right to be free from discrimination based on age, race, color, creed, religion, national origin, gender, marital status, disability, sexual orientation, and status with regard to public assistance. The license holder must follow all applicable state and federal laws including the Minnesota Human Rights Act, chapter 363A; and

(3) the right to be informed prior to a photograph or audio or video recording being made of the client. The client has the right to refuse to allow any recording or photograph of the client that is not for the purposes of identification or supervision by the license holder.

Subd. 2. **Restrictions to client rights.** If the license holder restricts a client's right, the license holder must document in the client file a mental health professional's approval of the restriction and the reasons for the restriction.

Subd. 3. **Notice of rights.** The license holder must give a copy of the client's rights according to this section to each client on the day of the client's admission. The license holder must document that the license holder gave a copy of the client's rights to each client on the day of the client's admission according to this section. The license holder must post a copy of the client rights in an area visible or accessible to all clients. The license holder must include the client rights in Minnesota Rules, chapter 9544, for applicable clients.

Subd. 4. **Client property.** (a) The license holder must meet the requirements of section 245A.04, subdivision 13.

(b) If the license holder is unable to obtain a client's signature acknowledging the receipt or disbursement of the client's funds or property required by section 245A.04, subdivision 13, paragraph (c), clause (1), two staff persons must sign documentation acknowledging that the staff persons witnessed the client's receipt or disbursement of the client's funds or property.

(c) The license holder must return all of the client's funds and other property to the client except for the following items:

(1) illicit drugs, drug paraphernalia, and drug containers that are subject to forfeiture under section 609.5316. The license holder must give illicit drugs, drug paraphernalia, and drug containers to a local law enforcement agency or destroy the items; and

(2) weapons, explosives, and other property that may cause serious harm to the client or others. The license holder may give a client's weapons and explosives to a local law enforcement agency. The license holder must notify the client that a local law enforcement agency has the client's property and that the client has the right to reclaim the property if the client has a legal right to possess the item.

(d) If a client leaves the license holder's program but abandons the client's funds or property, the license holder must retain and store the client's funds or property, including medications, for a minimum of 30 days after the client's discharge from the program.

Subd. 5. **Client grievances.** (a) The license holder must have a grievance procedure that:

(1) describes to clients how the license holder will meet the requirements in this subdivision; and

(2) contains the current public contact information of the Department of Human Services, Licensing Division; the Office of Ombudsman for Mental Health and Developmental Disabilities; the Department of Health, Office of Health Facilities Complaints; and all applicable health-related licensing boards.

(b) On the day of each client's admission, the license holder must explain the grievance procedure to the client.

(c) The license holder must:

(1) post the grievance procedure in a place visible to clients and provide a copy of the grievance procedure upon request;

(2) allow clients, former clients, and their authorized representatives to submit a grievance to the license holder;

(3) within three business days of receiving a client's grievance, acknowledge in writing that the license holder received the client's grievance. If applicable, the license holder must include a notice of the client's separate appeal rights for a managed care organization's reduction, termination, or denial of a covered service;

(4) within 15 business days of receiving a client's grievance, provide a written final response to the client's grievance containing the license holder's official response to the grievance; and

(5) allow the client to bring a grievance to the person with the highest level of authority in the program.

Sec. 14. **[245I.13] CRITICAL INCIDENTS.**

If a license holder is licensed as a residential program, the license holder must report all critical incidents to the commissioner within ten days of learning of the incident on a form approved by the commissioner. The license holder must keep a record of critical incidents in a central location that is readily accessible to the commissioner for review upon the commissioner's request for a minimum of two licensing periods.

Sec. 15. **[245I.20] MENTAL HEALTH CLINIC.**

Subdivision 1. **Purpose.** Certified mental health clinics provide clinical services for the treatment of mental illnesses with a treatment team that reflects multiple disciplines and areas of expertise.

Subd. 2. **Definitions.** (a) "Clinical services" means services provided to a client to diagnose, describe, predict, and explain the client's status relative to a condition or problem as described in the: (1) current edition of the Diagnostic and Statistical Manual of Mental Disorders published by the American Psychiatric Association; or (2) current edition of the DC: 0-5 Diagnostic Classification of Mental Health and Development Disorders of Infancy and Early Childhood published by Zero to Three. Where necessary, clinical services includes services to treat a client to reduce the client's impairment due to the client's condition. Clinical services also includes individual treatment planning, case review, record-keeping required for a client's treatment, and treatment supervision. For the purposes of this section, clinical services excludes services delivered to a client under a separate license and services listed under section 245I.011, subdivision 5.

(b) "Competent" means having professional education, training, continuing education, consultation, supervision, experience, or a combination thereof necessary to demonstrate sufficient knowledge of and proficiency in a specific clinical service.

(c) "Discipline" means a branch of professional knowledge or skill acquired through a specific course of study, training, and supervised practice. Discipline is usually documented by a specific educational degree, licensure, or certification of proficiency. Examples of the mental health disciplines include but are not limited to psychiatry, psychology, clinical social work, marriage and family therapy, clinical counseling, and psychiatric nursing.

(d) "Treatment team" means the mental health professionals, mental health practitioners, and clinical trainees who provide clinical services to clients.

Subd. 3. **Organizational structure.** (a) A mental health clinic location must be an entire facility or a clearly identified unit within a facility that is administratively and clinically separate from the rest of the facility. The mental health clinic location may provide services other than clinical services to clients, including medical services, substance use disorder services, social services, training, and education.

(b) The certification holder must notify the commissioner of all mental health clinic locations. If there is more than one mental health clinic location, the certification holder must designate one location as the main location and all of the other locations as satellite locations. The main location as a unit and the clinic as a whole must comply with the minimum staffing standards in subdivision 4.

(c) The certification holder must ensure that each satellite location:

(1) adheres to the same policies and procedures as the main location;

(2) provides treatment team members with face-to-face or telephone access to a mental health professional for the purposes of supervision whenever the satellite location is open. The certification holder must maintain a schedule of the mental health professionals who will be available and the contact information for each available mental health professional. The schedule must be current and readily available to treatment team members; and

(3) enables clients to access all of the mental health clinic's clinical services and treatment team members, as needed.

Subd. 4. **Minimum staffing standards.** (a) A certification holder's treatment team must consist of at least four mental health professionals. At least two of the mental health professionals must be employed by or under contract with the mental health clinic for a minimum of 35 hours per week each. Each of the two mental health professionals must specialize in a different mental health discipline.

(b) The treatment team must include:

(1) a physician qualified as a mental health professional according to section 245I.04, subdivision 2, clause (4), or a nurse qualified as a mental health professional according to section 245I.04, subdivision 2, clause (1); and

(2) a psychologist qualified as a mental health professional according to section 245I.04, subdivision 2, clause (3).

(c) The staff persons fulfilling the requirement in paragraph (b) must provide clinical services at least:

(1) eight hours every two weeks if the mental health clinic has over 25.0 full-time equivalent treatment team members;

(2) eight hours each month if the mental health clinic has 15.1 to 25.0 full-time equivalent treatment team members;

(3) four hours each month if the mental health clinic has 5.1 to 15.0 full-time equivalent treatment team members; or

(4) two hours each month if the mental health clinic has 2.0 to 5.0 full-time equivalent treatment team members or only provides in-home services to clients.

(d) The certification holder must maintain a record that demonstrates compliance with this subdivision.

Subd. 5. **Treatment supervision specified.** (a) A mental health professional must remain responsible for each client's case. The certification holder must document the name of the mental health professional responsible for each case and the dates that the mental health professional is responsible for the client's case from beginning date to end date. The certification holder must assign each client's case for assessment, diagnosis, and treatment services to a treatment team member who is competent in the assigned clinical service, the recommended treatment strategy, and in treating the client's characteristics.

(b) Treatment supervision of mental health practitioners and clinical trainees required by section 245I.06 must include case reviews as described in this paragraph. Every two months, a mental health professional must complete a case review of each client assigned to the mental health professional when the client is receiving clinical services from a mental health practitioner or clinical trainee. The case review must include a consultation process that thoroughly examines the client's condition and treatment, including: (1) a review of the client's reason for seeking treatment, diagnoses and assessments, and the individual treatment plan; (2) a review of the appropriateness, duration, and outcome of treatment provided to the client; and (3) treatment recommendations.

Subd. 6. **Additional policy and procedure requirements.** (a) In addition to the policies and procedures required by section 245I.03, the certification holder must establish, enforce, and maintain the policies and procedures required by this subdivision.

(b) The certification holder must have a clinical evaluation procedure to identify and document each treatment team member's areas of competence.

(c) The certification holder must have policies and procedures for client intake and case assignment that:

(1) outline the client intake process;

(2) describe how the mental health clinic determines the appropriateness of accepting a client into treatment by reviewing the client's condition and need for treatment, the clinical services that the mental health clinic offers to clients, and other available resources; and

(3) contain a process for assigning a client's case to a mental health professional who is responsible for the client's case and other treatment team members.

Subd. 7. **Referrals.** If necessary treatment for a client or treatment desired by a client is not available at the mental health clinic, the certification holder must facilitate appropriate referrals for the client. When making a referral for a client, the treatment team member must document a discussion with the client that includes: (1) the reason for the client's referral; (2) potential treatment resources for the client; and (3) the client's response to receiving a referral.

Subd. 8. **Emergency service.** For the certification holder's telephone numbers that clients regularly access, the certification holder must include the contact information for the area's mental health crisis services as part of the certification holder's message when a live operator is not available to answer clients' calls.

Subd. 9. **Quality assurance and improvement plan.** (a) At a minimum, a certification holder must develop a written quality assurance and improvement plan that includes a plan for:

(1) encouraging ongoing consultation among members of the treatment team;

(2) obtaining and evaluating feedback about services from clients, family and other natural supports, referral sources, and staff persons;

(3) measuring and evaluating client outcomes;

(4) reviewing client suicide deaths and suicide attempts;

(5) examining the quality of clinical service delivery to clients; and

(6) self-monitoring of compliance with this chapter.

(b) At least annually, the certification holder must review, evaluate, and update the quality assurance and improvement plan. The review must: (1) include documentation of the actions that the certification holder will take as a result of information obtained from monitoring activities in the plan; and (2) establish goals for improved service delivery to clients for the next year.

Subd. 10. **Application procedures.** (a) The applicant for certification must submit any documents that the commissioner requires on forms approved by the commissioner.

(b) Upon submitting an application for certification, an applicant must pay the application fee required by section 245A.10, subdivision 3.

(c) The commissioner must act on an application within 90 working days of receiving a completed application.

(d) When the commissioner receives an application for initial certification that is incomplete because the applicant failed to submit required documents or is deficient because the submitted documents do not meet certification requirements, the commissioner must provide the applicant with written notice that the application is incomplete or deficient. In the notice, the commissioner must identify the particular documents that are missing or deficient and give the applicant 45 days to submit a second application that is complete. An applicant's failure to submit a complete application within 45 days after receiving notice from the commissioner is a basis for certification denial.

(e) The commissioner must give notice of a denial to an applicant when the commissioner has made the decision to deny the certification application. In the notice of denial, the commissioner must state the reasons for the denial in plain language. The commissioner must send or deliver the notice of denial to an applicant by certified mail or personal service. In the notice of denial, the commissioner must state the reasons that the commissioner denied the application and must inform the applicant of the applicant's right to request a contested case hearing under chapter 14 and Minnesota Rules, parts 1400.8505 to 1400.8612. The applicant may appeal the denial by notifying the commissioner in writing by certified mail or personal service. If mailed, the appeal must be postmarked and sent to the commissioner within 20 calendar days after the applicant received the notice of denial. If an applicant delivers an appeal by personal service, the commissioner must receive the appeal within 20 calendar days after the applicant received the notice of denial.

Subd. 11. **Commissioner's right of access.** (a) When the commissioner is exercising the powers conferred to the commissioner by this chapter, if the mental health clinic is in operation and the information is relevant to the commissioner's inspection or investigation, the certification holder must provide the commissioner access to:

(1) the physical facility and grounds where the program is located;

(2) documentation and records, including electronically maintained records;

(3) clients served by the mental health clinic;

(4) staff persons of the mental health clinic; and

(5) personnel records of current and former staff of the mental health clinic.

(b) The certification holder must provide the commissioner with access to the facility and grounds, documentation and records, clients, and staff without prior notice and as often as the commissioner considers necessary if the commissioner is investigating alleged maltreatment or a violation of a law or rule, or conducting an inspection. When conducting an inspection, the commissioner may request and must receive assistance from other state, county, and municipal governmental agencies and departments. The applicant or certification holder must allow the commissioner, at the commissioner's expense, to photocopy, photograph, and make audio and video recordings during an inspection.

Subd. 12. **Monitoring and inspections.** (a) The commissioner may conduct a certification review of the certified mental health clinic every two years to determine the certification holder's compliance with applicable rules and statutes.

(b) The commissioner must offer the certification holder a choice of dates for an announced certification review. A certification review must occur during the clinic's normal working hours.

(c) The commissioner must make the results of certification reviews and investigations publicly available on the department's website.

Subd. 13. **Correction orders.** (a) If the applicant or certification holder fails to comply with a law or rule, the commissioner may issue a correction order. The correction order must state:

(1) the condition that constitutes a violation of the law or rule;

(2) the specific law or rule that the applicant or certification holder has violated; and

(3) the time that the applicant or certification holder is allowed to correct each violation.

(b) If the applicant or certification holder believes that the commissioner's correction order is erroneous, the applicant or certification holder may ask the commissioner to reconsider the part of the correction order that is allegedly erroneous. An applicant or certification holder must make a request for reconsideration in writing. The request must be postmarked and sent to the commissioner within 20 calendar days after the applicant or certification holder received the correction order; and the request must:

(1) specify the part of the correction order that is allegedly erroneous;

(2) explain why the specified part is erroneous; and

(3) include documentation to support the allegation of error.

(c) A request for reconsideration does not stay any provision or requirement of the correction order. The commissioner's disposition of a request for reconsideration is final and not subject to appeal.

(d) If the commissioner finds that the applicant or certification holder failed to correct the violation specified in the correction order, the commissioner may decertify the certified mental health clinic according to subdivision 14.

(e) Nothing in this subdivision prohibits the commissioner from decertifying a mental health clinic according to subdivision 14.

Subd. 14. **Decertification.** (a) The commissioner may decertify a mental health clinic if a certification holder:

(1) failed to comply with an applicable law or rule; or

(2) knowingly withheld relevant information from or gave false or misleading information to the commissioner in connection with an application for certification, during an investigation, or regarding compliance with applicable laws or rules.

(b) When considering decertification of a mental health clinic, the commissioner must consider the nature, chronicity, or severity of the violation of law or rule and the effect of the violation on the health, safety, or rights of clients.

(c) If the commissioner decertifies a mental health clinic, the order of decertification must inform the certification holder of the right to have a contested case hearing under chapter 14 and Minnesota Rules, parts 1400.8505 to 1400.8612. The certification holder may appeal the decertification. The certification holder must appeal a decertification in writing and send or deliver the appeal to the commissioner by certified mail or personal service. If the certification holder mails the appeal, the appeal must be postmarked and sent to the commissioner within ten calendar days after the certification holder receives the order of decertification. If the certification holder delivers an appeal by personal service, the commissioner must receive the appeal within ten calendar days after the certification holder received the order. If a certification holder submits a timely appeal of an order of decertification, the certification holder may continue to operate the program until the commissioner issues a final order on the decertification.

(d) If the commissioner decertifies a mental health clinic pursuant to paragraph (a), clause (1), based on a determination that the mental health clinic was responsible for maltreatment, and if the certification holder appeals the decertification according to paragraph (c), and appeals the maltreatment determination under section 260E.33, the final decertification determination is stayed until the commissioner issues a final decision regarding the maltreatment appeal.

Subd. 15. **Transfer prohibited.** A certification issued under this section is only valid for the premises and the individual, organization, or government entity identified by the commissioner on the certification. A certification is not transferable or assignable.

Subd. 16. **Notifications required and noncompliance.** (a) A certification holder must notify the commissioner, in a manner prescribed by the commissioner, and obtain the commissioner's approval before making any change to the name of the certification holder or the location of the mental health clinic.

(b) Changes in mental health clinic organization, staffing, treatment, or quality assurance procedures that affect the ability of the certification holder to comply with the minimum standards of this section must be reported in writing by the certification holder to the commissioner within 15 days of the occurrence. Review of the change must be conducted by the commissioner. A certification holder with changes resulting in noncompliance in minimum standards must receive written notice and may have up to 180 days to correct the areas of noncompliance before being decertified. Interim procedures to resolve the noncompliance on a temporary basis must be developed and submitted in writing to the commissioner for approval within 30 days of the commissioner's determination of the noncompliance. Not reporting an occurrence of a change that results in noncompliance within 15 days, failure to develop an approved interim procedure within 30 days of the determination of the noncompliance, or nonresolution of the noncompliance within 180 days will result in immediate decertification.

(c) The mental health clinic may be required to submit written information to the department to document that the mental health clinic has maintained compliance with this section and mental health clinic procedures.

Sec. 16. **[245I.23] INTENSIVE RESIDENTIAL TREATMENT SERVICES AND RESIDENTIAL CRISIS STABILIZATION.**

Subdivision 1. **Purpose.** (a) Intensive residential treatment services is a community-based medically monitored level of care for an adult client that uses established rehabilitative principles to promote a client's recovery and to develop and achieve psychiatric stability, personal and emotional adjustment, self-sufficiency, and other skills that help a client transition to a more independent setting.

(b) Residential crisis stabilization provides structure and support to an adult client in a community living environment when a client has experienced a mental health crisis and needs short-term services to ensure that the client can safely return to the client's home or precrisis living environment with additional services and supports identified in the client's crisis assessment.

Subd. 2. **Definitions.** (a) "Program location" means a set of rooms that are each physically self-contained and have defining walls extending from floor to ceiling. Program location includes bedrooms, living rooms or lounge areas, bathrooms, and connecting areas.

(b) "Treatment team" means a group of staff persons who provide intensive residential treatment services or residential crisis stabilization to clients. The treatment team includes mental health professionals, mental health practitioners, clinical trainees, certified rehabilitation specialists, mental health rehabilitation workers, and mental health certified peer specialists.

Subd. 3. **Treatment services description.** The license holder must describe in writing all treatment services that the license holder provides. The license holder must have the description readily available for the commissioner upon the commissioner's request.

Subd. 4. **Required intensive residential treatment services.** (a) On a daily basis, the license holder must follow a client's treatment plan to provide intensive residential treatment services to the client to improve the client's functioning.

(b) The license holder must offer and have the capacity to directly provide the following treatment services to each client:

(1) rehabilitative mental health services;

(2) crisis prevention planning to assist a client with:

(i) identifying and addressing patterns in the client's history and experience of the client's mental illness; and

(ii) developing crisis prevention strategies that include de-escalation strategies that have been effective for the client in the past;

(3) health services and administering medication;

(4) co-occurring substance use disorder treatment;

(5) engaging the client's family and other natural supports in the client's treatment and educating the client's family and other natural supports to strengthen the client's social and family relationships; and

(6) making referrals for the client to other service providers in the community and supporting the client's transition from intensive residential treatment services to another setting.

(c) The license holder must include Illness Management and Recovery (IMR), Enhanced Illness Management and Recovery (E-IMR), or other similar interventions in the license holder's programming as approved by the commissioner.

Subd. 5. **Required residential crisis stabilization services.** (a) On a daily basis, the license holder must follow a client's individual crisis treatment plan to provide services to the client in residential crisis stabilization to improve the client's functioning.

(b) The license holder must offer and have the capacity to directly provide the following treatment services to the client:

(1) crisis stabilization services as described in section 256B.0624, subdivision 7;

(2) rehabilitative mental health services;

(3) health services and administering the client's medications; and

(4) making referrals for the client to other service providers in the community and supporting the client's transition from residential crisis stabilization to another setting.

Subd. 6. **Optional treatment services.** (a) If the license holder offers additional treatment services to a client, the treatment service must be:

(1) approved by the commissioner; and

(2)(i) a mental health evidence-based practice that the federal Department of Health and Human Services Substance Abuse and Mental Health Service Administration has adopted;

(ii) a nationally recognized mental health service that substantial research has validated as effective in helping individuals with serious mental illness achieve treatment goals; or

(iii) developed under state-sponsored research of publicly funded mental health programs and validated to be effective for individuals, families, and communities.

(b) Before providing an optional treatment service to a client, the license holder must provide adequate training to a staff person about providing the optional treatment service to a client.

Subd. 7. **Intensive residential treatment services assessment and treatment planning.** (a) Within 12 hours of a client's admission, the license holder must evaluate and document the client's immediate needs, including the client's:

(1) health and safety, including the client's need for crisis assistance;

(2) responsibilities for children, family and other natural supports, and employers; and

(3) housing and legal issues.

(b) Within 24 hours of the client's admission, the license holder must complete an initial treatment plan for the client. The license holder must:

(1) base the client's initial treatment plan on the client's referral information and an assessment of the client's immediate needs;

(2) consider crisis assistance strategies that have been effective for the client in the past;

(3) identify the client's initial treatment goals, measurable treatment objectives, and specific interventions that the license holder will use to help the client engage in treatment;

(4) identify the participants involved in the client's treatment planning. The client must be a participant; and

(5) ensure that a treatment supervisor approves of the client's initial treatment plan if a mental health practitioner or clinical trainee completes the client's treatment plan, notwithstanding section 245I.08, subdivision 3.

(c) According to section 245A.65, subdivision 2, paragraph (b), the license holder must complete an individual abuse prevention plan as part of a client's initial treatment plan.

(d) Within five days of the client's admission and again within 60 days after the client's admission, the license holder must complete a level of care assessment of the client. If the license holder determines that a client does not need a medically monitored level of service, a treatment supervisor must document how the client's admission to and continued services in intensive residential treatment services are medically necessary for the client.

(e) Within ten days of a client's admission, the license holder must complete or review and update the client's standard diagnostic assessment.

(f) Within ten days of a client's admission, the license holder must complete the client's individual treatment plan, notwithstanding section 245I.10, subdivision 8. Within 40 days after the client's admission and again within 70 days after the client's admission, the license holder must update the client's individual treatment plan. The license holder must focus the client's treatment planning on preparing the client for a successful transition from intensive residential treatment services to another setting. In addition to the required elements of an individual treatment plan under section 245I.10, subdivision 8, the license holder must identify the following information in the client's individual treatment plan: (1) the client's referrals and resources for the client's health and safety; and (2) the staff persons who are responsible for following up with the client's referrals and resources. If the client does not receive a referral or resource that the client needs, the license holder must document the reason that the license holder did not make the referral or did not connect the client to a particular resource. The license holder is responsible for determining whether additional follow-up is required on behalf of the client.

(g) Within 30 days of the client's admission, the license holder must complete a functional assessment of the client. Within 60 days after the client's admission, the license holder must update the client's functional assessment to include any changes in the client's functioning and symptoms.

(h) For a client with a current substance use disorder diagnosis and for a client whose substance use disorder screening in the client's standard diagnostic assessment indicates the possibility that the client has a substance use disorder, the license holder must complete a written assessment of the client's substance use within 30 days of the client's admission. In the substance use assessment, the license holder must: (1) evaluate the client's history of substance use, relapses, and hospitalizations related to substance use; (2) assess the effects of the client's substance use on the client's relationships including with family member and others; (3) identify financial problems, health issues, housing instability, and unemployment; (4) assess the client's legal problems, past and pending incarceration, violence, and victimization; and (5) evaluate the client's suicide attempts, noncompliance with taking prescribed medications, and noncompliance with psychosocial treatment.

(i) On a weekly basis, a mental health professional or certified rehabilitation specialist must review each client's treatment plan and individual abuse prevention plan. The license holder must document in the client's file each weekly review of the client's treatment plan and individual abuse prevention plan.

Subd. 8. **Residential crisis stabilization assessment and treatment planning.** (a) Within 12 hours of a client's admission, the license holder must evaluate the client and document the client's immediate needs, including the client's:

(1) health and safety, including the client's need for crisis assistance;

(2) responsibilities for children, family and other natural supports, and employers; and

(3) housing and legal issues.

(b) Within 24 hours of a client's admission, the license holder must complete a crisis treatment plan for the client under section 256B.0624, subdivision 11. The license holder must base the client's crisis treatment plan on the client's referral information and an assessment of the client's immediate needs.

(c) Section 245A.65, subdivision 2, paragraph (b), requires the license holder to complete an individual abuse prevention plan for a client as part of the client's crisis treatment plan.

Subd. 9. **Key staff positions.** (a) The license holder must have a staff person assigned to each of the following key staff positions at all times:

(1) a program director who qualifies as a mental health practitioner. The license holder must designate the program director as responsible for all aspects of the operation of the program and the program's compliance with all applicable requirements. The program director must know and understand the implications of this chapter; chapters 245A, 245C, and 260E; sections 626.557 and 626.5572; Minnesota Rules, chapter 9544; and all other applicable requirements. The license holder must document in the program director's personnel file how the program director demonstrates knowledge of these requirements. The program director may also serve as the treatment director of the program, if qualified;

(2) a treatment director who qualifies as a mental health professional. The treatment director must be responsible for overseeing treatment services for clients and the treatment supervision of all staff persons; and

(3) a registered nurse who qualifies as a mental health practitioner. The registered nurse must:

(i) work at the program location a minimum of eight hours per week;

(ii) provide monitoring and supervision of staff persons as defined in section 148.171, subdivisions 8a and 23;

(iii) be responsible for the review and approval of health service and medication policies and procedures under section 245I.03, subdivision 5; and

(iv) oversee the license holder's provision of health services to clients, medication storage, and medication administration to clients.

(b) Within five business days of a change in a key staff position, the license holder must notify the commissioner of the staffing change. The license holder must notify the commissioner of the staffing change on a form approved by the commissioner and include the name of the staff person now assigned to the key staff position and the staff person's qualifications.

Subd. 10. **Minimum treatment team staffing levels and ratios.** (a) The license holder must maintain a treatment team staffing level sufficient to:

(1) provide continuous daily coverage of all shifts;

(2) follow each client's treatment plan and meet each client's needs as identified in the client's treatment plan;

(3) implement program requirements; and

(4) safely monitor and guide the activities of each client, taking into account the client's level of behavioral and psychiatric stability, cultural needs, and vulnerabilities.

(b) The license holder must ensure that treatment team members:

(1) remain awake during all work hours; and

(2) are available to monitor and guide the activities of each client whenever clients are present in the program.

(c) On each shift, the license holder must maintain a treatment team staffing ratio of at least one treatment team member to nine clients. If the license holder is serving nine or fewer clients, at least one treatment team member on the day shift must be a mental health professional, clinical trainee, certified rehabilitation specialist, or mental health practitioner. If the license holder is serving more than nine clients, at least one of the treatment team members working during both the day and evening shifts must be a mental health professional, clinical trainee, certified rehabilitation specialist, or mental health practitioner.

(d) If the license holder provides residential crisis stabilization to clients and is serving at least one client in residential crisis stabilization and more than four clients in residential crisis stabilization and intensive residential treatment services, the license holder must maintain a treatment team staffing ratio on each shift of at least two treatment team members during the client's first 48 hours in residential crisis stabilization.

Subd. 11. **Shift exchange.** A license holder must ensure that treatment team members working on different shifts exchange information about a client as necessary to effectively care for the client and to follow and update a client's treatment plan and individual abuse prevention plan.

Subd. 12. **Daily documentation.** (a) For each day that a client is present in the program, the license holder must provide a daily summary in the client's file that includes observations about the client's behavior and symptoms, including any critical incidents in which the client was involved.

(b) For each day that a client is not present in the program, the license holder must document the reason for a client's absence in the client's file.

Subd. 13. **Access to a mental health professional, clinical trainee, certified rehabilitation specialist, or mental health practitioner.** Treatment team members must have access in person or by telephone to a mental health professional, clinical trainee, certified rehabilitation specialist, or mental health practitioner within 30 minutes. The license holder must maintain a schedule of mental health professionals, clinical trainees, certified rehabilitation specialists, or mental health practitioners who will be available and contact information to reach them. The license holder must keep the schedule current and make the schedule readily available to treatment team members.

Subd. 14. **Weekly team meetings.** (a) The license holder must hold weekly team meetings and ancillary meetings according to this subdivision.

(b) A mental health professional or certified rehabilitation specialist must hold at least one team meeting each calendar week and be physically present at the team meeting. All treatment team members, including treatment team members who work on a part-time or intermittent basis, must participate in a minimum of one team meeting during each calendar week when the treatment team member is working for the license holder. The license holder must document all weekly team meetings, including the names of meeting attendees.

(c) If a treatment team member cannot participate in a weekly team meeting, the treatment team member must participate in an ancillary meeting. A mental health professional, certified rehabilitation specialist, clinical trainee, or mental health practitioner who participated in the most recent weekly team meeting may lead the ancillary meeting. During the ancillary meeting, the treatment team member leading the ancillary meeting must review the information that was shared at the most recent weekly team meeting, including revisions to client treatment plans and other information that the treatment supervisors exchanged with treatment team members. The license holder must document all ancillary meetings, including the names of meeting attendees.

Subd. 15. **Intensive residential treatment services admission criteria.** (a) An eligible client for intensive residential treatment services is an individual who:

(1) is age 18 or older;

(2) is diagnosed with a mental illness;

(3) because of a mental illness, has a substantial disability and functional impairment in three or more areas listed in section 245I.10, subdivision 9, clause (4), that markedly reduce the individual's self-sufficiency;

(4) has one or more of the following: a history of recurring or prolonged inpatient hospitalizations during the past year, significant independent living instability, homelessness, or very frequent use of mental health and related services with poor outcomes for the individual; and

(5) in the written opinion of a mental health professional, needs mental health services that available community-based services cannot provide, or is likely to experience a mental health crisis or require a more restrictive setting if the individual does not receive intensive rehabilitative mental health services.

(b) The license holder must not limit or restrict intensive residential treatment services to a client based solely on:

(1) the client's substance use;

(2) the county in which the client resides; or

(3) whether the client elects to receive other services for which the client may be eligible, including case management services.

(c) This subdivision does not prohibit the license holder from restricting admissions of individuals who present an imminent risk of harm or danger to themselves or others.

Subd. 16. **Residential crisis stabilization services admission criteria.** An eligible client for residential crisis stabilization is an individual who is age 18 or older and meets the eligibility criteria in section 256B.0624, subdivision 3.

Subd. 17. **Admissions referrals and determinations.** (a) The license holder must identify the information that the license holder needs to make a determination about a person's admission referral.

(b) The license holder must:

(1) always be available to receive referral information about a person seeking admission to the license holder's program;

(2) respond to the referral source within eight hours of receiving a referral and, within eight hours, communicate with the referral source about what information the license holder needs to make a determination concerning the person's admission;

(3) consider the license holder's staffing ratio and the areas of treatment team members' competency when determining whether the license holder is able to meet the needs of a person seeking admission; and

(4) determine whether to admit a person within 72 hours of receiving all necessary information from the referral source.

Subd. 18. **Discharge standards.** (a) When a license holder discharges a client from a program, the license holder must categorize the discharge as a successful discharge, program-initiated discharge, or non-program-initiated discharge according to the criteria in this subdivision. The license holder must meet the standards associated with the type of discharge according to this subdivision.

(b) To successfully discharge a client from a program, the license holder must ensure that the following criteria are met:

(1) the client must substantially meet the client's documented treatment plan goals and objectives;

(2) the client must complete discharge planning with the treatment team; and

(3) the client and treatment team must arrange for the client to receive continuing care at a less intensive level of care after discharge.

(c) Prior to successfully discharging a client from a program, the license holder must complete the client's discharge summary and provide the client with a copy of the client's discharge summary in plain language that includes:

(1) a brief review of the client's problems and strengths during the period that the license holder provided services to the client;

(2) the client's response to the client's treatment plan;

(3) the goals and objectives that the license holder recommends that the client addresses during the first three months following the client's discharge from the program;

(4) the recommended actions, supports, and services that will assist the client with a successful transition from the program to another setting;

(5) the client's crisis plan; and

(6) the client's forwarding address and telephone number.

(d) For a non-program-initiated discharge of a client from a program, the following criteria must be met:

(1)(i) the client has withdrawn the client's consent for treatment; (ii) the license holder has determined that the client has the capacity to make an informed decision; and (iii) the client does not meet the criteria for an emergency hold under section 253B.051, subdivision 2;

(2) the client has left the program against staff person advice;

(3) an entity with legal authority to remove the client has decided to remove the client from the program; or

(4) a source of payment for the services is no longer available.

(e) Within ten days of a non-program-initiated discharge of a client from a program, the license holder must complete the client's discharge summary in plain language that includes:

(1) the reasons for the client's discharge;

(2) a description of attempts by staff persons to enable the client to continue treatment or to consent to treatment; and

(3) recommended actions, supports, and services that will assist the client with a successful transition from the program to another setting.

(f) For a program-initiated discharge of a client from a program, the following criteria must be met:

(1) the client is competent but has not participated in treatment or has not followed the program rules and regulations and the client has not participated to such a degree that the program's level of care is ineffective or unsafe for the client, despite multiple, documented attempts that the license holder has made to address the client's lack of participation in treatment;

(2) the client has not made progress toward the client's treatment goals and objectives despite the license holder's persistent efforts to engage the client in treatment, and the license holder has no reasonable expectation that the client will make progress at the program's level of care nor does the client require the program's level of care to maintain the current level of functioning;

(3) a court order or the client's legal status requires the client to participate in the program but the client has left the program against staff person advice; or

(4) the client meets criteria for a more intensive level of care and a more intensive level of care is available to the client.

(g) Prior to a program-initiated discharge of a client from a program, the license holder must consult the client, the client's family and other natural supports, and the client's case manager, if applicable, to review the issues involved in the program's decision to discharge the client from the program. During the discharge review process, which must not exceed five working days, the license holder must determine whether the license holder, treatment team, and any interested persons can develop additional strategies to resolve the issues leading to the client's discharge and to permit the client to have an opportunity to continue receiving services from the license holder. The license holder may temporarily remove a client from the program facility during the five-day discharge review period. The license holder must document the client's discharge review in the client's file.

(h) Prior to a program-initiated discharge of a client from the program, the license holder must complete the client's discharge summary and provide the client with a copy of the discharge summary in plain language that includes:

(1) the reasons for the client's discharge;

(2) the alternatives to discharge that the license holder considered or attempted to implement;

(3) the names of each individual who is involved in the decision to discharge the client and a description of each individual's involvement; and

(4) recommended actions, supports, and services that will assist the client with a successful transition from the program to another setting.

Subd. 19. **Program facility.** (a) The license holder must be licensed or certified as a board and lodging facility, supervised living facility, or a boarding care home by the Department of Health.

(b) The license holder must have a capacity of five to 16 beds and the program must not be declared as an institution for mental disease.

(c) The license holder must furnish each program location to meet the psychological, emotional, and developmental needs of clients.

(d) The license holder must provide one living room or lounge area per program location. There must be space available to provide services according to each client's treatment plan, such as an area for learning recreation time skills and areas for learning independent living skills, such as laundering clothes and preparing meals.

(e) The license holder must ensure that each program location allows each client to have privacy. Each client must have privacy during assessment interviews and counseling sessions. Each client must have a space designated for the client to see outside visitors at the program facility.

Subd. 20. **Physical separation of services.** If the license holder offers services to individuals who are not receiving intensive residential treatment services or residential stabilization at the program location, the license holder must inform the commissioner and submit a plan for approval to the commissioner about how and when the license holder will provide services. The license holder must only provide services to clients who are not receiving intensive residential treatment services or residential crisis stabilization in an area that is physically separated from the area in which the license holder provides clients with intensive residential treatment services or residential crisis stabilization.

Subd. 21. **Dividing staff time between locations.** A license holder must obtain approval from the commissioner prior to providing intensive residential treatment services or residential crisis stabilization to clients in more than one program location under one license and dividing one staff person's time between program locations during the same work period.

Subd. 22. **Additional policy and procedure requirements.** (a) In addition to the policies and procedures in section 245I.03, the license holder must establish, enforce, and maintain the policies and procedures in this subdivision.

(b) The license holder must have policies and procedures for receiving referrals and making admissions determinations about referred persons under subdivisions 14 to 16.

(c) The license holder must have policies and procedures for discharging clients under subdivision 17. In the policies and procedures, the license holder must identify the staff persons who are authorized to discharge clients from the program.

Subd. 23. **Quality assurance and improvement plan.** (a) A license holder must develop a written quality assurance and improvement plan that includes a plan to:

(1) encourage ongoing consultation between members of the treatment team;

(2) obtain and evaluate feedback about services from clients, family and other natural supports, referral sources, and staff persons;

(3) measure and evaluate client outcomes in the program;

(4) review critical incidents in the program;

(5) examine the quality of clinical services in the program; and

(6) self-monitor the license holder's compliance with this chapter.

(b) At least annually, the license holder must review, evaluate, and update the license holder's quality assurance and improvement plan. The license holder's review must:

(1) document the actions that the license holder will take in response to the information that the license holder obtains from the monitoring activities in the plan; and

(2) establish goals for improving the license holder's services to clients during the next year.

Subd. 24. **Application.** When an applicant requests licensure to provide intensive residential treatment services, residential crisis stabilization, or both to clients, the applicant must submit, on forms that the commissioner provides, any documents that the commissioner requires.

Sec. 17. **[256B.0671] COVERED MENTAL HEALTH SERVICES.**

Subdivision 1. **Definitions.** (a) "Clinical trainee" means a staff person who is qualified under section 245I.04, subdivision 6.

(b) "Mental health practitioner" means a staff person who is qualified under section 245I.04, subdivision 4.

(c) "Mental health professional" means a staff person who is qualified under section 245I.04, subdivision 2.

Subd. 2. **Generally.** (a) An individual, organization, or government entity providing mental health services to a client under this section must obtain a criminal background study of each staff person or volunteer who is providing direct contact services to a client.

(b) An individual, organization, or government entity providing mental health services to a client under this section must comply with all responsibilities that chapter 245I assigns to a license holder, except section 245I.011, subdivision 1, unless all of the individual's, organization's, or government entity's treatment staff are qualified as mental health professionals.

(c) An individual, organization, or government entity providing mental health services to a client under this section must comply with the following requirements if all of the license holder's treatment staff are qualified as mental health professionals:

(1) provider qualifications and scopes of practice under section 245I.04;

(2) maintaining and updating personnel files under section 245I.07;

(3) documenting under section 245I.08;

(4) maintaining and updating client files under section 245I.09;

(5) completing client assessments and treatment planning under section 245I.10;

(6) providing clients with health services and medications under section 245I.11; and

(7) respecting and enforcing client rights under section 245I.12.

Subd. 3. **Adult day treatment services.** (a) Subject to federal approval, medical assistance covers adult day treatment (ADT) services that are provided under contract with the county board. Adult day treatment payment is subject to the conditions in paragraphs (b) to (e). The provider must make reasonable and good faith efforts to report individual client outcomes to the commissioner using instruments, protocols, and forms approved by the commissioner.

(b) Adult day treatment is an intensive psychotherapeutic treatment to reduce or relieve the effects of mental illness on a client to enable the client to benefit from a lower level of care and to live and function more independently in the community. Adult day treatment services must be provided to a client to stabilize the client's mental health and to improve the client's independent living and socialization skills. Adult day treatment must consist of at least one hour of group psychotherapy and must include group time focused on rehabilitative interventions or other therapeutic services that a multidisciplinary team provides to each client. Adult day treatment services are not a part of inpatient or residential treatment services. The following providers may apply to become adult day treatment providers:

(1) a hospital accredited by the Joint Commission on Accreditation of Health Organizations and licensed under sections 144.50 to 144.55;

(2) a community mental health center under section 256B.0625, subdivision 5; or

(3) an entity that is under contract with the county board to operate a program that meets the requirements of section 245.4712, subdivision 2, and Minnesota Rules, parts 9505.0170 to 9505.0475.

(c) An adult day treatment (ADT) services provider must:

(1) ensure that the commissioner has approved of the organization as an adult day treatment provider organization;

(2) ensure that a multidisciplinary team provides ADT services to a group of clients. A mental health professional must supervise each multidisciplinary staff person who provides ADT services;

(3) make ADT services available to the client at least two days a week for at least three consecutive hours per day. ADT services may be longer than three hours per day, but medical assistance may not reimburse a provider for more than 15 hours per week;

(4) provide ADT services to each client that includes group psychotherapy by a mental health professional or clinical trainee and daily rehabilitative interventions by a mental health professional, clinical trainee, or mental health practitioner; and

(5) include ADT services in the client's individual treatment plan, when appropriate. The adult day treatment provider must:

(i) complete a functional assessment of each client under section 245I.10, subdivision 9;

(ii) notwithstanding section 245I.10, subdivision 8, review the client's progress and update the individual treatment plan at least every 90 days until the client is discharged from the program; and

(iii) include a discharge plan for the client in the client's individual treatment plan.

(d) To be eligible for adult day treatment, a client must:

(1) be 18 years of age or older;

(2) not reside in a nursing facility, hospital, institute of mental disease, or state-operated treatment center unless the client has an active discharge plan that indicates a move to an independent living setting within 180 days;

(3) have the capacity to engage in rehabilitative programming, skills activities, and psychotherapy in the structured, therapeutic setting of an adult day treatment program and demonstrate measurable improvements in functioning resulting from participation in the adult day treatment program;

(4) have a level of care assessment under section 245I.02, subdivision 19, recommending that the client participate in services with the level of intensity and duration of an adult day treatment program; and

(5) have the recommendation of a mental health professional for adult day treatment services. The mental health professional must find that adult day treatment services are medically necessary for the client.

(e) Medical assistance does not cover the following services as adult day treatment services:

(1) services that are primarily recreational or that are provided in a setting that is not under medical supervision, including sports activities, exercise groups, craft hours, leisure time, social hours, meal or snack time, trips to community activities, and tours;

(2) social or educational services that do not have or cannot reasonably be expected to have a therapeutic outcome related to the client's mental illness;

(3) consultations with other providers or service agency staff persons about the care or progress of a client;

(4) prevention or education programs that are provided to the community;

(5) day treatment for clients with a primary diagnosis of a substance use disorder;

(6) day treatment provided in the client's home;

(7) psychotherapy for more than two hours per day; and

(8) participation in meal preparation and eating that is not part of a clinical treatment plan to address the client's eating disorder.

Subd. 4. **Explanation of findings.** (a) Subject to federal approval, medical assistance covers an explanation of findings that a mental health professional or clinical trainee provides when the provider has obtained the authorization from the client or the client's representative to release the information.

(b) A mental health professional or clinical trainee provides an explanation of findings to assist the client or related parties in understanding the results of the client's testing or diagnostic assessment and the client's mental illness, and provides professional insight that the client or related parties need to carry out a client's treatment plan. Related parties may include the client's family and other natural supports and other service providers working with the client.

(c) An explanation of findings is not paid for separately when a mental health professional or clinical trainee explains the results of psychological testing or a diagnostic assessment to the client or the client's representative as part of the client's psychological testing or a diagnostic assessment.

Subd. 5. **Family psychoeducation services.** (a) Subject to federal approval, medical assistance covers family psychoeducation services provided to a child up to age 21 with a diagnosed mental health condition when identified in the child's individual treatment plan and provided by a mental health professional or a clinical trainee who has determined it medically necessary to involve family members in the child's care.

(b) "Family psychoeducation services" means information or demonstration provided to an individual or family as part of an individual, family, multifamily group, or peer group session to explain, educate, and support the child and family in understanding a child's symptoms of mental illness, the impact on the child's development, and needed components of treatment and skill development so that the individual, family, or group can help the child to prevent relapse, prevent the acquisition of comorbid disorders, and achieve optimal mental health and long-term resilience.

Subd. 6. **Dialectical behavior therapy.** (a) Subject to federal approval, medical assistance covers intensive mental health outpatient treatment for dialectical behavior therapy for adults. A dialectical behavior therapy provider must make reasonable and good faith efforts to report individual client outcomes to the commissioner using instruments and protocols that are approved by the commissioner.

(b) "Dialectical behavior therapy" means an evidence-based treatment approach that a mental health professional or clinical trainee provides to a client or a group of clients in an intensive outpatient treatment program using a combination of individualized rehabilitative and psychotherapeutic interventions. A dialectical behavior therapy program involves: individual dialectical behavior therapy, group skills training, telephone coaching, and team consultation meetings.

(c) To be eligible for dialectical behavior therapy, a client must:

(1) be 18 years of age or older;

(2) have mental health needs that available community-based services cannot meet or that the client must receive concurrently with other community-based services;

(3) have either:

(i) a diagnosis of borderline personality disorder; or

(ii) multiple mental health diagnoses, exhibit behaviors characterized by impulsivity or intentional self-harm, and be at significant risk of death, morbidity, disability, or severe dysfunction in multiple areas of the client's life;

(4) be cognitively capable of participating in dialectical behavior therapy as an intensive therapy program and be able and willing to follow program policies and rules to ensure the safety of the client and others; and

(5) be at significant risk of one or more of the following if the client does not receive dialectical behavior therapy:

(i) having a mental health crisis;

(ii) requiring a more restrictive setting such as hospitalization;

(iii) decompensating; or

(iv) engaging in intentional self-harm behavior.

(d) Individual dialectical behavior therapy combines individualized rehabilitative and psychotherapeutic interventions to treat a client's suicidal and other dysfunctional behaviors and to reinforce a client's use of adaptive skillful behaviors. A mental health professional or clinical trainee must provide individual dialectical behavior therapy to a client. A mental health professional or clinical trainee providing dialectical behavior therapy to a client must:

(1) identify, prioritize, and sequence the client's behavioral targets;

(2) treat the client's behavioral targets;

(3) assist the client in applying dialectical behavior therapy skills to the client's natural environment through telephone coaching outside of treatment sessions;

(4) measure the client's progress toward dialectical behavior therapy targets;

(5) help the client manage mental health crises and life-threatening behaviors; and

(6) help the client learn and apply effective behaviors when working with other treatment providers.

(e) Group skills training combines individualized psychotherapeutic and psychiatric rehabilitative interventions conducted in a group setting to reduce the client's suicidal and other dysfunctional coping behaviors and restore function. Group skills training must teach the client adaptive skills in the following areas: (1) mindfulness; (2) interpersonal effectiveness; (3) emotional regulation; and (4) distress tolerance.

(f) Group skills training must be provided by two mental health professionals or by a mental health professional co-facilitating with a clinical trainee or a mental health practitioner. Individual skills training must be provided by a mental health professional, a clinical trainee, or a mental health practitioner.

(g) Before a program provides dialectical behavior therapy to a client, the commissioner must certify the program as a dialectical behavior therapy provider. To qualify for certification as a dialectical behavior therapy provider, a provider must:

(1) allow the commissioner to inspect the provider's program;

(2) provide evidence to the commissioner that the program's policies, procedures, and practices meet the requirements of this subdivision and chapter 245I;

(3) be enrolled as a MHCP provider; and

(4) have a manual that outlines the program's policies, procedures, and practices that meet the requirements of this subdivision.

Subd. 7. **Mental health clinical care consultation.** (a) Subject to federal approval, medical assistance covers clinical care consultation for a person up to age 21 who is diagnosed with a complex mental health condition or a mental health condition that co-occurs with other complex and chronic conditions, when described in the person's individual treatment plan and provided by a mental health professional or a clinical trainee.

(b) "Clinical care consultation" means communication from a treating mental health professional to other providers or educators not under the treatment supervision of the treating mental health professional who are working with the same client to inform, inquire, and instruct regarding the client's symptoms; strategies for effective engagement, care, and intervention needs; and treatment expectations across service settings and to direct and coordinate clinical service components provided to the client and family.

Subd. 8. **Neuropsychological assessment.** (a) Subject to federal approval, medical assistance covers a client's neuropsychological assessment.

(b) "Neuropsychological assessment" means a specialized clinical assessment of the client's underlying cognitive abilities related to thinking, reasoning, and judgment that is conducted by a qualified neuropsychologist. A neuropsychological assessment must include a face-to-face interview with the client, interpretation of the test results, and preparation and completion of a report.

(c) A client is eligible for a neuropsychological assessment if the client meets at least one of the following criteria:

(1) the client has a known or strongly suspected brain disorder based on the client's medical history or the client's prior neurological evaluation, including a history of significant head trauma, brain tumor, stroke, seizure disorder, multiple sclerosis, neurodegenerative disorder, significant exposure to neurotoxins, central nervous system infection, metabolic or toxic encephalopathy, fetal alcohol syndrome, or congenital malformation of the brain; or

(2) the client has cognitive or behavioral symptoms that suggest that the client has an organic condition that cannot be readily attributed to functional psychopathology or suspected neuropsychological impairment in addition to functional psychopathology. The client's symptoms may include:

(i) having a poor memory or impaired problem solving;

(ii) experiencing change in mental status evidenced by lethargy, confusion, or disorientation;

(iii) experiencing a deteriorating level of functioning;

(iv) displaying a marked change in behavior or personality;

(v) in a child or an adolescent, having significant delays in acquiring academic skill or poor attention relative to peers;

(vi) in a child or an adolescent, having reached a significant plateau in expected development of cognitive, social, emotional, or physical functioning relative to peers; and

(vii) in a child or an adolescent, significant inability to develop expected knowledge, skills, or abilities to adapt to new or changing cognitive, social, emotional, or physical demands.

(d) The neuropsychological assessment must be completed by a neuropsychologist who:

(1) was awarded a diploma by the American Board of Clinical Neuropsychology, the American Board of Professional Neuropsychology, or the American Board of Pediatric Neuropsychology;

(2) earned a doctoral degree in psychology from an accredited university training program and:

(i) completed an internship or its equivalent in a clinically relevant area of professional psychology;

(ii) completed the equivalent of two full-time years of experience and specialized training, at least one of which is at the postdoctoral level, supervised by a clinical neuropsychologist in the study and practice of clinical neuropsychology and related neurosciences; and

(iii) holds a current license to practice psychology independently according to sections 144.88 to 144.98;

(3) is licensed or credentialed by another state's board of psychology examiners in the specialty of neuropsychology using requirements equivalent to requirements specified by one of the boards named in clause (1); or

(4) was approved by the commissioner as an eligible provider of neuropsychological assessments prior to December 31, 2010.

Subd. 9. **Neuropsychological testing.** (a) Subject to federal approval, medical assistance covers neuropsychological testing for clients.

(b) "Neuropsychological testing" means administering standardized tests and measures designed to evaluate the client's ability to attend to, process, interpret, comprehend, communicate, learn, and recall information and use problem solving and judgment.

(c) Medical assistance covers neuropsychological testing of a client when the client:

(1) has a significant mental status change that is not a result of a metabolic disorder and that has failed to respond to treatment;

(2) is a child or adolescent with a significant plateau in expected development of cognitive, social, emotional, or physical function relative to peers;

(3) is a child or adolescent with a significant inability to develop expected knowledge, skills, or abilities to adapt to new or changing cognitive, social, physical, or emotional demands; or

(4) has a significant behavioral change, memory loss, or suspected neuropsychological impairment in addition to functional psychopathology, or other organic brain injury or one of the following:

(i) traumatic brain injury;

(ii) stroke;

(iii) brain tumor;

(iv) substance use disorder;

(v) cerebral anoxic or hypoxic episode;

(vi) central nervous system infection or other infectious disease;

(vii) neoplasms or vascular injury of the central nervous system;

(viii) neurodegenerative disorders;

(ix) demyelinating disease;

(x) extrapyramidal disease;

(xi) exposure to systemic or intrathecal agents or cranial radiation known to be associated with cerebral dysfunction;

(xii) systemic medical conditions known to be associated with cerebral dysfunction, including renal disease, hepatic encephalopathy, cardiac anomaly, sickle cell disease, and related hematologic anomalies, and autoimmune disorders, including lupus, erythematosus, or celiac disease;

(xiii) congenital genetic or metabolic disorders known to be associated with cerebral dysfunction, including phenylketonuria, craniofacial syndromes, or congenital hydrocephalus;

(xiv) severe or prolonged nutrition or malabsorption syndromes; or

(xv) a condition presenting in a manner difficult for a clinician to distinguish between the neurocognitive effects of a neurogenic syndrome, including dementia or encephalopathy; and a major depressive disorder when adequate treatment for major depressive disorder has not improved the client's neurocognitive functioning; or another disorder, including autism, selective mutism, anxiety disorder, or reactive attachment disorder.

(d) Neuropsychological testing must be administered or clinically supervised by a qualified neuropsychologist under subdivision 8, paragraph (c).

(e) Medical assistance does not cover neuropsychological testing of a client when the testing is:

(1) primarily for educational purposes;

(2) primarily for vocational counseling or training;

(3) for personnel or employment testing;

(4) a routine battery of psychological tests given to the client at the client's inpatient admission or during a client's continued inpatient stay; or

(5) for legal or forensic purposes.

Subd. 10. **Psychological testing.** (a) Subject to federal approval, medical assistance covers psychological testing of a client.

(b) "Psychological testing" means the use of tests or other psychometric instruments to determine the status of a client's mental, intellectual, and emotional functioning.

(c) The psychological testing must:

(1) be administered or supervised by a licensed psychologist qualified under section 245I.04, subdivision 2, clause (3), who is competent in the area of psychological testing; and

(2) be validated in a face-to-face interview between the client and a licensed psychologist or a clinical trainee in psychology under the treatment supervision of a licensed psychologist under section 245I.06.

(d) A licensed psychologist must supervise the administration, scoring, and interpretation of a client's psychological tests when a clinical psychology trainee, technician, psychometrist, or psychological assistant or a computer-assisted psychological testing program completes the psychological testing of the client. The report resulting from the psychological testing must be signed by the licensed psychologist who conducts the face-to-face interview with the client. The licensed psychologist or a staff person who is under treatment supervision must place the client's psychological testing report in the client's record and release one copy of the report to the client and additional copies to individuals authorized by the client to receive the report.

Subd. 11. **Psychotherapy.** (a) Subject to federal approval, medical assistance covers psychotherapy for a client.

(b) "Psychotherapy" means treatment of a client with mental illness that applies to the most appropriate psychological, psychiatric, psychosocial, or interpersonal method that conforms to prevailing community standards of professional practice to meet the mental health needs of the client. Medical assistance covers psychotherapy if a mental health professional or a clinical trainee provides psychotherapy to a client.

(c) "Individual psychotherapy" means psychotherapy that a mental health professional or clinical trainee designs for a client.

(d) "Family psychotherapy" means psychotherapy that a mental health professional or clinical trainee designs for a client and one or more of the client's family members or primary caregiver whose participation is necessary to accomplish the client's treatment goals. Family members or primary caregivers participating in a therapy session do not need to be eligible for medical assistance for medical assistance to cover family psychotherapy. For purposes of this paragraph, "primary caregiver whose participation is necessary to accomplish the client's treatment goals" excludes shift or facility staff persons who work at the client's residence. Medical assistance payments for family psychotherapy are limited to face-to-face sessions during which the client is present throughout the session, unless the mental health professional or clinical trainee believes that the client's exclusion from the family psychotherapy session is necessary to meet the goals of the client's individual treatment plan. If the client is excluded from a family psychotherapy session, a mental health professional or clinical trainee must document the reason for the client's exclusion and the length of time that the client is excluded. The mental health professional must also document any reason that a member of the client's family is excluded from a psychotherapy session.

(e) Group psychotherapy is appropriate for a client who, because of the nature of the client's emotional, behavioral, or social dysfunctions, can benefit from treatment in a group setting. For a group of three to eight clients, at least one mental health professional or clinical trainee must provide psychotherapy to the group. For a group of nine to 12 clients, a team of at least two mental health professionals or two clinical trainees or one mental health professional and one clinical trainee must provide psychotherapy to the group. Medical assistance will cover group psychotherapy for a group of no more than 12 persons.

(f) A multiple-family group psychotherapy session is eligible for medical assistance if a mental health professional or clinical trainee designs the psychotherapy session for at least two but not more than five families. A mental health professional or clinical trainee must design multiple-family group psychotherapy sessions to meet the treatment needs of each client. If the client is excluded from a psychotherapy session, the mental health professional or clinical trainee must document the reason for the client's exclusion and the length of time that the client was excluded. The mental health professional or clinical trainee must document any reason that a member of the client's family was excluded from a psychotherapy session.

Subd. 12. **Partial hospitalization.** (a) Subject to federal approval, medical assistance covers a client's partial hospitalization.

(b) "Partial hospitalization" means a provider's time-limited, structured program of psychotherapy and other therapeutic services, as defined in United States Code, title 42, chapter 7, subchapter XVIII, part E, section 1395x(ff), that a multidisciplinary staff person provides in an outpatient hospital facility or community mental health center that meets Medicare requirements to provide partial hospitalization services to a client.

(c) Partial hospitalization is an appropriate alternative to inpatient hospitalization for a client who is experiencing an acute episode of mental illness who meets the criteria for an inpatient hospital admission under Minnesota Rules, part 9505.0520, subpart 1, and who has family and community resources that support the client's residence in the community. Partial hospitalization consists of multiple intensive short-term therapeutic services for a client that a multidisciplinary staff person provides to a client to treat the client's mental illness.

Subd. 13. **Diagnostic assessments.** Subject to federal approval, medical assistance covers a client's diagnostic assessments that a mental health professional or clinical trainee completes under section 245I.10.

Sec. 18. **DIRECTION TO COMMISSIONER; SINGLE COMPREHENSIVE LICENSE STRUCTURE.**

The commissioner of human services, in consultation with stakeholders including counties, tribes, managed care organizations, provider organizations, advocacy groups, and clients and clients' families, shall develop recommendations to develop a single comprehensive licensing structure for mental health service programs, including outpatient and residential services for adults and children. The recommendations must prioritize program integrity, the welfare of clients and clients' families, improved integration of mental health and substance use disorder services, and the reduction of administrative burden on providers.

Sec. 19. **EFFECTIVE DATE.**

This article is effective July 1, 2022, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

ARTICLE 10
CRISIS RESPONSE SERVICES

Section 1. Minnesota Statutes 2020, section 245.469, subdivision 1, is amended to read:

Subdivision 1. **Availability of emergency services.** ~~By July 1, 1988,~~ (a) County boards must provide or contract for enough emergency services within the county to meet the needs of adults, children, and families in the county who are experiencing an emotional crisis or mental illness. ~~Clients may be required to pay a fee according to section 245.481.~~ Emergency service providers must not delay the timely provision of emergency services to a client because of the unwillingness or inability of the client to pay for services. Emergency services must include assessment, crisis intervention, and appropriate case disposition. Emergency services must:

(1) promote the safety and emotional stability of ~~adults with mental illness or emotional crises~~ each client;

(2) minimize further deterioration of ~~adults with mental illness or emotional crises~~ each client;

(3) help ~~adults with mental illness or emotional crises~~ each client to obtain ongoing care and treatment; ~~and~~

(4) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client needs~~.~~; and

(5) provide support, psychoeducation, and referrals to each client's family members, service providers, and other third parties on behalf of the client in need of emergency services.

(b) If a county provides engagement services under section 253B.041, the county's emergency service providers must refer clients to engagement services when the client meets the criteria for engagement services.

Sec. 2. Minnesota Statutes 2020, section 245.469, subdivision 2, is amended to read:

Subd. 2. **Specific requirements.** (a) The county board shall require that all service providers of emergency services to adults with mental illness provide immediate direct access to a mental health professional during regular business hours. For evenings, weekends, and holidays, the service may be by direct toll-free telephone access to a mental health professional, ~~a~~ clinical trainee, or mental health practitioner~~, or until January 1, 1991, a designated person with training in human services who receives clinical supervision from a mental health professional~~.

(b) The commissioner may waive the requirement in paragraph (a) that the evening, weekend, and holiday service be provided by a mental health professional, clinical trainee, or mental health practitioner ~~after January 1, 1991,~~ if the county documents that:

(1) mental health professionals, clinical trainees, or mental health practitioners are unavailable to provide this service;

(2) services are provided by a designated person with training in human services who receives ~~clinical~~ treatment supervision from a mental health professional; and

(3) the service provider is not also the provider of fire and public safety emergency services.

(c) The commissioner may waive the requirement in paragraph (b), clause (3), that the evening, weekend, and holiday service not be provided by the provider of fire and public safety emergency services if:

(1) every person who will be providing the first telephone contact has received at least eight hours of training on emergency mental health services ~~reviewed by the state advisory council on mental health and then~~ approved by the commissioner;

(2) every person who will be providing the first telephone contact will annually receive at least four hours of continued training on emergency mental health services ~~reviewed by the state advisory council on mental health and then~~ approved by the commissioner;

(3) the local social service agency has provided public education about available emergency mental health services and can assure potential users of emergency services that their calls will be handled appropriately;

(4) the local social service agency agrees to provide the commissioner with accurate data on the number of emergency mental health service calls received;

(5) the local social service agency agrees to monitor the frequency and quality of emergency services; and

(6) the local social service agency describes how it will comply with paragraph (d).

(d) Whenever emergency service during nonbusiness hours is provided by anyone other than a mental health professional, a mental health professional must be available on call for an emergency assessment and crisis intervention services, and must be available for at least telephone consultation within 30 minutes.

Sec. 3. Minnesota Statutes 2020, section 245.4879, subdivision 1, is amended to read:

Subdivision 1. **Availability of emergency services.** County boards must provide or contract for ~~enough~~ mental health emergency services ~~within the county to meet the needs of children, and children's families when clinically appropriate, in the county who are experiencing an emotional crisis or emotional disturbance. The county board shall ensure that parents, providers, and county residents are informed about when and how to access emergency mental health services for children. A child or the child's parent may be required to pay a fee according to section 245.481. Emergency service providers shall not delay the timely provision of emergency service because of delays in determining this fee or because of the unwillingness or inability of the parent to pay the fee. Emergency services must include assessment, crisis intervention, and appropriate case disposition. Emergency services must:~~ according to section 245.469.

~~(1) promote the safety and emotional stability of children with emotional disturbances or emotional crises;~~

~~(2) minimize further deterioration of the child with emotional disturbance or emotional crisis;~~

~~(3) help each child with an emotional disturbance or emotional crisis to obtain ongoing care and treatment; and~~

~~(4) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet the child's needs.~~

Sec. 4. Minnesota Statutes 2020, section 256B.0624, is amended to read:

256B.0624 ~~ADULT~~ CRISIS RESPONSE SERVICES COVERED.

Subdivision 1. **Scope.** ~~Medical assistance covers adult mental health crisis response services as defined in subdivision 2, paragraphs (c) to (e),~~ (a) Subject to federal approval, ~~if provided to a recipient as defined in subdivision 3 and provided by a qualified provider entity as defined in this section and by a qualified individual provider working within the provider's scope of practice and as defined in this subdivision and identified in the recipient's individual crisis treatment plan as defined in subdivision 11 and if determined to be medically necessary~~ medical assistance covers medically necessary crisis response services when the services are provided according to the standards in this section.

(b) Subject to federal approval, medical assistance covers medically necessary residential crisis stabilization for adults when the services are provided by an entity licensed under and meeting the standards in section 245I.23 or an entity with an adult foster care license meeting the standards in this section.

(c) The provider entity must make reasonable and good faith efforts to report individual client outcomes to the commissioner using instruments and protocols approved by the commissioner.

Subd. 2. **Definitions.** For purposes of this section, the following terms have the meanings given them.

~~(a) "Mental health crisis" is an adult behavioral, emotional, or psychiatric situation which, but for the provision of crisis response services, would likely result in significantly reduced levels of functioning in primary activities of daily living, or in an emergency situation, or in the placement of the recipient in a more restrictive setting, including, but not limited to, inpatient hospitalization.~~

~~(b) "Mental health emergency" is an adult behavioral, emotional, or psychiatric situation which causes an immediate need for mental health services and is consistent with section 62Q.55.~~

~~A mental health crisis or emergency is determined for medical assistance service reimbursement by a physician, a mental health professional, or crisis mental health practitioner with input from the recipient whenever possible.~~

(a) "Certified rehabilitation specialist" means a staff person who is qualified under section 245I.04, subdivision 8.

(b) "Clinical trainee" means a staff person who is qualified under section 245I.04, subdivision 6.

(c) "~~Mental health~~ Crisis assessment" means an immediate face-to-face assessment by a physician, a mental health professional, or ~~mental health practitioner under the clinical supervision of a mental health professional, following a screening that suggests that the adult may be experiencing a mental health crisis or mental health emergency situation. It includes, when feasible, assessing whether the person might be willing to voluntarily accept treatment, determining whether the person has an advance directive, and obtaining information and history from involved family members or caretakers~~ a qualified member of a crisis team, as described in subdivision 6a.

(d) "~~Mental health mobile~~ Crisis intervention ~~services~~" means face-to-face, short-term intensive mental health services initiated during a mental health crisis ~~or mental health emergency~~ to help the recipient cope with immediate stressors, identify and utilize available resources and strengths, engage in voluntary treatment, and begin to return to the recipient's baseline level of functioning. ~~The services, including screening and treatment plan recommendations, must be culturally and linguistically appropriate.~~

~~(1) This service is provided on site by a mobile crisis intervention team outside of an inpatient hospital setting. Mental health mobile crisis intervention services must be available 24 hours a day, seven days a week.~~

~~(2) The initial screening must consider other available services to determine which service intervention would best address the recipient's needs and circumstances.~~

~~(3) The mobile crisis intervention team must be available to meet promptly face-to-face with a person in mental health crisis or emergency in a community setting or hospital emergency room.~~

~~(4) The intervention must consist of a mental health crisis assessment and a crisis treatment plan.~~

~~(5) The team must be available to individuals who are experiencing a co-occurring substance use disorder, who do not need the level of care provided in a detoxification facility.~~

~~(6) The treatment plan must include recommendations for any needed crisis stabilization services for the recipient, including engagement in treatment planning and family psychoeducation.~~

(e) "Crisis screening" means a screening of a client's potential mental health crisis situation under subdivision 6.

~~(e)~~ (f) "~~Mental health~~ Crisis stabilization ~~services~~" means individualized mental health services provided to a recipient ~~following crisis intervention services~~ which are designed to restore the recipient to the recipient's prior functional level. ~~Mental health~~ Crisis stabilization services may be provided in the recipient's home, the home of a family member or friend of the recipient, another community setting, ~~or~~ a short-term supervised, licensed residential program, or an emergency department. ~~Mental health crisis stabilization does not include partial hospitalization or day treatment. Mental health~~ Crisis stabilization services includes family psychoeducation.

(g) "Crisis team" means the staff of a provider entity who are supervised and prepared to provide mobile crisis services to a client in a potential mental health crisis situation.

(h) "Mental health certified family peer specialist" means a staff person who is qualified under section 245I.04, subdivision 12.

(i) "Mental health certified peer specialist" means a staff person who is qualified under section 245I.04, subdivision 10.

(j) "Mental health crisis" is a behavioral, emotional, or psychiatric situation that, without the provision of crisis response services, would likely result in significantly reducing the recipient's levels of functioning in primary activities of daily living, in an emergency situation under section 62Q.55, or in the placement of the recipient in a more restrictive setting, including but not limited to inpatient hospitalization.

(k) "Mental health practitioner" means a staff person who is qualified under section 245I.04, subdivision 4.

(l) "Mental health professional" means a staff person who is qualified under section 245I.04, subdivision 2.

(m) "Mental health rehabilitation worker" means a staff person who is qualified under section 245I.04, subdivision 14.

(n) "Mobile crisis services" means screening, assessment, intervention, and community based stabilization, excluding residential crisis stabilization, that is provided to a recipient.

Subd. 3. **Eligibility.** ~~An eligible recipient is an individual who:~~

~~(1) is age 18 or older;~~

~~(2) is screened as possibly experiencing a mental health crisis or emergency where a mental health crisis assessment is needed; and~~

~~(3) is assessed as experiencing a mental health crisis or emergency, and mental health crisis intervention or crisis intervention and stabilization services are determined to be medically necessary.~~

(a) A recipient is eligible for crisis assessment services when the recipient has screened positive for a potential mental health crisis during a crisis screening.

(b) A recipient is eligible for crisis intervention services and crisis stabilization services when the recipient has been assessed during a crisis assessment to be experiencing a mental health crisis.

Subd. 4. **Provider entity standards.** (a) A ~~provider entity is an entity that meets the standards listed in paragraph (c) and~~ mobile crisis provider must be:

(1) ~~is~~ a county board operated entity; ~~or~~

(2) an Indian health services facility or facility owned and operated by a tribe or tribal organization operating under United States Code, title 325, section 450f; or

~~(2) is~~ (3) a provider entity that is under contract with the county board in the county where the potential crisis or emergency is occurring. To provide services under this section, the provider entity must directly provide the services; or if services are subcontracted, the provider entity must maintain responsibility for services and billing.

(b) A mobile crisis provider must meet the following standards:

(1) must ensure that crisis screenings, crisis assessments, and crisis intervention services are available to a recipient 24 hours a day, seven days a week;

(2) must be able to respond to a call for services in a designated service area or according to a written agreement with the local mental health authority for an adjacent area;

(3) must have at least one mental health professional on staff at all times and at least one additional staff member capable of leading a crisis response in the community; and

(4) must provide the commissioner with information about the number of requests for service, the number of people that the provider serves face-to-face, outcomes, and the protocols that the provider uses when deciding when to respond in the community.

~~(b)~~ (c) A provider entity that provides crisis stabilization services in a residential setting under subdivision 7 is not required to meet the requirements of ~~paragraph~~ paragraphs (a)~~, clauses (1) and (2)~~ to (b), but must meet all other requirements of this subdivision.

~~(c) The adult mental health~~ (d) A crisis ~~response~~ services provider ~~entity~~ must have the capacity to meet and carry out the standards in section 245I.011, subdivision 5, and the following standards:

(1) ~~has the capacity to recruit, hire, and manage and train mental health professionals, practitioners, and rehabilitation workers~~ ensures that staff persons provide support for a recipient's family and natural supports, by enabling the recipient's family and natural supports to observe and participate in the recipient's treatment, assessments, and planning services;

(2) has adequate administrative ability to ensure availability of services;

~~(3) is able to ensure adequate preservice and in-service training;~~

~~(4)~~ (3) is able to ensure that staff providing these services are skilled in the delivery of mental health crisis response services to recipients;

~~(5)~~ (4) is able to ensure that staff are ~~capable of~~ implementing culturally specific treatment identified in the ~~individual~~ crisis treatment plan that is meaningful and appropriate as determined by the recipient's culture, beliefs, values, and language;

~~(6)~~ (5) is able to ensure enough flexibility to respond to the changing intervention and care needs of a recipient as identified by the recipient or family member during the service partnership between the recipient and providers;

~~(7)~~ (6) is able to ensure that ~~mental health professionals and mental health practitioners~~ staff have the communication tools and procedures to communicate and consult promptly about crisis assessment and interventions as services occur;

~~(8)~~ (7) is able to coordinate these services with county emergency services, community hospitals, ambulance, transportation services, social services, law enforcement, engagement services, and mental health crisis services through regularly scheduled interagency meetings;

~~(9) is able to ensure that mental health crisis assessment and mobile crisis intervention services are available 24 hours a day, seven days a week;~~

~~(10)~~ (8) is able to ensure that services are coordinated with other ~~mental~~ behavioral health service providers, county mental health authorities, or federally recognized American Indian authorities and others as necessary, with the consent of the ~~adult~~ recipient or parent or guardian. Services must also be coordinated with the recipient's case manager if the ~~adult~~ recipient is receiving case management services;

~~(11)~~ (9) is able to ensure that crisis intervention services are provided in a manner consistent with sections 245.461 to 245.486 and 245.487 to 245.4879;

~~(12) is able to submit information as required by the state;~~

~~(13) maintains staff training and personnel files;~~

(10) is able to coordinate detoxification services for the recipient according to Minnesota Rules, parts 9530.6605 to 9530.6655, or withdrawal management according to chapter 245F;

~~(14)~~ (11) is able to establish and maintain a quality assurance and evaluation plan to evaluate the outcomes of services and recipient satisfaction; and

~~(15) is able to keep records as required by applicable laws;~~

~~(16) is able to comply with all applicable laws and statutes;~~

~~(17)~~ (12) is an enrolled medical assistance provider~~; and~~.

~~(18) develops and maintains written policies and procedures regarding service provision and administration of the provider entity, including safety of staff and recipients in high-risk situations.~~

Subd. 4a. **Alternative provider standards.** If a county or tribe demonstrates that, due to geographic or other barriers, it is not feasible to provide mobile crisis intervention services according to the standards in subdivision 4, paragraph ~~(c), clause (9)~~ (b), the commissioner may approve ~~a crisis response provider based on~~ an alternative plan proposed by a county or ~~group of counties~~ tribe. The alternative plan must:

(1) result in increased access and a reduction in disparities in the availability of mobile crisis services;

(2) provide mobile crisis services outside of the usual nine-to-five office hours and on weekends and holidays; and

(3) comply with standards for emergency mental health services in section 245.469.

Subd. 5. **~~Mobile~~ Crisis assessment and intervention staff qualifications.** ~~For provision of adult mental health mobile crisis intervention services, a mobile crisis intervention team is comprised of at least two mental health professionals as defined in section 245.462, subdivision 18, clauses (1) to (6), or a combination of at least one mental health professional and one mental health practitioner as defined in section 245.462, subdivision 17, with the required mental health crisis training and under the clinical supervision of a mental health professional on the team. The team must have at least two people with at least one member providing on-site crisis intervention services when needed.~~ (a) Qualified individual staff of a qualified provider entity must provide crisis assessment and intervention services to a recipient. A staff member providing crisis assessment and intervention services to a recipient must be qualified as a:

(1) mental health professional;

(2) clinical trainee;

(3) mental health practitioner;

(4) mental health certified family peer specialist; or

(5) mental health certified peer specialist.

(b) When crisis assessment and intervention services are provided to a recipient in the community, a mental health professional, clinical trainee, or mental health practitioner must lead the response.

(c) The 30 hours of ongoing training required by section 245I.05, subdivision 4, paragraph (b), must be specific to providing crisis services to children and adults and include training about evidence-based practices identified by the commissioner of health to reduce the recipient's risk of suicide and self-injurious behavior.

(d) Team members must be experienced in ~~mental health~~ crisis assessment, crisis intervention techniques, treatment engagement strategies, working with families, and clinical decision-making under emergency conditions and have knowledge of local services and resources. ~~The team must recommend and coordinate the team's services with appropriate local resources such as the county social services agency, mental health services, and local law enforcement when necessary.~~

Subd. 6. **Crisis ~~assessment and mobile intervention treatment planning~~ screening.** (a) ~~Prior to initiating mobile crisis intervention services, a screening of the potential crisis situation must be conducted.~~ The crisis screening may use the resources of ~~crisis assistance and~~ emergency services as defined in ~~sections 245.462, subdivision 6, and~~ section 245.469, subdivisions 1 and 2. The crisis screening must gather information, determine whether a mental health crisis situation exists, identify parties involved, and determine an appropriate response.

(b) When conducting the crisis screening of a recipient, a provider must:

(1) employ evidence-based practices to reduce the recipient's risk of suicide and self-injurious behavior;

(2) work with the recipient to establish a plan and time frame for responding to the recipient's mental health crisis, including responding to the recipient's immediate need for support by telephone or text message until the provider can respond to the recipient face-to-face;

(3) document significant factors in determining whether the recipient is experiencing a mental health crisis, including prior requests for crisis services, a recipient's recent presentation at an emergency department, known calls to 911 or law enforcement, or information from third parties with knowledge of a recipient's history or current needs;

(4) accept calls from interested third parties and consider the additional needs or potential mental health crises that the third parties may be experiencing;

(5) provide psychoeducation, including means reduction, to relevant third parties including family members or other persons living with the recipient; and

(6) consider other available services to determine which service intervention would best address the recipient's needs and circumstances.

(c) For the purposes of this section, the following situations indicate a positive screen for a potential mental health crisis and the provider must prioritize providing a face-to-face crisis assessment of the recipient, unless a provider documents specific evidence to show why this was not possible, including insufficient staffing resources, concerns for staff or recipient safety, or other clinical factors:

(1) the recipient presents at an emergency department or urgent care setting and the health care team at that location requested crisis services; or

(2) a peace officer requested crisis services for a recipient who is potentially subject to transportation under section 253B.051.

(d) A provider is not required to have direct contact with the recipient to determine that the recipient is experiencing a potential mental health crisis. A mobile crisis provider may gather relevant information about the recipient from a third party to establish the recipient's need for services and potential safety factors.

Subd. 6a. **Crisis assessment.** ~~(b)~~ (a) If a ~~crisis exists~~ recipient screens positive for potential mental health crisis, a crisis assessment must be completed. A crisis assessment evaluates any immediate needs for which ~~emergency~~ services are needed and, as time permits, the recipient's current life situation, health information, including current medications, sources of stress, mental health problems and symptoms, strengths, cultural considerations, support network, vulnerabilities, current functioning, and the recipient's preferences as communicated directly by the recipient, or as communicated in a health care directive as described in chapters 145C and 253B, the crisis treatment plan described under ~~paragraph (d)~~ subdivision 11, a crisis prevention plan, or a wellness recovery action plan.

(b) A provider must conduct a crisis assessment at the recipient's location whenever possible.

(c) Whenever possible, the assessor must attempt to include input from the recipient and the recipient's family and other natural supports to assess whether a crisis exists.

(d) A crisis assessment includes determining: (1) whether the recipient is willing to voluntarily engage in treatment or (2) has an advance directive and (3) gathering the recipient's information and history from involved family or other natural supports.

(e) A crisis assessment must include coordinated response with other health care providers if the assessment indicates that a recipient needs detoxification, withdrawal management, or medical stabilization in addition to crisis response services. If the recipient does not need an acute level of care, a team must serve an otherwise eligible recipient who has a co-occurring substance use disorder.

(f) If, after completing a crisis assessment of a recipient, a provider refers a recipient to an intensive setting, including an emergency department, inpatient hospitalization, or residential crisis stabilization, one of the crisis team members who completed or conferred about the recipient's crisis assessment must immediately contact the referral entity and consult with the triage nurse or other staff responsible for intake at the referral entity. During the consultation, the crisis team member must convey key findings or concerns that led to the recipient's referral. Following the immediate consultation, the provider must also send written documentation upon completion. The provider must document if these releases occurred with authorization by the recipient, the recipient's legal guardian, or as allowed by section 144.293, subdivision 5.

Subd. 6b. **Crisis intervention services.** ~~(c)~~ (a) If the crisis assessment determines mobile crisis intervention services are needed, the crisis intervention services must be provided promptly. As opportunity presents during the intervention, at least two members of the mobile crisis intervention team must confer directly or by telephone about the crisis assessment, crisis treatment plan, and actions taken and needed. At least one of the team members must be ~~on site~~ providing face-to-face crisis intervention services. If providing ~~on site~~ crisis intervention services, a clinical trainee or mental health practitioner must seek ~~clinical~~ treatment supervision as required in subdivision 9.

(b) If a provider delivers crisis intervention services while the recipient is absent, the provider must document the reason for delivering services while the recipient is absent.

~~(d)~~ (c) The mobile crisis intervention team must develop ~~an initial, brief~~ a crisis treatment plan ~~as soon as appropriate but no later than 24 hours after the initial face-to-face intervention~~ according to subdivision 11. ~~The plan must address the needs and problems noted in the crisis assessment and include measurable short-term goals, cultural considerations, and frequency and type of services to be provided to achieve the goals and reduce or eliminate the crisis. The treatment plan must be updated as needed to reflect current goals and services.~~

~~(e)~~ (d) The mobile crisis intervention team must document which ~~short-term goals~~ crisis treatment plan goals and objectives have been met and when no further crisis intervention services are required.

~~(f)~~ (e) If the recipient's mental health crisis is stabilized, but the recipient needs a referral to other services, the team must provide referrals to these services. If the recipient has a case manager, planning for other services must be coordinated with the case manager. If the recipient is unable to follow up on the referral, the team must link the recipient to the service and follow up to ensure the recipient is receiving the service.

~~(g)~~ (f) If the recipient's mental health crisis is stabilized and the recipient does not have an advance directive, the case manager or crisis team shall offer to work with the recipient to develop one.

Subd. 7. **Crisis stabilization services.** (a) Crisis stabilization services must be provided by qualified staff of a crisis stabilization services provider entity and must meet the following standards:

(1) a crisis ~~stabilization~~ treatment plan must be developed ~~which~~ that meets the criteria in subdivision 11;

(2) staff must be qualified as defined in subdivision 8; ~~and~~

(3) crisis stabilization services must be delivered according to the crisis treatment plan and include face-to-face contact with the recipient by qualified staff for further assessment, help with referrals, updating of the crisis ~~stabilization~~ treatment plan, ~~supportive counseling,~~ skills training, and collaboration with other service providers in the community~~.~~; and

(4) if a provider delivers crisis stabilization services while the recipient is absent, the provider must document the reason for delivering services while the recipient is absent.

~~(b) If crisis stabilization services are provided in a supervised, licensed residential setting, the recipient must be contacted face-to-face daily by a qualified mental health practitioner or mental health professional. The program must have 24-hour-a-day residential staffing which may include staff who do not meet the qualifications in subdivision 8. The residential staff must have 24-hour-a-day immediate direct or telephone access to a qualified mental health professional or practitioner.~~

~~(c)~~ (b) If crisis stabilization services are provided in a supervised, licensed residential setting that serves no more than four adult residents, and one or more individuals are present at the setting to receive residential crisis stabilization ~~services~~, the residential staff must include, for at least eight hours per day, at least one ~~individual who meets the qualifications in subdivision 8, paragraph (a), clause (1) or (2)~~ mental health professional, clinical trainee, certified rehabilitation specialist, or mental health practitioner.

~~(d) If crisis stabilization services are provided in a supervised, licensed residential setting that serves more than four adult residents, and one or more are recipients of crisis stabilization services, the residential staff must include, for 24 hours a day, at least one individual who meets the qualifications in subdivision 8. During the first 48 hours that a recipient is in the residential program, the residential program must have at least two staff working 24 hours a day. Staffing levels may be adjusted thereafter according to the needs of the recipient as specified in the crisis stabilization treatment plan.~~

Subd. 8. **~~Adult~~ Crisis stabilization staff qualifications.** (a) ~~Adult~~ Mental health crisis stabilization services must be provided by qualified individual staff of a qualified provider entity. ~~Individual provider staff must have the following qualifications~~ A staff member providing crisis stabilization services to a recipient must be qualified as a:

(1) ~~be a~~ mental health professional ~~as defined in section 245.462, subdivision 18, clauses (1) to (6)~~;

(2) ~~be a~~ certified rehabilitation specialist;

(3) clinical trainee;

(4) mental health practitioner ~~as defined in section 245.462, subdivision 17. The mental health practitioner must work under the clinical supervision of a mental health professional~~;

(5) mental health certified family peer specialist;

~~(3) be a~~ (6) mental health certified peer specialist ~~under section 256B.0615. The certified peer specialist must work under the clinical supervision of a mental health professional~~; or

~~(4) be a~~ (7) mental health rehabilitation worker ~~who meets the criteria in section 256B.0623, subdivision 5, paragraph (a), clause (4); works under the direction of a mental health practitioner as defined in section 245.462, subdivision 17, or under direction of a mental health professional; and works under the clinical supervision of a mental health professional~~.

(b) ~~Mental health practitioners and mental health rehabilitation workers must have completed at least 30 hours of training in crisis intervention and stabilization during the past two years.~~ The 30 hours of ongoing training required in section 245I.05, subdivision 4, paragraph (b), must be specific to providing crisis services to children and adults and include training about evidence-based practices identified by the commissioner of health to reduce a recipient's risk of suicide and self-injurious behavior.

Subd. 9. **Supervision.** Clinical trainees and mental health practitioners may provide crisis assessment and ~~mobile~~ crisis intervention services if the following ~~clinical~~ treatment supervision requirements are met:

(1) the mental health provider entity must accept full responsibility for the services provided;

(2) the mental health professional of the provider entity~~, who is an employee or under contract with the provider entity,~~ must be immediately available by phone or in person for ~~clinical~~ treatment supervision;

(3) the mental health professional is consulted, in person or by phone, during the first three hours when a clinical trainee or mental health practitioner provides ~~on-site service~~ crisis assessment or crisis intervention services; and

(4) the mental health professional must:

(i) review and approve, as defined in section 245I.02, subdivision 2, of the tentative crisis assessment and crisis treatment plan within 24 hours of first providing services to the recipient, notwithstanding section 245I.08, subdivision 3; and

(ii) document the consultation required in clause (3).~~; and~~

~~(iii) sign the crisis assessment and treatment plan within the next business day;~~

~~(5) if the mobile crisis intervention services continue into a second calendar day, a mental health professional must contact the recipient face-to-face on the second day to provide services and update the crisis treatment plan; and~~

~~(6) the on-site observation must be documented in the recipient's record and signed by the mental health professional.~~

~~Subd. 10. **Recipient file.** Providers of mobile crisis intervention or crisis stabilization services must maintain a file for each recipient containing the following information:~~

~~(1) individual crisis treatment plans signed by the recipient, mental health professional, and mental health practitioner who developed the crisis treatment plan, or if the recipient refused to sign the plan, the date and reason stated by the recipient as to why the recipient would not sign the plan;~~

~~(2) signed release forms;~~

~~(3) recipient health information and current medications;~~

~~(4) emergency contacts for the recipient;~~

~~(5) case records which document the date of service, place of service delivery, signature of the person providing the service, and the nature, extent, and units of service. Direct or telephone contact with the recipient's family or others should be documented;~~

~~(6) required clinical supervision by mental health professionals;~~

~~(7) summary of the recipient's case reviews by staff;~~

~~(8) any written information by the recipient that the recipient wants in the file; and~~

~~(9) an advance directive, if there is one available.~~

~~Documentation in the file must comply with all requirements of the commissioner.~~

Subd. 11. **Crisis treatment plan.** ~~The individual crisis stabilization treatment plan must include, at a minimum:~~

~~(1) a list of problems identified in the assessment;~~

~~(2) a list of the recipient's strengths and resources;~~

~~(3) concrete, measurable short-term goals and tasks to be achieved, including time frames for achievement;~~

~~(4) specific objectives directed toward the achievement of each one of the goals;~~

~~(5) documentation of the participants involved in the service planning. The recipient, if possible, must be a participant. The recipient or the recipient's legal guardian must sign the service plan or documentation must be provided why this was not possible. A copy of the plan must be given to the recipient and the recipient's legal guardian. The plan should include services arranged, including specific providers where applicable;~~

~~(6) planned frequency and type of services initiated;~~

~~(7) a crisis response action plan if a crisis should occur;~~

~~(8) clear progress notes on outcome of goals;~~

~~(9) a written plan must be completed within 24 hours of beginning services with the recipient; and~~

~~(10) a treatment plan must be developed by a mental health professional or mental health practitioner under the clinical supervision of a mental health professional. The mental health professional must approve and sign all treatment plans.~~

(a) Within 24 hours of the recipient's admission, the provider entity must complete the recipient's crisis treatment plan. The provider entity must:

(1) base the recipient's crisis treatment plan on the recipient's crisis assessment;

(2) consider crisis assistance strategies that have been effective for the recipient in the past;

(3) for a child recipient, use a child-centered, family-driven, and culturally appropriate planning process that allows the recipient's parents and guardians to observe or participate in the recipient's individual and family treatment services, assessment, and treatment planning;

(4) for an adult recipient, use a person-centered, culturally appropriate planning process that allows the recipient's family and other natural supports to observe or participate in treatment services, assessment, and treatment planning;

(5) identify the participants involved in the recipient's treatment planning. The recipient, if possible, must be a participant;

(6) identify the recipient's initial treatment goals, measurable treatment objectives, and specific interventions that the license holder will use to help the recipient engage in treatment;

(7) include documentation of referral to and scheduling of services, including specific providers where applicable;

(8) ensure that the recipient or the recipient's legal guardian approves under section 245I.02, subdivision 2, of the recipient's crisis treatment plan unless a court orders the recipient's treatment plan under chapter 253B. If the recipient or the recipient's legal guardian disagrees with the crisis treatment plan, the license holder must document in the client file the reasons why the recipient disagrees with the crisis treatment plan; and

(9) ensure that a treatment supervisor approves under section 245I.02, subdivision 2, of the recipient's treatment plan within 24 hours of the recipient's admission if a mental health practitioner or clinical trainee completes the crisis treatment plan, notwithstanding section 245I.08, subdivision 3.

(b) The provider entity must provide the recipient and the recipient's legal guardian with a copy of the recipient's crisis treatment plan.

Subd. 12. **Excluded services.** The following services are excluded from reimbursement under this section:

(1) room and board services;

(2) services delivered to a recipient while admitted to an inpatient hospital;

(3) recipient transportation costs may be covered under other medical assistance provisions, but transportation services are not an adult mental health crisis response service;

(4) services provided and billed by a provider who is not enrolled under medical assistance to provide adult mental health crisis response services;

(5) services performed by volunteers;

(6) direct billing of time spent "on call" when not delivering services to a recipient;

(7) provider service time included in case management reimbursement. When a provider is eligible to provide more than one type of medical assistance service, the recipient must have a choice of provider for each service, unless otherwise provided for by law;

(8) outreach services to potential recipients; ~~and~~

(9) a mental health service that is not medically necessary~~.~~;

(10) services that a residential treatment center licensed under Minnesota Rules, chapter 2960, provides to a client;

(11) partial hospitalization or day treatment; and

(12) a crisis assessment that a residential provider completes when a daily rate is paid for the recipient's crisis stabilization.

Sec. 5. **EFFECTIVE DATE.**

This article is effective July 1, 2022, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

ARTICLE 11
MENTAL HEALTH UNIFORM SERVICE STANDARDS; CONFORMING CHANGES

Section 1. Minnesota Statutes 2020, section 62A.152, subdivision 3, is amended to read:

Subd. 3. **Provider discrimination prohibited.** All group policies and group subscriber contracts that provide benefits for mental or nervous disorder treatments in a hospital must provide direct reimbursement for those services if performed by a mental health professional~~, as defined in sections 245.462, subdivision 18, clauses (1) to (5); and 245.4871, subdivision 27, clauses (1) to (5)~~ qualified according to section 245I.04, subdivision 2, to the extent that the services and treatment are within the scope of mental health professional licensure.

This subdivision is intended to provide payment of benefits for mental or nervous disorder treatments performed by a licensed mental health professional in a hospital and is not intended to change or add benefits for those services provided in policies or contracts to which this subdivision applies.

Sec. 2. Minnesota Statutes 2020, section 62A.3094, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the terms defined in paragraphs (b) to (d) have the meanings given.

(b) "Autism spectrum disorders" means the conditions as determined by criteria set forth in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders of the American Psychiatric Association.

(c) "Medically necessary care" means health care services appropriate, in terms of type, frequency, level, setting, and duration, to the enrollee's condition, and diagnostic testing and preventative services. Medically necessary care must be consistent with generally accepted practice parameters as determined by physicians and licensed psychologists who typically manage patients who have autism spectrum disorders.

(d) "Mental health professional" means a mental health professional ~~as defined in section 245.4871, subdivision 27~~ who is qualified according to section 245I.04, subdivision 2, clause (1), (2), (3), (4), or (6), who has training and expertise in autism spectrum disorder and child development.

Sec. 3. Minnesota Statutes 2020, section 62Q.096, is amended to read:

62Q.096 CREDENTIALING OF PROVIDERS.

If a health plan company has initially credentialed, as providers in its provider network, individual providers employed by or under contract with an entity that:

(1) is authorized to bill under section 256B.0625, subdivision 5;

(2) ~~meets the requirements of Minnesota Rules, parts 9520.0750 to 9520.0870~~ is a mental health clinic certified under section 245I.20;

(3) is designated an essential community provider under section 62Q.19; and

(4) is under contract with the health plan company to provide mental health services, the health plan company must continue to credential at least the same number of providers from that entity, as long as those providers meet the health plan company's credentialing standards.

A health plan company shall not refuse to credential these providers on the grounds that their provider network has a sufficient number of providers of that type.

Sec. 4. Minnesota Statutes 2020, section 144.651, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For the purposes of this section, "patient" means a person who is admitted to an acute care inpatient facility for a continuous period longer than 24 hours, for the purpose of diagnosis or treatment bearing on the physical or mental health of that person. For purposes of subdivisions 4 to 9, 12, 13, 15, 16, and 18 to 20, "patient" also means a person who receives health care services at an outpatient surgical center or at a birth center licensed under section 144.615. "Patient" also means a minor who is admitted to a residential program as defined in section 253C.01. For purposes of subdivisions 1, 3 to 16, 18, 20 and 30, "patient" also means any person who is receiving mental health treatment on an outpatient basis or in a community support program or other community-based program. "Resident" means a person who is admitted to a nonacute care facility including extended care facilities, nursing homes, and boarding care homes for care required because of prolonged mental or physical illness or disability, recovery from injury or disease, or advancing age. For purposes of all subdivisions except subdivisions 28 and 29, "resident" also means a person who is admitted to a facility licensed as a board and lodging facility under Minnesota Rules, parts 4625.0100 to 4625.2355, a boarding care home under sections 144.50 to 144.56, or a supervised living facility under Minnesota Rules, parts 4665.0100 to 4665.9900, and which operates a rehabilitation program licensed under chapter 245G or 245I, or Minnesota Rules, parts 9530.6510 to 9530.6590.

Sec. 5. Minnesota Statutes 2020, section 144D.01, subdivision 4, is amended to read:

Subd. 4. **Housing with services establishment or establishment.** (a) "Housing with services establishment" or "establishment" means:

(1) an establishment providing sleeping accommodations to one or more adult residents, at least 80 percent of which are 55 years of age or older, and offering or providing, for a fee, one or more regularly scheduled health-related services or two or more regularly scheduled supportive services, whether offered or provided directly by the establishment or by another entity arranged for by the establishment; or

(2) an establishment that registers under section 144D.025.

(b) Housing with services establishment does not include:

(1) a nursing home licensed under chapter 144A;

(2) a hospital, certified boarding care home, or supervised living facility licensed under sections 144.50 to 144.56;

(3) a board and lodging establishment licensed under chapter 157 and Minnesota Rules, parts 9520.0500 to 9520.0670, or under chapter 245D ~~or,~~ 245G, or 245I;

(4) a board and lodging establishment which serves as a shelter for battered women or other similar purpose;

(5) a family adult foster care home licensed by the Department of Human Services;

(6) private homes in which the residents are related by kinship, law, or affinity with the providers of services;

(7) residential settings for persons with developmental disabilities in which the services are licensed under chapter 245D;

(8) a home-sharing arrangement such as when an elderly or disabled person or single-parent family makes lodging in a private residence available to another person in exchange for services or rent, or both;

(9) a duly organized condominium, cooperative, common interest community, or owners' association of the foregoing where at least 80 percent of the units that comprise the condominium, cooperative, or common interest community are occupied by individuals who are the owners, members, or shareholders of the units;

(10) services for persons with developmental disabilities that are provided under a license under chapter 245D; or

(11) a temporary family health care dwelling as defined in sections 394.307 and 462.3593.

Sec. 6. Minnesota Statutes 2020, section 144G.08, subdivision 7, as amended by Laws 2020, Seventh Special Session chapter 1, article 6, section 5, is amended to read:

Subd. 7. **Assisted living facility.** "Assisted living facility" means a facility that provides sleeping accommodations and assisted living services to one or more adults. Assisted living facility includes assisted living facility with dementia care, and does not include:

(1) emergency shelter, transitional housing, or any other residential units serving exclusively or primarily homeless individuals, as defined under section 116L.361;

(2) a nursing home licensed under chapter 144A;

(3) a hospital, certified boarding care, or supervised living facility licensed under sections 144.50 to 144.56;

(4) a lodging establishment licensed under chapter 157 and Minnesota Rules, parts 9520.0500 to 9520.0670, or under chapter 245D ~~or,~~ 245G, or 245I;

(5) services and residential settings licensed under chapter 245A, including adult foster care and services and settings governed under the standards in chapter 245D;

(6) a private home in which the residents are related by kinship, law, or affinity with the provider of services;

(7) a duly organized condominium, cooperative, and common interest community, or owners' association of the condominium, cooperative, and common interest community where at least 80 percent of the units that comprise the condominium, cooperative, or common interest community are occupied by individuals who are the owners, members, or shareholders of the units;

(8) a temporary family health care dwelling as defined in sections 394.307 and 462.3593;

(9) a setting offering services conducted by and for the adherents of any recognized church or religious denomination for its members exclusively through spiritual means or by prayer for healing;

(10) housing financed pursuant to sections 462A.37 and 462A.375, units financed with low-income housing tax credits pursuant to United States Code, title 26, section 42, and units financed by the Minnesota Housing Finance Agency that are intended to serve individuals with disabilities or individuals who are homeless, except for those developments that market or hold themselves out as assisted living facilities and provide assisted living services;

(11) rental housing developed under United States Code, title 42, section 1437, or United States Code, title 12, section 1701q;

(12) rental housing designated for occupancy by only elderly or elderly and disabled residents under United States Code, title 42, section 1437e, or rental housing for qualifying families under Code of Federal Regulations, title 24, section 983.56;

(13) rental housing funded under United States Code, title 42, chapter 89, or United States Code, title 42, section 8011;

(14) a covered setting as defined in section 325F.721, subdivision 1, paragraph (b); or

(15) any establishment that exclusively or primarily serves as a shelter or temporary shelter for victims of domestic or any other form of violence.

Sec. 7. Minnesota Statutes 2020, section 148B.5301, subdivision 2, is amended to read:

Subd. 2. **Supervision.** (a) To qualify as a LPCC, an applicant must have completed 4,000 hours of post-master's degree supervised professional practice in the delivery of clinical services in the diagnosis and treatment of mental illnesses and disorders in both children and adults. The supervised practice shall be conducted according to the requirements in paragraphs (b) to (e).

(b) The supervision must have been received under a contract that defines clinical practice and supervision from a mental health professional ~~as defined in section 245.462, subdivision 18, clauses (1) to (6), or 245.4871, subdivision 27, clauses (1) to (6)~~ who is qualified according to section 245I.04, subdivision 2, or by a board-approved supervisor, who has at least two years of postlicensure experience in the delivery of clinical services in the diagnosis and treatment of mental illnesses and disorders. All supervisors must meet the supervisor requirements in Minnesota Rules, part 2150.5010.

(c) The supervision must be obtained at the rate of two hours of supervision per 40 hours of professional practice. The supervision must be evenly distributed over the course of the supervised professional practice. At least 75 percent of the required supervision hours must be received in person. The remaining 25 percent of the required hours may be received by telephone or by audio or audiovisual electronic device. At least 50 percent of the required hours of supervision must be received on an individual basis. The remaining 50 percent may be received in a group setting.

(d) The supervised practice must include at least 1,800 hours of clinical client contact.

(e) The supervised practice must be clinical practice. Supervision includes the observation by the supervisor of the successful application of professional counseling knowledge, skills, and values in the differential diagnosis and treatment of psychosocial function, disability, or impairment, including addictions and emotional, mental, and behavioral disorders.

Sec. 8. Minnesota Statutes 2020, section 148E.120, subdivision 2, is amended to read:

Subd. 2. **Alternate supervisors.** (a) The board may approve an alternate supervisor as determined in this subdivision. The board shall approve up to 25 percent of the required supervision hours by a ~~licensed~~ mental health professional who is competent and qualified to provide supervision according to the mental health professional's respective licensing board, as established by section ~~245.462, subdivision 18, clauses (1) to (6), or 245.4871, subdivision 27, clauses (1) to (6)~~ 245I.04, subdivision 2.

(b) The board shall approve up to 100 percent of the required supervision hours by an alternate supervisor if the board determines that:

(1) there are five or fewer supervisors in the county where the licensee practices social work who meet the applicable licensure requirements in subdivision 1;

(2) the supervisor is an unlicensed social worker who is employed in, and provides the supervision in, a setting exempt from licensure by section 148E.065, and who has qualifications equivalent to the applicable requirements specified in sections 148E.100 to 148E.115;

(3) the supervisor is a social worker engaged in authorized social work practice in Iowa, Manitoba, North Dakota, Ontario, South Dakota, or Wisconsin, and has the qualifications equivalent to the applicable requirements in sections 148E.100 to 148E.115; or

(4) the applicant or licensee is engaged in nonclinical authorized social work practice outside of Minnesota and the supervisor meets the qualifications equivalent to the applicable requirements in sections 148E.100 to 148E.115, or the supervisor is an equivalent mental health professional, as determined by the board, who is credentialed by a state, territorial, provincial, or foreign licensing agency; or

(5) the applicant or licensee is engaged in clinical authorized social work practice outside of Minnesota and the supervisor meets qualifications equivalent to the applicable requirements in section 148E.115, or the supervisor is an equivalent mental health professional as determined by the board, who is credentialed by a state, territorial, provincial, or foreign licensing agency.

(c) In order for the board to consider an alternate supervisor under this section, the licensee must:

(1) request in the supervision plan and verification submitted according to section 148E.125 that an alternate supervisor conduct the supervision; and

(2) describe the proposed supervision and the name and qualifications of the proposed alternate supervisor. The board may audit the information provided to determine compliance with the requirements of this section.

Sec. 9. Minnesota Statutes 2020, section 148F.11, subdivision 1, is amended to read:

Subdivision 1. **Other professionals.** (a) Nothing in this chapter prevents members of other professions or occupations from performing functions for which they are qualified or licensed. This exception includes, but is not limited to: licensed physicians; registered nurses; licensed practical nurses; licensed psychologists and licensed psychological practitioners; members of the clergy provided such services are provided within the scope of regular ministries; American Indian medicine men and women; licensed attorneys; probation officers; licensed marriage and family therapists; licensed social workers; social workers employed by city, county, or state agencies; licensed professional counselors; licensed professional clinical counselors; licensed school counselors; registered occupational therapists or occupational therapy assistants; Upper Midwest Indian Council on Addictive Disorders (UMICAD) certified counselors when providing services to Native American people; city, county, or state employees when providing assessments or case management under Minnesota Rules, chapter 9530; and individuals defined in section 256B.0623, subdivision 5, paragraph (a), clauses (1) ~~and (2)~~ to (6), providing ~~integrated dual diagnosis~~ co-occurring substance use disorder treatment in adult mental health rehabilitative programs certified or licensed by the Department of Human Services under section 245I.23, 256B.0622, or 256B.0623.

(b) Nothing in this chapter prohibits technicians and resident managers in programs licensed by the Department of Human Services from discharging their duties as provided in Minnesota Rules, chapter 9530.

(c) Any person who is exempt from licensure under this section must not use a title incorporating the words "alcohol and drug counselor" or "licensed alcohol and drug counselor" or otherwise hold himself or herself out to the public by any title or description stating or implying that he or she is engaged in the practice of alcohol and drug counseling, or that he or she is licensed to engage in the practice of alcohol and drug counseling, unless that person is also licensed as an alcohol and drug counselor. Persons engaged in the practice of alcohol and drug counseling are not exempt from the board's jurisdiction solely by the use of one of the titles in paragraph (a).

Sec. 10. Minnesota Statutes 2020, section 245.462, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** The definitions in this section apply to sections 245.461 to ~~245.486~~ 245.4863.

Sec. 11. Minnesota Statutes 2020, section 245.462, subdivision 6, is amended to read:

Subd. 6. **Community support services program.** "Community support services program" means services, other than inpatient or residential treatment services, provided or coordinated by an identified program and staff under the ~~clinical~~ treatment supervision of a mental health professional designed to help adults with serious and persistent mental illness to function and remain in the community. A community support services program includes:

(1) client outreach,

(2) medication monitoring,

(3) assistance in independent living skills,

(4) development of employability and work-related opportunities,

(5) crisis assistance,

(6) psychosocial rehabilitation,

(7) help in applying for government benefits, and

(8) housing support services.

The community support services program must be coordinated with the case management services specified in section 245.4711.

Sec. 12. Minnesota Statutes 2020, section 245.462, subdivision 8, is amended to read:

Subd. 8. **Day treatment services.** "Day treatment," "day treatment services," or "day treatment program" means ~~a structured program of treatment and care provided to an adult in or by: (1) a hospital accredited by the joint commission on accreditation of health organizations and licensed under sections 144.50 to 144.55; (2) a community mental health center under section 245.62; or (3) an entity that is under contract with the county board to operate a program that meets the requirements of section 245.4712, subdivision 2, and Minnesota Rules, parts 9505.0170 to 9505.0475. Day treatment consists of group psychotherapy and other intensive therapeutic services that are provided at least two days a week by a multidisciplinary staff under the clinical supervision of a mental health professional. Day treatment may include education and consultation provided to families and other individuals as part of the treatment process. The services are aimed at stabilizing the adult's mental health status, providing mental health services, and developing and improving the adult's independent living and socialization skills. The goal of day treatment is to reduce or relieve mental illness and to enable the adult to live in the community. Day treatment services are not a part of inpatient or residential treatment services. Day treatment services are distinguished from day care by their structured therapeutic program of psychotherapy services. The commissioner may limit medical assistance reimbursement for day treatment to 15 hours per week per person~~ the treatment services described by section 256B.0671, subdivision 3.

Sec. 13. Minnesota Statutes 2020, section 245.462, subdivision 9, is amended to read:

Subd. 9. **Diagnostic assessment.** ~~(a)~~ "Diagnostic assessment" has the meaning given in ~~Minnesota Rules, part 9505.0370, subpart 11, and is delivered as provided in Minnesota Rules, part 9505.0372, subpart 1, items A, B, C, and E. Diagnostic assessment includes a standard, extended, or brief diagnostic assessment, or an adult update~~ section 245I.10, subdivisions 4 to 6.

~~(b) A brief diagnostic assessment must include a face-to-face interview with the client and a written evaluation of the client by a mental health professional or a clinical trainee, as provided in Minnesota Rules, part 9505.0371, subpart 5, item C. The professional or clinical trainee must gather initial components of a standard diagnostic assessment, including the client's:~~

~~(1) age;~~

~~(2) description of symptoms, including reason for referral;~~

~~(3) history of mental health treatment;~~

~~(4) cultural influences and their impact on the client; and~~

~~(5) mental status examination.~~

~~(c) On the basis of the initial components, the professional or clinical trainee must draw a provisional clinical hypothesis. The clinical hypothesis may be used to address the client's immediate needs or presenting problem.~~

~~(d) Treatment sessions conducted under authorization of a brief assessment may be used to gather additional information necessary to complete a standard diagnostic assessment or an extended diagnostic assessment.~~

~~(e) Notwithstanding Minnesota Rules, part 9505.0371, subpart 2, item A, subitem (1), unit (b), prior to completion of a client's initial diagnostic assessment, a client is eligible for psychological testing as part of the diagnostic process.~~

~~(f) Notwithstanding Minnesota Rules, part 9505.0371, subpart 2, item A, subitem (1), unit (c), prior to completion of a client's initial diagnostic assessment, but in conjunction with the diagnostic assessment process, a client is eligible for up to three individual or family psychotherapy sessions or family psychoeducation sessions or a combination of the above sessions not to exceed three sessions.~~

~~(g) Notwithstanding Minnesota Rules, part 9505.0371, subpart 2, item B, subitem (3), unit (a), a brief diagnostic assessment may be used for a client's family who requires a language interpreter to participate in the assessment.~~

Sec. 14. Minnesota Statutes 2020, section 245.462, subdivision 14, is amended to read:

Subd. 14. **Individual treatment plan.** "Individual treatment plan" means ~~a written plan of intervention, treatment, and services for an adult with mental illness that is developed by a service provider under the clinical supervision of a mental health professional on the basis of a diagnostic assessment. The plan identifies goals and objectives of treatment, treatment strategy, a schedule for accomplishing treatment goals and objectives, and the individual responsible for providing treatment to the adult with mental illness~~ the formulation of planned services that are responsive to the needs and goals of a client. An individual treatment plan must be completed according to section 245I.10, subdivisions 7 and 8.

Sec. 15. Minnesota Statutes 2020, section 245.462, subdivision 16, is amended to read:

Subd. 16. **Mental health funds.** "Mental health funds" are funds expended under sections 245.73 and 256E.12, federal mental health block grant funds, and funds expended under section 256D.06 to facilities licensed under section 245I.23 or Minnesota Rules, parts 9520.0500 to 9520.0670.

Sec. 16. Minnesota Statutes 2020, section 245.462, subdivision 17, is amended to read:

Subd. 17. **Mental health practitioner.** ~~(a)~~ "Mental health practitioner" means a staff person ~~providing services to adults with mental illness or children with emotional disturbance who is qualified in at least one of the ways described in paragraphs (b) to (g). A mental health practitioner for a child client must have training working with children. A mental health practitioner for an adult client must have training working with adults~~ qualified according to section 245I.04, subdivision 4.

~~(b) For purposes of this subdivision, a practitioner is qualified through relevant coursework if the practitioner completes at least 30 semester hours or 45 quarter hours in behavioral sciences or related fields and:~~

~~(1) has at least 2,000 hours of supervised experience in the delivery of services to adults or children with:~~

~~(i) mental illness, substance use disorder, or emotional disturbance; or~~

~~(ii) traumatic brain injury or developmental disabilities and completes training on mental illness, recovery from mental illness, mental health de-escalation techniques, co-occurring mental illness and substance abuse, and psychotropic medications and side effects;~~

~~(2) is fluent in the non-English language of the ethnic group to which at least 50 percent of the practitioner's clients belong, completes 40 hours of training in the delivery of services to adults with mental illness or children with emotional disturbance, and receives clinical supervision from a mental health professional at least once a week until the requirement of 2,000 hours of supervised experience is met;~~

~~(3) is working in a day treatment program under section 245.4712, subdivision 2; or~~

~~(4) has completed a practicum or internship that (i) requires direct interaction with adults or children served, and (ii) is focused on behavioral sciences or related fields.~~

~~(c) For purposes of this subdivision, a practitioner is qualified through work experience if the person:~~

~~(1) has at least 4,000 hours of supervised experience in the delivery of services to adults or children with:~~

~~(i) mental illness, substance use disorder, or emotional disturbance; or~~

~~(ii) traumatic brain injury or developmental disabilities and completes training on mental illness, recovery from mental illness, mental health de-escalation techniques, co-occurring mental illness and substance abuse, and psychotropic medications and side effects; or~~

~~(2) has at least 2,000 hours of supervised experience in the delivery of services to adults or children with:~~

~~(i) mental illness, emotional disturbance, or substance use disorder, and receives clinical supervision as required by applicable statutes and rules from a mental health professional at least once a week until the requirement of 4,000 hours of supervised experience is met; or~~

~~(ii) traumatic brain injury or developmental disabilities; completes training on mental illness, recovery from mental illness, mental health de-escalation techniques, co-occurring mental illness and substance abuse, and psychotropic medications and side effects; and receives clinical supervision as required by applicable statutes and rules at least once a week from a mental health professional until the requirement of 4,000 hours of supervised experience is met.~~

~~(d) For purposes of this subdivision, a practitioner is qualified through a graduate student internship if the practitioner is a graduate student in behavioral sciences or related fields and is formally assigned by an accredited college or university to an agency or facility for clinical training.~~

~~(e) For purposes of this subdivision, a practitioner is qualified by a bachelor's or master's degree if the practitioner:~~

~~(1) holds a master's or other graduate degree in behavioral sciences or related fields; or~~

~~(2) holds a bachelor's degree in behavioral sciences or related fields and completes a practicum or internship that (i) requires direct interaction with adults or children served, and (ii) is focused on behavioral sciences or related fields.~~

~~(f) For purposes of this subdivision, a practitioner is qualified as a vendor of medical care if the practitioner meets the definition of vendor of medical care in section 256B.02, subdivision 7, paragraphs (b) and (c), and is serving a federally recognized tribe.~~

~~(g) For purposes of medical assistance coverage of diagnostic assessments, explanations of findings, and psychotherapy under section 256B.0625, subdivision 65, a mental health practitioner working as a clinical trainee means that the practitioner's clinical supervision experience is helping the practitioner gain knowledge and skills necessary to practice effectively and independently. This may include supervision of direct practice, treatment team collaboration, continued professional learning, and job management. The practitioner must also:~~

~~(1) comply with requirements for licensure or board certification as a mental health professional, according to the qualifications under Minnesota Rules, part 9505.0371, subpart 5, item A, including supervised practice in the delivery of mental health services for the treatment of mental illness; or~~

~~(2) be a student in a bona fide field placement or internship under a program leading to completion of the requirements for licensure as a mental health professional according to the qualifications under Minnesota Rules, part 9505.0371, subpart 5, item A.~~

~~(h) For purposes of this subdivision, "behavioral sciences or related fields" has the meaning given in section 256B.0623, subdivision 5, paragraph (d).~~

~~(i) Notwithstanding the licensing requirements established by a health related licensing board, as defined in section 214.01, subdivision 2, this subdivision supersedes any other statute or rule.~~

Sec. 17. Minnesota Statutes 2020, section 245.462, subdivision 18, is amended to read:

Subd. 18. **Mental health professional.** "Mental health professional" means a staff person ~~providing clinical services in the treatment of mental illness who is qualified in at least one of the following ways:~~ who is qualified according to section 245I.04, subdivision 2.

~~(1) in psychiatric nursing: a registered nurse who is licensed under sections 148.171 to 148.285; and:~~

~~(i) who is certified as a clinical specialist or as a nurse practitioner in adult or family psychiatric and mental health nursing by a national nurse certification organization; or~~

~~(ii) who has a master's degree in nursing or one of the behavioral sciences or related fields from an accredited college or university or its equivalent, with at least 4,000 hours of post master's supervised experience in the delivery of clinical services in the treatment of mental illness;~~

~~(2) in clinical social work: a person licensed as an independent clinical social worker under chapter 148D, or a person with a master's degree in social work from an accredited college or university, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness;~~

~~(3) in psychology: an individual licensed by the Board of Psychology under sections 148.88 to 148.98 who has stated to the Board of Psychology competencies in the diagnosis and treatment of mental illness;~~

~~(4) in psychiatry: a physician licensed under chapter 147 and certified by the American Board of Psychiatry and Neurology or eligible for board certification in psychiatry, or an osteopathic physician licensed under chapter 147 and certified by the American Osteopathic Board of Neurology and Psychiatry or eligible for board certification in psychiatry;~~

~~(5) in marriage and family therapy: the mental health professional must be a marriage and family therapist licensed under sections 148B.29 to 148B.39 with at least two years of post master's supervised experience in the delivery of clinical services in the treatment of mental illness;~~

~~(6) in licensed professional clinical counseling, the mental health professional shall be a licensed professional clinical counselor under section 148B.5301 with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness; or~~

~~(7) in allied fields: a person with a master's degree from an accredited college or university in one of the behavioral sciences or related fields, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness.~~

Sec. 18. Minnesota Statutes 2020, section 245.462, subdivision 21, is amended to read:

Subd. 21. **Outpatient services.** "Outpatient services" means mental health services, excluding day treatment and community support services programs, provided by or under the ~~clinical~~ treatment supervision of a mental health professional to adults with mental illness who live outside a hospital. Outpatient services include clinical activities such as individual, group, and family therapy; individual treatment planning; diagnostic assessments; medication management; and psychological testing.

Sec. 19. Minnesota Statutes 2020, section 245.462, subdivision 23, is amended to read:

Subd. 23. **Residential treatment.** "Residential treatment" means a 24-hour-a-day program under the ~~clinical~~ treatment supervision of a mental health professional, in a community residential setting other than an acute care hospital or regional treatment center inpatient unit, that must be licensed as a residential treatment program for adults with mental illness under chapter 245I, Minnesota Rules, parts 9520.0500 to 9520.0670, or other rules adopted by the commissioner.

Sec. 20. Minnesota Statutes 2020, section 245.462, is amended by adding a subdivision to read:

Subd. 27. **Treatment supervision.** "Treatment supervision" means the treatment supervision described by section 245I.06.

Sec. 21. Minnesota Statutes 2020, section 245.4661, subdivision 5, is amended to read:

Subd. 5. **Planning for pilot projects.** (a) Each local plan for a pilot project, with the exception of the placement of a Minnesota specialty treatment facility as defined in paragraph (c), must be developed under the direction of the county board, or multiple county boards acting jointly, as the local mental health authority. The planning process for each pilot shall include, but not be limited to, mental health consumers, families, advocates,

local mental health advisory councils, local and state providers, representatives of state and local public employee bargaining units, and the department of human services. As part of the planning process, the county board or boards shall designate a managing entity responsible for receipt of funds and management of the pilot project.

(b) For Minnesota specialty treatment facilities, the commissioner shall issue a request for proposal for regions in which a need has been identified for services.

(c) For purposes of this section, "Minnesota specialty treatment facility" is defined as an intensive residential treatment service licensed under ~~section 256B.0622, subdivision 2, paragraph (b)~~ chapter 245I.

Sec. 22. Minnesota Statutes 2020, section 245.4662, subdivision 1, is amended to read:

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

(b) "Community partnership" means a project involving the collaboration of two or more eligible applicants.

(c) "Eligible applicant" means an eligible county, Indian tribe, mental health service provider, hospital, or community partnership. Eligible applicant does not include a state-operated direct care and treatment facility or program under chapter 246.

(d) "Intensive residential treatment services" has the meaning given in section 256B.0622~~, subdivision 2~~.

(e) "Metropolitan area" means the seven-county metropolitan area, as defined in section 473.121, subdivision 2.

Sec. 23. Minnesota Statutes 2020, section 245.467, subdivision 2, is amended to read:

Subd. 2. **Diagnostic assessment.** ~~All providers of residential, acute care hospital inpatient, and regional treatment centers must complete a diagnostic assessment for each of their clients within five days of admission. Providers of day treatment services must complete a diagnostic assessment within five days after the adult's second visit or within 30 days after intake, whichever occurs first. In cases where a diagnostic assessment is available and has been completed within three years preceding admission, only an adult diagnostic assessment update is necessary. An "adult diagnostic assessment update" means a written summary by a mental health professional of the adult's current mental health status and service needs and includes a face-to-face interview with the adult. If the adult's mental health status has changed markedly since the adult's most recent diagnostic assessment, a new diagnostic assessment is required. Compliance with the provisions of this subdivision does not ensure eligibility for medical assistance reimbursement under chapter 256B.~~ Providers of services governed by this section must complete a diagnostic assessment according to the standards of section 245I.10, subdivisions 4 to 6.

Sec. 24. Minnesota Statutes 2020, section 245.467, subdivision 3, is amended to read:

Subd. 3. **Individual treatment plans.** ~~All providers of outpatient services, day treatment services, residential treatment, acute care hospital inpatient treatment, and all regional treatment centers must develop an individual treatment plan for each of their adult clients. The individual treatment plan must be based on a diagnostic assessment. To the extent possible, the adult client shall be involved in all phases of developing and implementing the individual treatment plan. Providers of residential treatment and acute care hospital inpatient treatment, and all regional treatment centers must develop the individual treatment plan within ten days of client intake and must review the individual treatment plan every 90 days after intake. Providers of day treatment services must develop the individual treatment plan before the completion of five working days in which service is provided or within 30 days after the diagnostic assessment is completed or obtained, whichever occurs first. Providers of outpatient services must develop the individual treatment plan within 30 days after the diagnostic assessment is completed or obtained or by the end of the second session of an outpatient service, not including the session in which the diagnostic assessment was provided, whichever occurs first. Outpatient and day treatment services providers must review the individual treatment plan every 90 days after intake.~~ Providers of services governed by this section must complete an individual treatment plan according to the standards of section 245I.10, subdivisions 7 and 8.

Sec. 25. Minnesota Statutes 2020, section 245.470, subdivision 1, is amended to read:

Subdivision 1. **Availability of outpatient services.** (a) County boards must provide or contract for enough outpatient services within the county to meet the needs of adults with mental illness residing in the county. Services may be provided directly by the county through county-operated ~~mental health centers or~~ mental health clinics ~~approved by the commissioner under section 245.69, subdivision 2~~ meeting the standards of chapter 245I; by contract with privately operated ~~mental health centers or~~ mental health clinics ~~approved by the commissioner under section 245.69, subdivision 2~~ meeting the standards of chapter 245I; by contract with hospital mental health outpatient programs certified by the Joint Commission on Accreditation of Hospital Organizations; or by contract with a ~~licensed~~ mental health professional ~~as defined in section 245.462, subdivision 18, clauses (1) to (6)~~. Clients may be required to pay a fee according to section 245.481. Outpatient services include:

(1) conducting diagnostic assessments;

(2) conducting psychological testing;

(3) developing or modifying individual treatment plans;

(4) making referrals and recommending placements as appropriate;

(5) treating an adult's mental health needs through therapy;

(6) prescribing and managing medication and evaluating the effectiveness of prescribed medication; and

(7) preventing placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client needs.

(b) County boards may request a waiver allowing outpatient services to be provided in a nearby trade area if it is determined that the client can best be served outside the county.

Sec. 26. Minnesota Statutes 2020, section 245.4712, subdivision 2, is amended to read:

Subd. 2. **Day treatment services provided.** (a) Day treatment services must be developed as a part of the community support services available to adults with serious and persistent mental illness residing in the county. Adults may be required to pay a fee according to section 245.481. Day treatment services must be designed to:

(1) provide a structured environment for treatment;

(2) provide support for residing in the community;

(3) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client need;

(4) coordinate with or be offered in conjunction with a local education agency's special education program; and

(5) operate on a continuous basis throughout the year.

(b) ~~For purposes of complying with medical assistance requirements, an adult day treatment program must comply with the method of clinical supervision specified in Minnesota Rules, part 9505.0371, subpart 4. The clinical supervision must be performed by a qualified supervisor who satisfies the requirements of Minnesota Rules, part 9505.0371, subpart 5.~~ An adult day treatment program must comply with medical assistance requirements in section 256B.0671, subdivision 3.

~~A day treatment program must demonstrate compliance with this clinical supervision requirement by the commissioner's review and approval of the program according to Minnesota Rules, part 9505.0372, subpart 8.~~

(c) County boards may request a waiver from including day treatment services if they can document that:

(1) an alternative plan of care exists through the county's community support services for clients who would otherwise need day treatment services;

(2) day treatment, if included, would be duplicative of other components of the community support services; and

(3) county demographics and geography make the provision of day treatment services cost ineffective and infeasible.

Sec. 27. Minnesota Statutes 2020, section 245.472, subdivision 2, is amended to read:

Subd. 2. **Specific requirements.** Providers of residential services must be licensed under chapter 245I or applicable rules adopted by the commissioner ~~and must be clinically supervised by a mental health professional. Persons employed in facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0670, in the capacity of program director as of July 1, 1987, in accordance with Minnesota Rules, parts 9520.0500 to 9520.0670, may be allowed to continue providing clinical supervision within a facility, provided they continue to be employed as a program director in a facility licensed under Minnesota Rules, parts 9520.0500 to 9520.0670~~. Residential services must be provided under treatment supervision.

Sec. 28. Minnesota Statutes 2020, section 245.4863, is amended to read:

245.4863 INTEGRATED CO-OCCURRING DISORDER TREATMENT.

(a) The commissioner shall require individuals who perform chemical dependency assessments to screen clients for co-occurring mental health disorders, and staff who perform mental health diagnostic assessments to screen for co-occurring substance use disorders. Screening tools must be approved by the commissioner. If a client screens positive for a co-occurring mental health or substance use disorder, the individual performing the screening must document what actions will be taken in response to the results and whether further assessments must be performed.

(b) Notwithstanding paragraph (a), screening is not required when:

(1) the presence of co-occurring disorders was documented for the client in the past 12 months;

(2) the client is currently receiving co-occurring disorders treatment;

(3) the client is being referred for co-occurring disorders treatment; or

(4) a mental health professional~~, as defined in Minnesota Rules, part 9505.0370, subpart 18,~~ who is competent to perform diagnostic assessments of co-occurring disorders is performing a diagnostic assessment ~~that meets the requirements in Minnesota Rules, part 9533.0090, subpart 5,~~ to identify whether the client may have co-occurring mental health and chemical dependency disorders. If an individual is identified to have co-occurring mental health and substance use disorders, the assessing mental health professional must document what actions will be taken to address the client's co-occurring disorders.

(c) The commissioner shall adopt rules as necessary to implement this section. The commissioner shall ensure that the rules are effective on July 1, 2013, thereby establishing a certification process for integrated dual disorder treatment providers and a system through which individuals receive integrated dual diagnosis treatment if assessed as having both a substance use disorder and either a serious mental illness or emotional disturbance.

(d) The commissioner shall apply for any federal waivers necessary to secure, to the extent allowed by law, federal financial participation for the provision of integrated dual diagnosis treatment to persons with co-occurring disorders.

Sec. 29. Minnesota Statutes 2020, section 245.4871, subdivision 9a, is amended to read:

Subd. 9a. **Crisis ~~assistance~~ planning.** "Crisis ~~assistance~~ planning" means ~~assistance to the child, the child's family, and all providers of services to the child to: recognize factors precipitating a mental health crisis, identify behaviors related to the crisis, and be informed of available resources to resolve the crisis. Crisis assistance requires the development of a plan which addresses prevention and intervention strategies to be used in a potential crisis. Other interventions include: (1) arranging for admission to acute care hospital inpatient treatment~~ the development of a written plan to assist a child and the child's family in preventing and addressing a potential crisis and is distinct from mobile crisis services defined in section 256B.0624. The plan must address prevention, deescalation, and intervention strategies to be used in a crisis. The plan identifies factors that might precipitate a crisis, behaviors or symptoms related to the emergence of a crisis, and the resources available to resolve a crisis. The plan must address the following potential needs: (1) acute care; (2) crisis placement; (3) community resources for follow-up; and (4) emotional support to the family during crisis. When appropriate for the child's needs, the plan must include strategies to reduce the child's risk of suicide and self-injurious behavior. Crisis ~~assistance~~ planning does not include services designed to secure the safety of a child who is at risk of abuse or neglect or necessary emergency services.

Sec. 30. Minnesota Statutes 2020, section 245.4871, subdivision 10, is amended to read:

Subd. 10. **Day treatment services.** "Day treatment," "day treatment services," or "day treatment program" means a structured program of treatment and care provided to a child in:

(1) an outpatient hospital accredited by the Joint Commission on Accreditation of Health Organizations and licensed under sections 144.50 to 144.55;

(2) a community mental health center under section 245.62;

(3) an entity that is under contract with the county board to operate a program that meets the requirements of section 245.4884, subdivision 2, and Minnesota Rules, parts 9505.0170 to 9505.0475; ~~or~~

(4) an entity that operates a program that meets the requirements of section 245.4884, subdivision 2, and Minnesota Rules, parts 9505.0170 to 9505.0475, that is under contract with an entity that is under contract with a county board~~.~~; or

(5) a program certified under section 256B.0943.

Day treatment consists of group psychotherapy and other intensive therapeutic services that are provided for a minimum two-hour time block by a multidisciplinary staff under the ~~clinical~~ treatment supervision of a mental health professional. Day treatment may include education and consultation provided to families and other individuals as an extension of the treatment process. The services are aimed at stabilizing the child's mental health status, and developing and improving the child's daily independent living and socialization skills. Day treatment services are distinguished from day care by their structured therapeutic program of psychotherapy services. Day treatment services are not a part of inpatient hospital or residential treatment services.

A day treatment service must be available to a child up to 15 hours a week throughout the year and must be coordinated with, integrated with, or part of an education program offered by the child's school.

Sec. 31. Minnesota Statutes 2020, section 245.4871, subdivision 11a, is amended to read:

Subd. 11a. **Diagnostic assessment.** ~~(a)~~ "Diagnostic assessment" has the meaning given in ~~Minnesota Rules, part 9505.0370, subpart 11, and is delivered as provided in Minnesota Rules, part 9505.0372, subpart 1, items A, B, C, and E. Diagnostic assessment includes a standard, extended, or brief diagnostic assessment, or an adult update~~ section 245I.10, subdivisions 4 to 6.

~~(b) A brief diagnostic assessment must include a face-to-face interview with the client and a written evaluation of the client by a mental health professional or a clinical trainee, as provided in Minnesota Rules, part 9505.0371, subpart 5, item C. The professional or clinical trainee must gather initial components of a standard diagnostic assessment, including the client's:~~

~~(1) age;~~

~~(2) description of symptoms, including reason for referral;~~

~~(3) history of mental health treatment;~~

~~(4) cultural influences and their impact on the client; and~~

~~(5) mental status examination.~~

~~(c) On the basis of the brief components, the professional or clinical trainee must draw a provisional clinical hypothesis. The clinical hypothesis may be used to address the client's immediate needs or presenting problem.~~

~~(d) Treatment sessions conducted under authorization of a brief assessment may be used to gather additional information necessary to complete a standard diagnostic assessment or an extended diagnostic assessment.~~

~~(e) Notwithstanding Minnesota Rules, part 9505.0371, subpart 2, item A, subitem (1), unit (b), prior to completion of a client's initial diagnostic assessment, a client is eligible for psychological testing as part of the diagnostic process.~~

~~(f) Notwithstanding Minnesota Rules, part 9505.0371, subpart 2, item A, subitem (1), unit (c), prior to completion of a client's initial diagnostic assessment, but in conjunction with the diagnostic assessment process, a client is eligible for up to three individual or family psychotherapy sessions or family psychoeducation sessions or a combination of the above sessions not to exceed three sessions.~~

Sec. 32. Minnesota Statutes 2020, section 245.4871, subdivision 17, is amended to read:

Subd. 17. **Family community support services.** "Family community support services" means services provided under the ~~clinical~~ treatment supervision of a mental health professional and designed to help each child with severe emotional disturbance to function and remain with the child's family in the community. Family community support services do not include acute care hospital inpatient treatment, residential treatment services, or regional treatment center services. Family community support services include:

(1) client outreach to each child with severe emotional disturbance and the child's family;

(2) medication monitoring where necessary;

(3) assistance in developing independent living skills;

(4) assistance in developing parenting skills necessary to address the needs of the child with severe emotional disturbance;

(5) assistance with leisure and recreational activities;

(6) crisis ~~assistance~~ planning, including crisis placement and respite care;

(7) professional home-based family treatment;

(8) foster care with therapeutic supports;

(9) day treatment;

(10) assistance in locating respite care and special needs day care; and

(11) assistance in obtaining potential financial resources, including those benefits listed in section 245.4884, subdivision 5.

Sec. 33. Minnesota Statutes 2020, section 245.4871, subdivision 21, is amended to read:

Subd. 21. **Individual treatment plan.** "Individual treatment plan" means ~~a written plan of intervention, treatment, and services for a child with an emotional disturbance that is developed by a service provider under the clinical supervision of a mental health professional on the basis of a diagnostic assessment. An individual treatment plan for a child must be developed in conjunction with the family unless clinically inappropriate. The plan identifies goals and objectives of treatment, treatment strategy, a schedule for accomplishing treatment goals and objectives, and the individuals responsible for providing treatment to the child with an emotional disturbance~~ the formulation of planned services that are responsive to the needs and goals of a client. An individual treatment plan must be completed according to section 245I.10, subdivisions 7 and 8.

Sec. 34. Minnesota Statutes 2020, section 245.4871, subdivision 26, is amended to read:

Subd. 26. **Mental health practitioner.** "Mental health practitioner" ~~has the meaning given in section 245.462, subdivision 17~~ means a staff person who is qualified according to section 245I.04, subdivision 4.

Sec. 35. Minnesota Statutes 2020, section 245.4871, subdivision 27, is amended to read:

Subd. 27. **Mental health professional.** "Mental health professional" means a staff person ~~providing clinical services in the diagnosis and treatment of children's emotional disorders. A mental health professional must have training and experience in working with children consistent with the age group to which the mental health professional is assigned. A mental health professional must be qualified in at least one of the following ways:~~ who is qualified according to section 245I.04, subdivision 2.

~~(1) in psychiatric nursing, the mental health professional must be a registered nurse who is licensed under sections 148.171 to 148.285 and who is certified as a clinical specialist in child and adolescent psychiatric or mental health nursing by a national nurse certification organization or who has a master's degree in nursing or one of the behavioral sciences or related fields from an accredited college or university or its equivalent, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness;~~

~~(2) in clinical social work, the mental health professional must be a person licensed as an independent clinical social worker under chapter 148D, or a person with a master's degree in social work from an accredited college or university, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental disorders;~~

~~(3) in psychology, the mental health professional must be an individual licensed by the board of psychology under sections 148.88 to 148.98 who has stated to the board of psychology competencies in the diagnosis and treatment of mental disorders;~~

~~(4) in psychiatry, the mental health professional must be a physician licensed under chapter 147 and certified by the American Board of Psychiatry and Neurology or eligible for board certification in psychiatry or an osteopathic physician licensed under chapter 147 and certified by the American Osteopathic Board of Neurology and Psychiatry or eligible for board certification in psychiatry;~~

~~(5) in marriage and family therapy, the mental health professional must be a marriage and family therapist licensed under sections 148B.29 to 148B.39 with at least two years of post-master's supervised experience in the delivery of clinical services in the treatment of mental disorders or emotional disturbances;~~

~~(6) in licensed professional clinical counseling, the mental health professional shall be a licensed professional clinical counselor under section 148B.5301 with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental disorders or emotional disturbances; or~~

~~(7) in allied fields, the mental health professional must be a person with a master's degree from an accredited college or university in one of the behavioral sciences or related fields, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of emotional disturbances.~~

Sec. 36. Minnesota Statutes 2020, section 245.4871, subdivision 29, is amended to read:

Subd. 29. **Outpatient services.** "Outpatient services" means mental health services, excluding day treatment and community support services programs, provided by or under the ~~clinical~~ treatment supervision of a mental health professional to children with emotional disturbances who live outside a hospital. Outpatient services include clinical activities such as individual, group, and family therapy; individual treatment planning; diagnostic assessments; medication management; and psychological testing.

Sec. 37. Minnesota Statutes 2020, section 245.4871, subdivision 31, is amended to read:

Subd. 31. **Professional home-based family treatment.** "Professional home-based family treatment" means intensive mental health services provided to children because of an emotional disturbance (1) who are at risk of out-of-home placement; (2) who are in out-of-home placement; or (3) who are returning from out-of-home placement. Services are provided to the child and the child's family primarily in the child's home environment. Services may also be provided in the child's school, child care setting, or other community setting appropriate to the child. Services must be provided on an individual family basis, must be child-oriented and family-oriented, and must be designed using information from diagnostic and functional assessments to meet the specific mental health needs of the child and the child's family. Examples of services are: (1) individual therapy; (2) family therapy; (3) client outreach; (4) assistance in developing individual living skills; (5) assistance in developing parenting skills necessary to address the needs of the child; (6) assistance with leisure and recreational services; (7) crisis ~~assistance~~ planning, including crisis respite care and arranging for crisis placement; and (8) assistance in locating respite and child care. Services must be coordinated with other services provided to the child and family.

Sec. 38. Minnesota Statutes 2020, section 245.4871, subdivision 32, is amended to read:

Subd. 32. **Residential treatment.** "Residential treatment" means a 24-hour-a-day program under the ~~clinical~~ treatment supervision of a mental health professional, in a community residential setting other than an acute care hospital or regional treatment center inpatient unit, that must be licensed as a residential treatment program for children with emotional disturbances under Minnesota Rules, parts 2960.0580 to 2960.0700, or other rules adopted by the commissioner.

Sec. 39. Minnesota Statutes 2020, section 245.4871, subdivision 34, is amended to read:

Subd. 34. **Therapeutic support of foster care.** "Therapeutic support of foster care" means the mental health training and mental health support services and ~~clinical~~ treatment supervision provided by a mental health professional to foster families caring for children with severe emotional disturbance to provide a therapeutic family environment and support for the child's improved functioning. Therapeutic support of foster care includes services provided under section 256B.0946.

Sec. 40. Minnesota Statutes 2020, section 245.4871, is amended by adding a subdivision to read:

Subd. 36. **Treatment supervision.** "Treatment supervision" means the treatment supervision described by section 245I.06.

Sec. 41. Minnesota Statutes 2020, section 245.4876, subdivision 2, is amended to read:

Subd. 2. **Diagnostic assessment.** ~~All residential treatment facilities and acute care hospital inpatient treatment facilities that provide mental health services for children must complete a diagnostic assessment for each of their child clients within five working days of admission. Providers of day treatment services for children must complete a diagnostic assessment within five days after the child's second visit or 30 days after intake, whichever occurs first. In cases where a diagnostic assessment is available and has been completed within 180 days preceding admission, only updating is necessary. "Updating" means a written summary by a mental health professional of the child's current mental health status and service needs. If the child's mental health status has changed markedly since the child's most recent diagnostic assessment, a new diagnostic assessment is required. Compliance with the provisions of this subdivision does not ensure eligibility for medical assistance reimbursement under chapter 256B.~~ Providers of services governed by this section shall complete a diagnostic assessment according to the standards of section 245I.10, subdivisions 4 to 6.

Sec. 42. Minnesota Statutes 2020, section 245.4876, subdivision 3, is amended to read:

Subd. 3. **Individual treatment plans.** ~~All providers of outpatient services, day treatment services, professional home-based family treatment, residential treatment, and acute care hospital inpatient treatment, and all regional treatment centers that provide mental health services for children must develop an individual treatment plan for each child client. The individual treatment plan must be based on a diagnostic assessment. To the extent appropriate, the child and the child's family shall be involved in all phases of developing and implementing the individual treatment plan. Providers of residential treatment, professional home-based family treatment, and acute care hospital inpatient treatment, and regional treatment centers must develop the individual treatment plan within ten working days of client intake or admission and must review the individual treatment plan every 90 days after intake, except that the administrative review of the treatment plan of a child placed in a residential facility shall be as specified in sections 260C.203 and 260C.212, subdivision 9. Providers of day treatment services must develop the individual treatment plan before the completion of five working days in which service is provided or within 30 days after the diagnostic assessment is completed or obtained, whichever occurs first. Providers of outpatient services must develop the individual treatment plan within 30 days after the diagnostic assessment is completed or obtained or by the end of the second session of an outpatient service, not including the session in which the diagnostic assessment was provided, whichever occurs first. Providers of outpatient and day treatment services must review the individual treatment plan every 90 days after intake.~~ Providers of services governed by this section shall complete an individual treatment plan according to the standards of section 245I.10, subdivisions 7 and 8.

Sec. 43. Minnesota Statutes 2020, section 245.488, subdivision 1, is amended to read:

Subdivision 1. **Availability of outpatient services.** (a) County boards must provide or contract for enough outpatient services within the county to meet the needs of each child with emotional disturbance residing in the county and the child's family. Services may be provided directly by the county through county-operated ~~mental~~

~~health centers or~~ mental health clinics ~~approved by the commissioner under section 245.69, subdivision 2~~ meeting the standards of chapter 245I; by contract with privately operated ~~mental health centers or~~ mental health clinics ~~approved by the commissioner under section 245.69, subdivision 2~~ meeting the standards of chapter 245I; by contract with hospital mental health outpatient programs certified by the Joint Commission on Accreditation of Hospital Organizations; or by contract with a ~~licensed~~ mental health professional ~~as defined in section 245.4871, subdivision 27, clauses (1) to (6)~~. A child or a child's parent may be required to pay a fee based in accordance with section 245.481. Outpatient services include:

(1) conducting diagnostic assessments;

(2) conducting psychological testing;

(3) developing or modifying individual treatment plans;

(4) making referrals and recommending placements as appropriate;

(5) treating the child's mental health needs through therapy; and

(6) prescribing and managing medication and evaluating the effectiveness of prescribed medication.

(b) County boards may request a waiver allowing outpatient services to be provided in a nearby trade area if it is determined that the child requires necessary and appropriate services that are only available outside the county.

(c) Outpatient services offered by the county board to prevent placement must be at the level of treatment appropriate to the child's diagnostic assessment.

Sec. 44. Minnesota Statutes 2020, section 245.4901, subdivision 2, is amended to read:

Subd. 2. **Eligible applicants.** An eligible applicant for school-linked mental health grants is an entity that is:

(1) a mental health clinic certified under ~~Minnesota Rules, parts 9520.0750 to 9520.0870~~ section 245I.20;

(2) a community mental health center under section 256B.0625, subdivision 5;

(3) an Indian health service facility or a facility owned and operated by a tribe or tribal organization operating under United States Code, title 25, section 5321;

(4) a provider of children's therapeutic services and supports as defined in section 256B.0943; or

(5) enrolled in medical assistance as a mental health or substance use disorder provider agency and employs at least two full-time equivalent mental health professionals qualified according to section ~~245I.16~~ 245I.04, subdivision 2, or two alcohol and drug counselors licensed or exempt from licensure under chapter 148F who are qualified to provide clinical services to children and families.

Sec. 45. Minnesota Statutes 2020, section 245.62, subdivision 2, is amended to read:

Subd. 2. **Definition.** A community mental health center is a private nonprofit corporation or public agency approved under the ~~rules promulgated by the commissioner pursuant to subdivision 4~~ standards of section 256B.0625, subdivision 5.

Sec. 46. Minnesota Statutes 2020, section 245A.04, subdivision 5, is amended to read:

Subd. 5. **Commissioner's right of access.** (a) When the commissioner is exercising the powers conferred by this chapter, ~~sections 245.69 and~~ section 626.557, and chapter 260E, the commissioner must be given access to:

(1) the physical plant and grounds where the program is provided;

(2) documents and records, including records maintained in electronic format;

(3) persons served by the program; and

(4) staff and personnel records of current and former staff whenever the program is in operation and the information is relevant to inspections or investigations conducted by the commissioner. Upon request, the license holder must provide the commissioner verification of documentation of staff work experience, training, or educational requirements.

The commissioner must be given access without prior notice and as often as the commissioner considers necessary if the commissioner is investigating alleged maltreatment, conducting a licensing inspection, or investigating an alleged violation of applicable laws or rules. In conducting inspections, the commissioner may request and shall receive assistance from other state, county, and municipal governmental agencies and departments. The applicant or license holder shall allow the commissioner to photocopy, photograph, and make audio and video tape recordings during the inspection of the program at the commissioner's expense. The commissioner shall obtain a court order or the consent of the subject of the records or the parents or legal guardian of the subject before photocopying hospital medical records.

(b) Persons served by the program have the right to refuse to consent to be interviewed, photographed, or audio or videotaped. Failure or refusal of an applicant or license holder to fully comply with this subdivision is reasonable cause for the commissioner to deny the application or immediately suspend or revoke the license.

Sec. 47. Minnesota Statutes 2020, section 245A.10, subdivision 4, is amended to read:

Subd. 4. **License or certification fee for certain programs.** (a) Child care centers shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	Child Care Center License Fee
1 to 24 persons	$200
25 to 49 persons	$300
50 to 74 persons	$400
75 to 99 persons	$500
100 to 124 persons	$600
125 to 149 persons	$700
150 to 174 persons	$800
175 to 199 persons	$900
200 to 224 persons	$1,000
225 or more persons	$1,100

(b)(1) A program licensed to provide one or more of the home and community-based services and supports identified under chapter 245D to persons with disabilities or age 65 and older, shall pay an annual nonrefundable license fee based on revenues derived from the provision of services that would require licensure under chapter 245D during the calendar year immediately preceding the year in which the license fee is paid, according to the following schedule:

License Holder Annual Revenue	License Fee
less than or equal to $10,000	$200
greater than $10,000 but less than or equal to $25,000	$300
greater than $25,000 but less than or equal to $50,000	$400
greater than $50,000 but less than or equal to $100,000	$500
greater than $100,000 but less than or equal to $150,000	$600
greater than $150,000 but less than or equal to $200,000	$800
greater than $200,000 but less than or equal to $250,000	$1,000
greater than $250,000 but less than or equal to $300,000	$1,200
greater than $300,000 but less than or equal to $350,000	$1,400
greater than $350,000 but less than or equal to $400,000	$1,600
greater than $400,000 but less than or equal to $450,000	$1,800
greater than $450,000 but less than or equal to $500,000	$2,000
greater than $500,000 but less than or equal to $600,000	$2,250
greater than $600,000 but less than or equal to $700,000	$2,500
greater than $700,000 but less than or equal to $800,000	$2,750
greater than $800,000 but less than or equal to $900,000	$3,000
greater than $900,000 but less than or equal to $1,000,000	$3,250
greater than $1,000,000 but less than or equal to $1,250,000	$3,500
greater than $1,250,000 but less than or equal to $1,500,000	$3,750
greater than $1,500,000 but less than or equal to $1,750,000	$4,000
greater than $1,750,000 but less than or equal to $2,000,000	$4,250
greater than $2,000,000 but less than or equal to $2,500,000	$4,500
greater than $2,500,000 but less than or equal to $3,000,000	$4,750
greater than $3,000,000 but less than or equal to $3,500,000	$5,000
greater than $3,500,000 but less than or equal to $4,000,000	$5,500
greater than $4,000,000 but less than or equal to $4,500,000	$6,000
greater than $4,500,000 but less than or equal to $5,000,000	$6,500
greater than $5,000,000 but less than or equal to $7,500,000	$7,000
greater than $7,500,000 but less than or equal to $10,000,000	$8,500
greater than $10,000,000 but less than or equal to $12,500,000	$10,000
greater than $12,500,000 but less than or equal to $15,000,000	$14,000
greater than $15,000,000	$18,000

(2) If requested, the license holder shall provide the commissioner information to verify the license holder's annual revenues or other information as needed, including copies of documents submitted to the Department of Revenue.

(3) At each annual renewal, a license holder may elect to pay the highest renewal fee, and not provide annual revenue information to the commissioner.

(4) A license holder that knowingly provides the commissioner incorrect revenue amounts for the purpose of paying a lower license fee shall be subject to a civil penalty in the amount of double the fee the provider should have paid.

(5) Notwithstanding clause (1), a license holder providing services under one or more licenses under chapter 245B that are in effect on May 15, 2013, shall pay an annual license fee for calendar years 2014, 2015, and 2016, equal to the total license fees paid by the license holder for all licenses held under chapter 245B for calendar year 2013. For calendar year 2017 and thereafter, the license holder shall pay an annual license fee according to clause (1).

(c) A chemical dependency treatment program licensed under chapter 245G, to provide chemical dependency treatment shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$600
25 to 49 persons	$800
50 to 74 persons	$1,000
75 to 99 persons	$1,200
100 or more persons	$1,400

(d) A chemical dependency program licensed under Minnesota Rules, parts 9530.6510 to 9530.6590, to provide detoxification services shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$760
25 to 49 persons	$960
50 or more persons	$1,160

(e) Except for child foster care, a residential facility licensed under Minnesota Rules, chapter 2960, to serve children shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$1,000
25 to 49 persons	$1,100
50 to 74 persons	$1,200
75 to 99 persons	$1,300
100 or more persons	$1,400

(f) A residential facility licensed under section 245I.23 or Minnesota Rules, parts 9520.0500 to 9520.0670, to serve persons with mental illness shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$2,525
25 or more persons	$2,725

(g) A residential facility licensed under Minnesota Rules, parts 9570.2000 to 9570.3400, to serve persons with physical disabilities shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$450
25 to 49 persons	$650
50 to 74 persons	$850
75 to 99 persons	$1,050
100 or more persons	$1,250

(h) A program licensed to provide independent living assistance for youth under section 245A.22 shall pay an annual nonrefundable license fee of $1,500.

(i) A private agency licensed to provide foster care and adoption services under Minnesota Rules, parts 9545.0755 to 9545.0845, shall pay an annual nonrefundable license fee of $875.

(j) A program licensed as an adult day care center licensed under Minnesota Rules, parts 9555.9600 to 9555.9730, shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$500
25 to 49 persons	$700
50 to 74 persons	$900
75 to 99 persons	$1,100
100 or more persons	$1,300

(k) A program licensed to provide treatment services to persons with sexual psychopathic personalities or sexually dangerous persons under Minnesota Rules, parts 9515.3000 to 9515.3110, shall pay an annual nonrefundable license fee of $20,000.

(l) A ~~mental health center or~~ mental health clinic ~~requesting certification for purposes of insurance and subscriber contract reimbursement under Minnesota Rules, parts 9520.0750 to 9520.0870~~ certified under section 245I.20, shall pay ~~a~~ an annual nonrefundable certification fee of $1,550 ~~per year~~. If the ~~mental health center or~~ mental health clinic provides services at a primary location with satellite facilities, the satellite facilities shall be certified with the primary location without an additional charge.

Sec. 48. Minnesota Statutes 2020, section 245A.65, subdivision 2, is amended to read:

Subd. 2. **Abuse prevention plans.** All license holders shall establish and enforce ongoing written program abuse prevention plans and individual abuse prevention plans as required under section 626.557, subdivision 14.

(a) The scope of the program abuse prevention plan is limited to the population, physical plant, and environment within the control of the license holder and the location where licensed services are provided. In addition to the requirements in section 626.557, subdivision 14, the program abuse prevention plan shall meet the requirements in clauses (1) to (5).

(1) The assessment of the population shall include an evaluation of the following factors: age, gender, mental functioning, physical and emotional health or behavior of the client; the need for specialized programs of care for clients; the need for training of staff to meet identified individual needs; and the knowledge a license holder may have regarding previous abuse that is relevant to minimizing risk of abuse for clients.

(2) The assessment of the physical plant where the licensed services are provided shall include an evaluation of the following factors: the condition and design of the building as it relates to the safety of the clients; and the existence of areas in the building which are difficult to supervise.

(3) The assessment of the environment for each facility and for each site when living arrangements are provided by the agency shall include an evaluation of the following factors: the location of the program in a particular neighborhood or community; the type of grounds and terrain surrounding the building; the type of internal programming; and the program's staffing patterns.

(4) The license holder shall provide an orientation to the program abuse prevention plan for clients receiving services. If applicable, the client's legal representative must be notified of the orientation. The license holder shall provide this orientation for each new person within 24 hours of admission, or for persons who would benefit more from a later orientation, the orientation may take place within 72 hours.

(5) The license holder's governing body or the governing body's delegated representative shall review the plan at least annually using the assessment factors in the plan and any substantiated maltreatment findings that occurred since the last review. The governing body or the governing body's delegated representative shall revise the plan, if necessary, to reflect the review results.

(6) A copy of the program abuse prevention plan shall be posted in a prominent location in the program and be available upon request to mandated reporters, persons receiving services, and legal representatives.

(b) In addition to the requirements in section 626.557, subdivision 14, the individual abuse prevention plan shall meet the requirements in clauses (1) and (2).

(1) The plan shall include a statement of measures that will be taken to minimize the risk of abuse to the vulnerable adult when the individual assessment required in section 626.557, subdivision 14, paragraph (b), indicates the need for measures in addition to the specific measures identified in the program abuse prevention plan. The measures shall include the specific actions the program will take to minimize the risk of abuse within the scope of the licensed services, and will identify referrals made when the vulnerable adult is susceptible to abuse outside the scope or control of the licensed services. When the assessment indicates that the vulnerable adult does not need specific risk reduction measures in addition to those identified in the program abuse prevention plan, the individual abuse prevention plan shall document this determination.

(2) An individual abuse prevention plan shall be developed for each new person as part of the initial individual program plan or service plan required under the applicable licensing rule or statute. The review and evaluation of the individual abuse prevention plan shall be done as part of the review of the program plan ~~or,~~ service plan, or treatment plan. The person receiving services shall participate in the development of the individual abuse prevention plan to the full extent of the person's abilities. If applicable, the person's legal representative shall be given the opportunity to participate with or for the person in the development of the plan. The interdisciplinary team shall document the review of all abuse prevention plans at least annually, using the individual assessment and any reports of abuse relating to the person. The plan shall be revised to reflect the results of this review.

Sec. 49. Minnesota Statutes 2020, section 245D.02, subdivision 20, is amended to read:

Subd. 20. **Mental health crisis intervention team.** "Mental health crisis intervention team" means a mental health crisis response provider as identified in section 256B.0624~~, subdivision 2, paragraph (d), for adults, and in section 256B.0944, subdivision 1, paragraph (d), for children~~.

Sec. 50. Minnesota Statutes 2020, section 256B.0615, subdivision 1, is amended to read:

Subdivision 1. **Scope.** Medical assistance covers mental health certified peer specialist services, as established in subdivision 2, subject to federal approval, if provided to recipients who are eligible for services under sections 256B.0622, 256B.0623, and 256B.0624 and are provided by a mental health certified peer specialist who has completed the training under subdivision 5 and is qualified according to section 245I.04, subdivision 10.

Sec. 51. Minnesota Statutes 2020, section 256B.0615, subdivision 5, is amended to read:

Subd. 5. **Certified peer specialist training and certification.** The commissioner of human services shall develop a training and certification process for certified peer specialists~~, who must be at least 21 years of age~~. The candidates must have had a primary diagnosis of mental illness, be a current or former consumer of mental health services, and must demonstrate leadership and advocacy skills and a strong dedication to recovery. The training curriculum must teach participating consumers specific skills relevant to providing peer support to other consumers. In addition to initial training and certification, the commissioner shall develop ongoing continuing educational workshops on pertinent issues related to peer support counseling.

Sec. 52. Minnesota Statutes 2020, section 256B.0616, subdivision 1, is amended to read:

Subdivision 1. **Scope.** Medical assistance covers mental health certified family peer specialists services, as established in subdivision 2, subject to federal approval, if provided to recipients who have an emotional disturbance or severe emotional disturbance under chapter 245, and are provided by a mental health certified family peer specialist who has completed the training under subdivision 5 and is qualified according to section 245I.04, subdivision 12. A family peer specialist cannot provide services to the peer specialist's family.

Sec. 53. Minnesota Statutes 2020, section 256B.0616, subdivision 3, is amended to read:

Subd. 3. **Eligibility.** Family peer support services may be ~~located in~~ provided to recipients of inpatient hospitalization, partial hospitalization, residential treatment, intensive treatment in foster care, day treatment, children's therapeutic services and supports, or crisis services.

Sec. 54. Minnesota Statutes 2020, section 256B.0616, subdivision 5, is amended to read:

Subd. 5. **Certified family peer specialist training and certification.** The commissioner shall develop a training and certification process for certified family peer specialists ~~who must be at least 21 years of age~~. The candidates must have raised or be currently raising a child with a mental illness, have had experience navigating the children's mental health system, and must demonstrate leadership and advocacy skills and a strong dedication to family-driven and family-focused services. The training curriculum must teach participating family peer specialists specific skills relevant to providing peer support to other parents. In addition to initial training and certification, the commissioner shall develop ongoing continuing educational workshops on pertinent issues related to family peer support counseling.

Sec. 55. Minnesota Statutes 2020, section 256B.0622, subdivision 1, is amended to read:

Subdivision 1. **Scope.** (a) Subject to federal approval, medical assistance covers medically necessary, assertive community treatment ~~for clients as defined in subdivision 2a and intensive residential treatment services for clients as defined in subdivision 3,~~ when the services are provided by an entity certified under and meeting the standards in this section.

(b) Subject to federal approval, medical assistance covers medically necessary, intensive residential treatment services when the services are provided by an entity licensed under and meeting the standards in section 245I.23.

(c) The provider entity must make reasonable and good faith efforts to report individual client outcomes to the commissioner, using instruments and protocols approved by the commissioner.

Sec. 56. Minnesota Statutes 2020, section 256B.0622, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given them.

(b) "ACT team" means the group of interdisciplinary mental health staff who work as a team to provide assertive community treatment.

(c) "Assertive community treatment" means intensive nonresidential treatment and rehabilitative mental health services provided according to the assertive community treatment model. Assertive community treatment provides a single, fixed point of responsibility for treatment, rehabilitation, and support needs for clients. Services are offered 24 hours per day, seven days per week, in a community-based setting.

(d) "Individual treatment plan" means ~~the document that results from a person-centered planning process of determining real-life outcomes with clients and developing strategies to achieve those outcomes~~ a plan described by section 245I.10, subdivisions 7 and 8.

~~(e) "Assertive engagement" means the use of collaborative strategies to engage clients to receive services.~~

~~(f) "Benefits and finance support" means assisting clients in capably managing financial affairs. Services include, but are not limited to, assisting clients in applying for benefits; assisting with redetermination of benefits; providing financial crisis management; teaching and supporting budgeting skills and asset development; and coordinating with a client's representative payee, if applicable.~~

~~(g) "Co-occurring disorder treatment" means the treatment of co-occurring mental illness and substance use disorders and is characterized by assertive outreach, stage-wise comprehensive treatment, treatment goal setting, and flexibility to work within each stage of treatment. Services include, but are not limited to, assessing and tracking clients' stages of change readiness and treatment; applying the appropriate treatment based on stages of change, such as outreach and motivational interviewing techniques to work with clients in earlier stages of change readiness and cognitive behavioral approaches and relapse prevention to work with clients in later stages of change; and facilitating access to community supports.~~

~~(h)~~ (e) "Crisis assessment and intervention" means mental health crisis response services as defined in section 256B.0624, subdivision 2~~, paragraphs (c) to (e)~~.

~~(i) "Employment services" means assisting clients to work at jobs of their choosing. Services must follow the principles of the individual placement and support (IPS) employment model, including focusing on competitive employment; emphasizing individual client preferences and strengths; ensuring employment services are integrated with mental health services; conducting rapid job searches and systematic job development according to client preferences and choices; providing benefits counseling; and offering all services in an individualized and time-unlimited manner. Services shall also include educating clients about opportunities and benefits of work and school and assisting the client in learning job skills, navigating the work place, and managing work relationships.~~

~~(j) "Family psychoeducation and support" means services provided to the client's family and other natural supports to restore and strengthen the client's unique social and family relationships. Services include, but are not limited to, individualized psychoeducation about the client's illness and the role of the family and other significant people in the therapeutic process; family intervention to restore contact, resolve conflict, and maintain relationships with family and other significant people in the client's life; ongoing communication and collaboration between the ACT team and the family; introduction and referral to family self-help programs and advocacy organizations that~~

~~promote recovery and family engagement, individual supportive counseling, parenting training, and service coordination to help clients fulfill parenting responsibilities; coordinating services for the child and restoring relationships with children who are not in the client's custody; and coordinating with child welfare and family agencies, if applicable. These services must be provided with the client's agreement and consent.~~

~~(k) "Housing access support" means assisting clients to find, obtain, retain, and move to safe and adequate housing of their choice. Housing access support includes, but is not limited to, locating housing options with a focus on integrated independent settings; applying for housing subsidies, programs, or resources; assisting the client in developing relationships with local landlords; providing tenancy support and advocacy for the individual's tenancy rights at the client's home; and assisting with relocation.~~

~~(l)~~ (f) "Individual treatment team" means a minimum of three members of the ACT team who are responsible for consistently carrying out most of a client's assertive community treatment services.

~~(m) "Intensive residential treatment services treatment team" means all staff who provide intensive residential treatment services under this section to clients. At a minimum, this includes the clinical supervisor; mental health professionals as defined in section 245.462, subdivision 18, clauses (1) to (6); mental health practitioners as defined in section 245.462, subdivision 17; mental health rehabilitation workers under section 256B.0623, subdivision 5, paragraph (a), clause (4); and mental health certified peer specialists under section 256B.0615.~~

~~(n) "Intensive residential treatment services" means short-term, time-limited services provided in a residential setting to clients who are in need of more restrictive settings and are at risk of significant functional deterioration if they do not receive these services. Services are designed to develop and enhance psychiatric stability, personal and emotional adjustment, self-sufficiency, and skills to live in a more independent setting. Services must be directed toward a targeted discharge date with specified client outcomes.~~

~~(o) "Medication assistance and support" means assisting clients in accessing medication, developing the ability to take medications with greater independence, and providing medication setup. This includes the prescription, administration, and order of medication by appropriate medical staff.~~

~~(p) "Medication education" means educating clients on the role and effects of medications in treating symptoms of mental illness and the side effects of medications.~~

~~(q) "Overnight staff" means a member of the intensive residential treatment services team who is responsible during hours when clients are typically asleep.~~

~~(r) "Mental health certified peer specialist services" has the meaning given in section 256B.0615.~~

~~(s) "Physical health services" means any service or treatment to meet the physical health needs of the client to support the client's mental health recovery. Services include, but are not limited to, education on primary health issues, including wellness education; medication administration and monitoring; providing and coordinating medical screening and follow-up; scheduling routine and acute medical and dental care visits; tobacco cessation strategies; assisting clients in attending appointments; communicating with other providers; and integrating all physical and mental health treatment.~~

~~(t)~~ (g) "Primary team member" means the person who leads and coordinates the activities of the individual treatment team and is the individual treatment team member who has primary responsibility for establishing and maintaining a therapeutic relationship with the client on a continuing basis.

~~(u) "Rehabilitative mental health services" means mental health services that are rehabilitative and enable the client to develop and enhance psychiatric stability, social competencies, personal and emotional adjustment, independent living, parenting skills, and community skills, when these abilities are impaired by the symptoms of mental illness.~~

~~(v) "Symptom management" means supporting clients in identifying and targeting the symptoms and occurrence patterns of their mental illness and developing strategies to reduce the impact of those symptoms.~~

~~(w) "Therapeutic interventions" means empirically supported techniques to address specific symptoms and behaviors such as anxiety, psychotic symptoms, emotional dysregulation, and trauma symptoms. Interventions include empirically supported psychotherapies including, but not limited to, cognitive behavioral therapy, exposure therapy, acceptance and commitment therapy, interpersonal therapy, and motivational interviewing.~~

~~(x) "Wellness self management and prevention" means a combination of approaches to working with the client to build and apply skills related to recovery, and to support the client in participating in leisure and recreational activities, civic participation, and meaningful structure.~~

(h) "Certified rehabilitation specialist" means a staff person who is qualified according to section 245I.04, subdivision 8.

(i) "Clinical trainee" means a staff person who is qualified according to section 245I.04, subdivision 6.

(j) "Mental health certified peer specialist" means a staff person who is qualified according to section 245I.04, subdivision 10.

(k) "Mental health practitioner" means a staff person who is qualified according to section 245I.04, subdivision 4.

(l) "Mental health professional" means a staff person who is qualified according to section 245I.04, subdivision 2.

(m) "Mental health rehabilitation worker" means a staff person who is qualified according to section 245I.04, subdivision 14.

Sec. 57. Minnesota Statutes 2020, section 256B.0622, subdivision 3a, is amended to read:

Subd. 3a. **Provider certification and contract requirements for assertive community treatment.** (a) The assertive community treatment provider must:

(1) have a contract with the host county to provide assertive community treatment services; and

(2) have each ACT team be certified by the state following the certification process and procedures developed by the commissioner. The certification process determines whether the ACT team meets the standards for assertive community treatment under this section ~~as well as~~, the standards in chapter 245I as required in section 245I.011, subdivision 5, and minimum program fidelity standards as measured by a nationally recognized fidelity tool approved by the commissioner. Recertification must occur at least every three years.

(b) An ACT team certified under this subdivision must meet the following standards:

(1) have capacity to recruit, hire, manage, and train required ACT team members;

(2) have adequate administrative ability to ensure availability of services;

~~(3) ensure adequate preservice and ongoing training for staff;~~

~~(4) ensure that staff is capable of implementing culturally specific services that are culturally responsive and appropriate as determined by the client's culture, beliefs, values, and language as identified in the individual treatment plan;~~

~~(5)~~ (3) ensure flexibility in service delivery to respond to the changing and intermittent care needs of a client as identified by the client and the individual treatment plan;

~~(6) develop and maintain client files, individual treatment plans, and contact charting;~~

~~(7) develop and maintain staff training and personnel files;~~

~~(8) submit information as required by the state;~~

~~(9)~~ (4) keep all necessary records required by law;

~~(10) comply with all applicable laws;~~

~~(11)~~ (5) be an enrolled Medicaid provider; and

~~(12)~~ (6) establish and maintain a quality assurance plan to determine specific service outcomes and the client's satisfaction with services~~; and~~.

~~(13) develop and maintain written policies and procedures regarding service provision and administration of the provider entity.~~

(c) The commissioner may intervene at any time and decertify an ACT team with cause. The commissioner shall establish a process for decertification of an ACT team and shall require corrective action, medical assistance repayment, or decertification of an ACT team that no longer meets the requirements in this section or that fails to meet the clinical quality standards or administrative standards provided by the commissioner in the application and certification process. The decertification is subject to appeal to the state.

Sec. 58. Minnesota Statutes 2020, section 256B.0622, subdivision 4, is amended to read:

Subd. 4. **Provider entity licensure and contract requirements for intensive residential treatment services.** ~~(a) The intensive residential treatment services provider entity must:~~

~~(1) be licensed under Minnesota Rules, parts 9520.0500 to 9520.0670;~~

~~(2) not exceed 16 beds per site; and~~

~~(3) comply with the additional standards in this section.~~

~~(b)~~ (a) The commissioner shall develop procedures for counties and providers to submit other documentation as needed to allow the commissioner to determine whether the standards in this section are met.

~~(c)~~ (b) A provider entity must specify in the provider entity's application what geographic area and populations will be served by the proposed program. A provider entity must document that the capacity or program specialties of existing programs are not sufficient to meet the service needs of the target population. A provider entity must submit evidence of ongoing relationships with other providers and levels of care to facilitate referrals to and from the proposed program.

~~(d)~~ (c) A provider entity must submit documentation that the provider entity requested a statement of need from each county board and tribal authority that serves as a local mental health authority in the proposed service area. The statement of need must specify if the local mental health authority supports or does not support the need for the proposed program and the basis for this determination. If a local mental health authority does not respond within 60 days of the receipt of the request, the commissioner shall determine the need for the program based on the documentation submitted by the provider entity.

Sec. 59. Minnesota Statutes 2020, section 256B.0622, subdivision 7, is amended to read:

Subd. 7. **Assertive community treatment service standards.** (a) ACT teams must offer and have the capacity to directly provide the following services:

(1) assertive engagement using collaborative strategies to encourage clients to receive services;

(2) benefits and finance support that assists clients to capably manage financial affairs. Services include but are not limited to assisting clients in applying for benefits, assisting with redetermination of benefits, providing financial crisis management, teaching and supporting budgeting skills and asset development, and coordinating with a client's representative payee, if applicable;

(3) co-occurring substance use disorder treatment as defined in section 245I.02, subdivision 11;

(4) crisis assessment and intervention;

(5) employment services that assist clients to work at jobs of the clients' choosing. Services must follow the principles of the individual placement and support employment model, including focusing on competitive employment, emphasizing individual client preferences and strengths, ensuring employment services are integrated with mental health services, conducting rapid job searches and systematic job development according to client preferences and choices, providing benefits counseling, and offering all services in an individualized and time-unlimited manner. Services must also include educating clients about opportunities and benefits of work and school and assisting the client in learning job skills, navigating the workplace, workplace accommodations, and managing work relationships;

(6) family psychoeducation and support provided to the client's family and other natural supports to restore and strengthen the client's unique social and family relationships. Services include but are not limited to individualized psychoeducation about the client's illness and the role of the family and other significant people in the therapeutic process; family intervention to restore contact, resolve conflict, and maintain relationships with family and other significant people in the client's life; ongoing communication and collaboration between the ACT team and the family; introduction and referral to family self-help programs and advocacy organizations that promote recovery and family engagement, individual supportive counseling, parenting training, and service coordination to help clients fulfill parenting responsibilities; coordinating services for the child and restoring relationships with children who are not in the client's custody; and coordinating with child welfare and family agencies, if applicable. These services must be provided with the client's agreement and consent;

(7) housing access support that assists clients to find, obtain, retain, and move to safe and adequate housing of their choice. Housing access support includes but is not limited to locating housing options with a focus on integrated independent settings; applying for housing subsidies, programs, or resources; assisting the client in developing relationships with local landlords; providing tenancy support and advocacy for the individual's tenancy rights at the client's home; and assisting with relocation;

(8) medication assistance and support that assists clients in accessing medication, developing the ability to take medications with greater independence, and providing medication setup. Medication assistance and support includes assisting the client with the prescription, administration, and ordering of medication by appropriate medical staff;

(9) medication education that educates clients on the role and effects of medications in treating symptoms of mental illness and the side effects of medications;

(10) mental health certified peer specialists services according to section 256B.0615;

(11) physical health services to meet the physical health needs of the client to support the client's mental health recovery. Services include but are not limited to education on primary health and wellness issues, medication administration and monitoring, providing and coordinating medical screening and follow-up, scheduling routine and acute medical and dental care visits, tobacco cessation strategies, assisting clients in attending appointments, communicating with other providers, and integrating all physical and mental health treatment;

(12) rehabilitative mental health services as defined in section 245I.02, subdivision 33;

(13) symptom management that supports clients in identifying and targeting the symptoms and occurrence patterns of their mental illness and developing strategies to reduce the impact of those symptoms;

(14) therapeutic interventions to address specific symptoms and behaviors such as anxiety, psychotic symptoms, emotional dysregulation, and trauma symptoms. Interventions include empirically supported psychotherapies including but not limited to cognitive behavioral therapy, exposure therapy, acceptance and commitment therapy, interpersonal therapy, and motivational interviewing;

(15) wellness self-management and prevention that includes a combination of approaches to working with the client to build and apply skills related to recovery, and to support the client in participating in leisure and recreational activities, civic participation, and meaningful structure; and

(16) other services based on client needs as identified in a client's assertive community treatment individual treatment plan.

(b) ACT teams must ensure the provision of all services necessary to meet a client's needs as identified in the client's individual treatment plan.

Sec. 60. Minnesota Statutes 2020, section 256B.0622, subdivision 7a, is amended to read:

Subd. 7a. **Assertive community treatment team staff requirements and roles.** (a) The required treatment staff qualifications and roles for an ACT team are:

(1) the team leader:

(i) shall be a ~~licensed~~ mental health professional ~~who is qualified under Minnesota Rules, part 9505.0371, subpart 5, item A~~. Individuals who are not licensed but who are eligible for licensure and are otherwise qualified may also fulfill this role but must obtain full licensure within 24 months of assuming the role of team leader;

(ii) must be an active member of the ACT team and provide some direct services to clients;

(iii) must be a single full-time staff member, dedicated to the ACT team, who is responsible for overseeing the administrative operations of the team, providing ~~clinical oversight~~ treatment supervision of services in conjunction with the psychiatrist or psychiatric care provider, and supervising team members to ensure delivery of best and ethical practices; and

(iv) must be available to provide overall ~~clinical oversight~~ treatment supervision to the ACT team after regular business hours and on weekends and holidays. The team leader may delegate this duty to another qualified member of the ACT team;

(2) the psychiatric care provider:

(i) must be a ~~licensed psychiatrist certified by the American Board of Psychiatry and Neurology or eligible for board certification or certified by the American Osteopathic Board of Neurology and Psychiatry or eligible for board certification, or a psychiatric nurse who is qualified under Minnesota Rules, part 9505.0371, subpart 5, item A~~ mental health professional permitted to prescribe psychiatric medications as part of the mental health professional's scope of practice. The psychiatric care provider must have demonstrated clinical experience working with individuals with serious and persistent mental illness;

(ii) shall collaborate with the team leader in sharing overall clinical responsibility for screening and admitting clients; monitoring clients' treatment and team member service delivery; educating staff on psychiatric and nonpsychiatric medications, their side effects, and health-related conditions; actively collaborating with nurses; and helping provide ~~clinical~~ treatment supervision to the team;

(iii) shall fulfill the following functions for assertive community treatment clients: provide assessment and treatment of clients' symptoms and response to medications, including side effects; provide brief therapy to clients; provide diagnostic and medication education to clients, with medication decisions based on shared decision making; monitor clients' nonpsychiatric medical conditions and nonpsychiatric medications; and conduct home and community visits;

(iv) shall serve as the point of contact for psychiatric treatment if a client is hospitalized for mental health treatment and shall communicate directly with the client's inpatient psychiatric care providers to ensure continuity of care;

(v) shall have a minimum full-time equivalency that is prorated at a rate of 16 hours per 50 clients. Part-time psychiatric care providers shall have designated hours to work on the team, with sufficient blocks of time on consistent days to carry out the provider's clinical, supervisory, and administrative responsibilities. No more than two psychiatric care providers may share this role;

(vi) may not provide specific roles and responsibilities by telemedicine unless approved by the commissioner; and

(vii) shall provide psychiatric backup to the program after regular business hours and on weekends and holidays. The psychiatric care provider may delegate this duty to another qualified psychiatric provider;

(3) the nursing staff:

(i) shall consist of one to three registered nurses or advanced practice registered nurses, of whom at least one has a minimum of one-year experience working with adults with serious mental illness and a working knowledge of psychiatric medications. No more than two individuals can share a full-time equivalent position;

(ii) are responsible for managing medication, administering and documenting medication treatment, and managing a secure medication room; and

(iii) shall develop strategies, in collaboration with clients, to maximize taking medications as prescribed; screen and monitor clients' mental and physical health conditions and medication side effects; engage in health promotion, prevention, and education activities; communicate and coordinate services with other medical providers; facilitate the development of the individual treatment plan for clients assigned; and educate the ACT team in monitoring psychiatric and physical health symptoms and medication side effects;

(4) the co-occurring disorder specialist:

(i) shall be a full-time equivalent co-occurring disorder specialist who has received specific training on co-occurring disorders that is consistent with national evidence-based practices. The training must include practical knowledge of common substances and how they affect mental illnesses, the ability to assess substance use disorders

and the client's stage of treatment, motivational interviewing, and skills necessary to provide counseling to clients at all different stages of change and treatment. The co-occurring disorder specialist may also be an individual who is a licensed alcohol and drug counselor as described in section 148F.01, subdivision 5, or a counselor who otherwise meets the training, experience, and other requirements in section 245G.11, subdivision 5. No more than two co-occurring disorder specialists may occupy this role; and

(ii) shall provide or facilitate the provision of co-occurring disorder treatment to clients. The co-occurring disorder specialist shall serve as a consultant and educator to fellow ACT team members on co-occurring disorders;

(5) the vocational specialist:

(i) shall be a full-time vocational specialist who has at least one-year experience providing employment services or advanced education that involved field training in vocational services to individuals with mental illness. An individual who does not meet these qualifications may also serve as the vocational specialist upon completing a training plan approved by the commissioner;

(ii) shall provide or facilitate the provision of vocational services to clients. The vocational specialist serves as a consultant and educator to fellow ACT team members on these services; and

(iii) ~~should~~ must not refer individuals to receive any type of vocational services or linkage by providers outside of the ACT team;

(6) the mental health certified peer specialist:

(i) shall be a full-time equivalent ~~mental health certified peer specialist as defined in section 256B.0615~~. No more than two individuals can share this position. The mental health certified peer specialist is a fully integrated team member who provides highly individualized services in the community and promotes the self-determination and shared decision-making abilities of clients. This requirement may be waived due to workforce shortages upon approval of the commissioner;

(ii) must provide coaching, mentoring, and consultation to the clients to promote recovery, self-advocacy, and self-direction, promote wellness management strategies, and assist clients in developing advance directives; and

(iii) must model recovery values, attitudes, beliefs, and personal action to encourage wellness and resilience, provide consultation to team members, promote a culture where the clients' points of view and preferences are recognized, understood, respected, and integrated into treatment, and serve in a manner equivalent to other team members;

(7) the program administrative assistant shall be a full-time office-based program administrative assistant position assigned to solely work with the ACT team, providing a range of supports to the team, clients, and families; and

(8) additional staff:

(i) shall be based on team size. Additional treatment team staff may include ~~licensed~~ mental health professionals ~~as defined in Minnesota Rules, part 9505.0371, subpart 5, item A~~; clinical trainees; certified rehabilitation specialists; mental health practitioners ~~as defined in section 245.462, subdivision 17; a mental health practitioner working as a clinical trainee according to Minnesota Rules, part 9505.0371, subpart 5, item C~~; or mental health rehabilitation workers ~~as defined in section 256B.0623, subdivision 5, paragraph (a), clause (4)~~. These individuals shall have the knowledge, skills, and abilities required by the population served to carry out rehabilitation and support functions; and

(ii) shall be selected based on specific program needs or the population served.

(b) Each ACT team must clearly document schedules for all ACT team members.

(c) Each ACT team member must serve as a primary team member for clients assigned by the team leader and are responsible for facilitating the individual treatment plan process for those clients. The primary team member for a client is the responsible team member knowledgeable about the client's life and circumstances and writes the individual treatment plan. The primary team member provides individual supportive therapy or counseling, and provides primary support and education to the client's family and support system.

(d) Members of the ACT team must have strong clinical skills, professional qualifications, experience, and competency to provide a full breadth of rehabilitation services. Each staff member shall be proficient in their respective discipline and be able to work collaboratively as a member of a multidisciplinary team to deliver the majority of the treatment, rehabilitation, and support services clients require to fully benefit from receiving assertive community treatment.

(e) Each ACT team member must fulfill training requirements established by the commissioner.

Sec. 61. Minnesota Statutes 2020, section 256B.0622, subdivision 7b, is amended to read:

Subd. 7b. **Assertive community treatment program size and opportunities.** (a) Each ACT team shall maintain an annual average caseload that does not exceed 100 clients. Staff-to-client ratios shall be based on team size as follows:

(1) a small ACT team must:

(i) employ at least six but no more than seven full-time treatment team staff, excluding the program assistant and the psychiatric care provider;

(ii) serve an annual average maximum of no more than 50 clients;

(iii) ensure at least one full-time equivalent position for every eight clients served;

(iv) schedule ACT team staff for at least eight-hour shift coverage on weekdays and on-call duty to provide crisis services and deliver services after hours when staff are not working;

(v) provide crisis services during business hours if the small ACT team does not have sufficient staff numbers to operate an after-hours on-call system. During all other hours, the ACT team may arrange for coverage for crisis assessment and intervention services through a reliable crisis-intervention provider as long as there is a mechanism by which the ACT team communicates routinely with the crisis-intervention provider and the on-call ACT team staff are available to see clients face-to-face when necessary or if requested by the crisis-intervention services provider;

(vi) adjust schedules and provide staff to carry out the needed service activities in the evenings or on weekend days or holidays, when necessary;

(vii) arrange for and provide psychiatric backup during all hours the psychiatric care provider is not regularly scheduled to work. If availability of the ACT team's psychiatric care provider during all hours is not feasible, alternative psychiatric prescriber backup must be arranged and a mechanism of timely communication and coordination established in writing; and

(viii) be composed of, at minimum, one full-time team leader, at least 16 hours each week per 50 clients of psychiatric provider time, or equivalent if fewer clients, one full-time equivalent nursing, one full-time ~~substance abuse~~ co-occurring disorder specialist, one full-time equivalent mental health certified peer specialist, one full-time vocational specialist, one full-time program assistant, and at least one additional full-time ACT team member who has mental health professional, certified rehabilitation specialist, clinical trainee, or mental health practitioner status; and

(2) a midsize ACT team shall:

(i) be composed of, at minimum, one full-time team leader, at least 16 hours of psychiatry time for 51 clients, with an additional two hours for every six clients added to the team, 1.5 to two full-time equivalent nursing staff, one full-time ~~substance abuse~~ co-occurring disorder specialist, one full-time equivalent mental health certified peer specialist, one full-time vocational specialist, one full-time program assistant, and at least 1.5 to two additional full-time equivalent ACT members, with at least one dedicated full-time staff member with mental health professional status. Remaining team members may have mental health professional, certified rehabilitation specialist, clinical trainee, or mental health practitioner status;

(ii) employ seven or more treatment team full-time equivalents, excluding the program assistant and the psychiatric care provider;

(iii) serve an annual average maximum caseload of 51 to 74 clients;

(iv) ensure at least one full-time equivalent position for every nine clients served;

(v) schedule ACT team staff for a minimum of ten-hour shift coverage on weekdays and six- to eight-hour shift coverage on weekends and holidays. In addition to these minimum specifications, staff are regularly scheduled to provide the necessary services on a client-by-client basis in the evenings and on weekends and holidays;

(vi) schedule ACT team staff on-call duty to provide crisis services and deliver services when staff are not working;

(vii) have the authority to arrange for coverage for crisis assessment and intervention services through a reliable crisis-intervention provider as long as there is a mechanism by which the ACT team communicates routinely with the crisis-intervention provider and the on-call ACT team staff are available to see clients face-to-face when necessary or if requested by the crisis-intervention services provider; and

(viii) arrange for and provide psychiatric backup during all hours the psychiatric care provider is not regularly scheduled to work. If availability of the psychiatric care provider during all hours is not feasible, alternative psychiatric prescriber backup must be arranged and a mechanism of timely communication and coordination established in writing;

(3) a large ACT team must:

(i) be composed of, at minimum, one full-time team leader, at least 32 hours each week per 100 clients, or equivalent of psychiatry time, three full-time equivalent nursing staff, one full-time ~~substance abuse~~ co-occurring disorder specialist, one full-time equivalent mental health certified peer specialist, one full-time vocational specialist, one full-time program assistant, and at least two additional full-time equivalent ACT team members, with at least one dedicated full-time staff member with mental health professional status. Remaining team members may have mental health professional or mental health practitioner status;

(ii) employ nine or more treatment team full-time equivalents, excluding the program assistant and psychiatric care provider;

(iii) serve an annual average maximum caseload of 75 to 100 clients;

(iv) ensure at least one full-time equivalent position for every nine individuals served;

(v) schedule staff to work two eight-hour shifts, with a minimum of two staff on the second shift providing services at least 12 hours per day weekdays. For weekends and holidays, the team must operate and schedule ACT team staff to work one eight-hour shift, with a minimum of two staff each weekend day and every holiday;

(vi) schedule ACT team staff on-call duty to provide crisis services and deliver services when staff are not working; and

(vii) arrange for and provide psychiatric backup during all hours the psychiatric care provider is not regularly scheduled to work. If availability of the ACT team psychiatric care provider during all hours is not feasible, alternative psychiatric backup must be arranged and a mechanism of timely communication and coordination established in writing.

(b) An ACT team of any size may have a staff-to-client ratio that is lower than the requirements described in paragraph (a) upon approval by the commissioner, but may not exceed a one-to-ten staff-to-client ratio.

Sec. 62. Minnesota Statutes 2020, section 256B.0622, subdivision 7d, is amended to read:

Subd. 7d. **Assertive community treatment assessment and individual treatment plan.** (a) An initial assessment~~, including a diagnostic assessment that meets the requirements of Minnesota Rules, part 9505.0372, subpart 1, and a 30-day treatment plan~~ shall be completed the day of the client's admission to assertive community treatment by the ACT team leader or the psychiatric care provider, with participation by designated ACT team members and the client. The initial assessment must include obtaining or completing a standard diagnostic assessment according to section 245I.10, subdivision 6, and completing a 30-day individual treatment plan. The team leader, psychiatric care provider, or other mental health professional designated by the team leader or psychiatric care provider, must update the client's diagnostic assessment at least annually.

(b) ~~An initial~~ A functional assessment must be completed ~~within ten days of intake and updated every six months for assertive community treatment, or prior to discharge from the service, whichever comes first~~ according to section 245I.10, subdivision 9.

~~(c) Within 30 days of the client's assertive community treatment admission, the ACT team shall complete an in-depth assessment of the domains listed under section 245.462, subdivision 11a.~~

~~(d)~~ Each part of the ~~in-depth~~ functional assessment areas shall be completed by each respective team specialist or an ACT team member with skill and knowledge in the area being assessed. ~~The assessments are based upon all available information, including that from client interview, family and identified natural supports, and written summaries from other agencies, including police, courts, county social service agencies, outpatient facilities, and inpatient facilities, where applicable.~~

~~(e)~~ (c) Between 30 and 45 days after the client's admission to assertive community treatment, the entire ACT team must hold a comprehensive case conference, where all team members, including the psychiatric provider, present information discovered from the completed ~~in-depth~~ assessments and provide treatment recommendations. The conference must serve as the basis for the first ~~six-month~~ individual treatment plan, which must be written by the primary team member.

~~(f)~~ (d) The client's psychiatric care provider, primary team member, and individual treatment team members shall assume responsibility for preparing the written narrative of the results from the psychiatric and social functioning history timeline and the comprehensive assessment.

~~(g)~~ (e) The primary team member and individual treatment team members shall be assigned by the team leader in collaboration with the psychiatric care provider by the time of the first treatment planning meeting or 30 days after admission, whichever occurs first.

~~(h)~~ (f) Individual treatment plans must be developed through the following treatment planning process:

(1) The individual treatment plan shall be developed in collaboration with the client and the client's preferred natural supports, and guardian, if applicable and appropriate. The ACT team shall evaluate, together with each client, the client's needs, strengths, and preferences and develop the individual treatment plan collaboratively. The ACT team shall make every effort to ensure that the client and the client's family and natural supports, with the client's consent, are in attendance at the treatment planning meeting, are involved in ongoing meetings related to treatment, and have the necessary supports to fully participate. The client's participation in the development of the individual treatment plan shall be documented.

(2) The client and the ACT team shall work together to formulate and prioritize the issues, set goals, research approaches and interventions, and establish the plan. The plan is individually tailored so that the treatment, rehabilitation, and support approaches and interventions achieve optimum symptom reduction, help fulfill the personal needs and aspirations of the client, take into account the cultural beliefs and realities of the individual, and improve all the aspects of psychosocial functioning that are important to the client. The process supports strengths, rehabilitation, and recovery.

(3) Each client's individual treatment plan shall identify service needs, strengths and capacities, and barriers, and set specific and measurable short- and long-term goals for each service need. The individual treatment plan must clearly specify the approaches and interventions necessary for the client to achieve the individual goals, when the interventions shall happen, and identify which ACT team member shall carry out the approaches and interventions.

(4) The primary team member and the individual treatment team, together with the client and the client's family and natural supports with the client's consent, are responsible for reviewing and rewriting the treatment goals and individual treatment plan whenever there is a major decision point in the client's course of treatment or at least every six months.

(5) The primary team member shall prepare a summary that thoroughly describes in writing the client's and the individual treatment team's evaluation of the client's progress and goal attainment, the effectiveness of the interventions, and the satisfaction with services since the last individual treatment plan. The client's most recent diagnostic assessment must be included with the treatment plan summary.

(6) The individual treatment plan and review must be ~~signed~~ approved or acknowledged by the client, the primary team member, the team leader, the psychiatric care provider, and all individual treatment team members. A copy of the ~~signed~~ approved individual treatment plan ~~is~~ must be made available to the client.

Sec. 63. Minnesota Statutes 2020, section 256B.0623, subdivision 1, is amended to read:

Subdivision 1. **Scope.** Subject to federal approval, medical assistance covers medically necessary adult rehabilitative mental health services ~~as defined in subdivision 2, subject to federal approval, if provided to recipients as defined in subdivision 3 and provided by a qualified provider entity meeting the standards in this section and by a qualified individual provider working within the provider's scope of practice and identified in the recipient's individual treatment plan as defined in section 245.462, subdivision 14, and if determined to be medically necessary according to section 62Q.53~~ when the services are provided by an entity meeting the standards in this section. The provider entity must make reasonable and good faith efforts to report individual client outcomes to the commissioner, using instruments and protocols approved by the commissioner.

Sec. 64. Minnesota Statutes 2020, section 256B.0623, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of this section, the following terms have the meanings given them.

(a) "Adult rehabilitative mental health services" means ~~mental health services which are rehabilitative and enable the recipient to develop and enhance psychiatric stability, social competencies, personal and emotional adjustment, independent living, parenting skills, and community skills, when these abilities are impaired by the symptoms of mental illness. Adult rehabilitative mental health services are also appropriate when provided to enable a recipient to retain stability and functioning, if the recipient would be at risk of significant functional decompensation or more restrictive service settings without these services~~ the services described in section 245I.02, subdivision 33.

~~(1) Adult rehabilitative mental health services instruct, assist, and support the recipient in areas such as: interpersonal communication skills, community resource utilization and integration skills, crisis assistance, relapse prevention skills, health care directives, budgeting and shopping skills, healthy lifestyle skills and practices, cooking and nutrition skills, transportation skills, medication education and monitoring, mental illness symptom management skills, household management skills, employment related skills, parenting skills, and transition to community living services.~~

~~(2) These services shall be provided to the recipient on a one to one basis in the recipient's home or another community setting or in groups.~~

(b) "Medication education services" means services provided individually or in groups which focus on educating the recipient about mental illness and symptoms; the role and effects of medications in treating symptoms of mental illness; and the side effects of medications. Medication education is coordinated with medication management services and does not duplicate it. Medication education services are provided by physicians, advanced practice registered nurses, pharmacists, physician assistants, or registered nurses.

(c) "Transition to community living services" means services which maintain continuity of contact between the rehabilitation services provider and the recipient and which facilitate discharge from a hospital, residential treatment program ~~under Minnesota Rules, chapter 9505~~, board and lodging facility, or nursing home. Transition to community living services are not intended to provide other areas of adult rehabilitative mental health services.

Sec. 65. Minnesota Statutes 2020, section 256B.0623, subdivision 3, is amended to read:

Subd. 3. **Eligibility.** An eligible recipient is an individual who:

(1) is age 18 or older;

(2) is diagnosed with a medical condition, such as mental illness or traumatic brain injury, for which adult rehabilitative mental health services are needed;

(3) has substantial disability and functional impairment in three or more of the areas listed in section ~~245.462, subdivision 11a~~ 245I.10, subdivision 9, clause (4), so that self-sufficiency is markedly reduced; and

(4) has had a recent standard diagnostic assessment ~~or an adult diagnostic assessment update~~ by a qualified professional that documents adult rehabilitative mental health services are medically necessary to address identified disability and functional impairments and individual recipient goals.

Sec. 66. Minnesota Statutes 2020, section 256B.0623, subdivision 4, is amended to read:

Subd. 4. **Provider entity standards.** (a) The provider entity must be certified by the state following the certification process and procedures developed by the commissioner.

(b) The certification process is a determination as to whether the entity meets the standards in this ~~subdivision~~ section and chapter 245I, as required in section 245I.011, subdivision 5. The certification must specify which adult rehabilitative mental health services the entity is qualified to provide.

(c) A noncounty provider entity must obtain additional certification from each county in which it will provide services. The additional certification must be based on the adequacy of the entity's knowledge of that county's local health and human service system, and the ability of the entity to coordinate its services with the other services available in that county. A county-operated entity must obtain this additional certification from any other county in which it will provide services.

(d) State-level recertification must occur at least every three years.

(e) The commissioner may intervene at any time and decertify providers with cause. The decertification is subject to appeal to the state. A county board may recommend that the state decertify a provider for cause.

(f) The adult rehabilitative mental health services provider entity must meet the following standards:

(1) have capacity to recruit, hire, manage, and train ~~mental health professionals, mental health practitioners, and mental health rehabilitation workers~~ qualified staff;

(2) have adequate administrative ability to ensure availability of services;

~~(3) ensure adequate preservice and inservice and ongoing training for staff;~~

~~(4)~~ (3) ensure that ~~mental health professionals, mental health practitioners, and mental health rehabilitation workers~~ staff are skilled in the delivery of the specific adult rehabilitative mental health services provided to the individual eligible recipient;

~~(5) ensure that staff is capable of implementing culturally specific services that are culturally competent and appropriate as determined by the recipient's culture, beliefs, values, and language as identified in the individual treatment plan;~~

~~(6)~~ (4) ensure enough flexibility in service delivery to respond to the changing and intermittent care needs of a recipient as identified by the recipient and the individual treatment plan;

~~(7) ensure that the mental health professional or mental health practitioner, who is under the clinical supervision of a mental health professional, involved in a recipient's services participates in the development of the individual treatment plan;~~

~~(8)~~ (5) assist the recipient in arranging needed crisis assessment, intervention, and stabilization services;

~~(9)~~ (6) ensure that services are coordinated with other recipient mental health services providers and the county mental health authority and the federally recognized American Indian authority and necessary others after obtaining the consent of the recipient. Services must also be coordinated with the recipient's case manager or care coordinator if the recipient is receiving case management or care coordination services;

~~(10) develop and maintain recipient files, individual treatment plans, and contact charting;~~

~~(11) develop and maintain staff training and personnel files;~~

~~(12) submit information as required by the state;~~

~~(13) establish and maintain a quality assurance plan to evaluate the outcome of services provided;~~

~~(14)~~ (7) keep all necessary records required by law;

~~(15)~~ (8) deliver services as required by section 245.461;

~~(16) comply with all applicable laws;~~

~~(17)~~ (9) be an enrolled Medicaid provider; and

~~(18)~~ (10) maintain a quality assurance plan to determine specific service outcomes and the recipient's satisfaction with services~~; and~~.

~~(19) develop and maintain written policies and procedures regarding service provision and administration of the provider entity.~~

Sec. 67. Minnesota Statutes 2020, section 256B.0623, subdivision 5, is amended to read:

Subd. 5. **Qualifications of provider staff.** ~~(a)~~ Adult rehabilitative mental health services must be provided by qualified individual provider staff of a certified provider entity. Individual provider staff must be qualified ~~under one of the following criteria~~ as:

(1) a mental health professional ~~as defined in section 245.462, subdivision 18, clauses (1) to (6). If the recipient has a current diagnostic assessment by a licensed mental health professional as defined in section 245.462, subdivision 18, clauses (1) to (6), recommending receipt of adult mental health rehabilitative services, the definition of mental health professional for purposes of this section includes a person who is qualified under section 245.462, subdivision 18, clause (7), and who holds a current and valid national certification as a certified rehabilitation counselor or certified psychosocial rehabilitation practitioner~~ who is qualified according to section 245I.04, subdivision 2;

(2) a certified rehabilitation specialist who is qualified according to section 245I.04, subdivision 8;

(3) a clinical trainee who is qualified according to section 245I.04, subdivision 6;

(4) a mental health practitioner ~~as defined in section 245.462, subdivision 17. The mental health practitioner must work under the clinical supervision of a mental health professional~~ qualified according to section 245I.04, subdivision 4;

~~(3)~~ (5) a mental health certified peer specialist ~~under section 256B.0615. The certified peer specialist must work under the clinical supervision of a mental health professional~~ who is qualified according to section 245I.04, subdivision 10; or

~~(4)~~ (6) a mental health rehabilitation worker who is qualified according to section 245I.04, subdivision 14. ~~A mental health rehabilitation worker means a staff person working under the direction of a mental health practitioner or mental health professional and under the clinical supervision of a mental health professional in the implementation of rehabilitative mental health services as identified in the recipient's individual treatment plan who:~~

~~(i) is at least 21 years of age;~~

~~(ii) has a high school diploma or equivalent;~~

~~(iii) has successfully completed 30 hours of training during the two years immediately prior to the date of hire, or before provision of direct services, in all of the following areas: recovery from mental illness, mental health de-escalation techniques, recipient rights, recipient-centered individual treatment planning, behavioral terminology, mental illness, co-occurring mental illness and substance abuse, psychotropic medications and side effects, functional assessment, local community resources, adult vulnerability, recipient confidentiality; and~~

~~(iv) meets the qualifications in paragraph (b).~~

~~(b) In addition to the requirements in paragraph (a), a mental health rehabilitation worker must also meet the qualifications in clause (1), (2), or (3):~~

~~(1) has an associates of arts degree, two years of full-time postsecondary education, or a total of 15 semester hours or 23 quarter hours in behavioral sciences or related fields; is a registered nurse; or within the previous ten years has:~~

~~(i) three years of personal life experience with serious mental illness;~~

~~(ii) three years of life experience as a primary caregiver to an adult with a serious mental illness, traumatic brain injury, substance use disorder, or developmental disability; or~~

~~(iii) 2,000 hours of supervised work experience in the delivery of mental health services to adults with a serious mental illness, traumatic brain injury, substance use disorder, or developmental disability;~~

~~(2)(i) is fluent in the non-English language or competent in the culture of the ethnic group to which at least 20 percent of the mental health rehabilitation worker's clients belong;~~

~~(ii) receives during the first 2,000 hours of work, monthly documented individual clinical supervision by a mental health professional;~~

~~(iii) has 18 hours of documented field supervision by a mental health professional or mental health practitioner during the first 160 hours of contact work with recipients, and at least six hours of field supervision quarterly during the following year;~~

~~(iv) has review and cosignature of charting of recipient contacts during field supervision by a mental health professional or mental health practitioner; and~~

~~(v) has 15 hours of additional continuing education on mental health topics during the first year of employment and 15 hours during every additional year of employment; or~~

~~(3) for providers of crisis residential services, intensive residential treatment services, partial hospitalization, and day treatment services:~~

~~(i) satisfies clause (2), items (ii) to (iv); and~~

~~(ii) has 40 hours of additional continuing education on mental health topics during the first year of employment.~~

~~(c) A mental health rehabilitation worker who solely acts and is scheduled as overnight staff is not required to comply with paragraph (a), clause (4), item (iv).~~

~~(d) For purposes of this subdivision, "behavioral sciences or related fields" means an education from an accredited college or university and includes but is not limited to social work, psychology, sociology, community counseling, family social science, child development, child psychology, community mental health, addiction counseling, counseling and guidance, special education, and other fields as approved by the commissioner.~~

Sec. 68. Minnesota Statutes 2020, section 256B.0623, subdivision 6, is amended to read:

Subd. 6. **Required ~~training and~~ supervision.** ~~(a) Mental health rehabilitation workers must receive ongoing continuing education training of at least 30 hours every two years in areas of mental illness and mental health services and other areas specific to the population being served. Mental health rehabilitation workers must also be subject to the ongoing direction and clinical supervision standards in paragraphs (c) and (d).~~

~~(b) Mental health practitioners must receive ongoing continuing education training as required by their professional license; or if the practitioner is not licensed, the practitioner must receive ongoing continuing education training of at least 30 hours every two years in areas of mental illness and mental health services. Mental health practitioners must meet the ongoing clinical supervision standards in paragraph (c).~~

~~(c) Clinical supervision may be provided by a full- or part-time qualified professional employed by or under contract with the provider entity. Clinical supervision may be provided by interactive videoconferencing according to procedures developed by the commissioner. A mental health professional providing clinical supervision of staff delivering adult rehabilitative mental health services must provide the following guidance:~~

~~(1) review the information in the recipient's file;~~

~~(2) review and approve initial and updates of individual treatment plans;~~

(a) A treatment supervisor providing treatment supervision required by section 245I.06 must:

~~(3)~~ (1) meet with ~~mental health rehabilitation workers and practitioners, individually or in small groups,~~ staff receiving treatment supervision at least monthly to discuss treatment topics of interest ~~to the workers and practitioners;~~

~~(4) meet with mental health rehabilitation workers and practitioners, individually or in small groups, at least monthly to discuss~~ and treatment plans of recipients~~, and approve by signature and document in the recipient's file any resulting plan updates~~; and

~~(5)~~ (2) meet at least monthly with the directing clinical trainee or mental health practitioner, if there is one, to review needs of the adult rehabilitative mental health services program, review staff on-site observations and evaluate mental health rehabilitation workers, plan staff training, review program evaluation and development, and consult with the directing clinical trainee or mental health practitioner~~; and~~.

~~(6) be available for urgent consultation as the individual recipient needs or the situation necessitates.~~

~~(d)~~ (b) An adult rehabilitative mental health services provider entity must have a treatment director who is a ~~mental health practitioner or~~ mental health professional clinical trainee, certified rehabilitation specialist, or mental health practitioner. The treatment director must ~~ensure the following~~:

(1) ~~while delivering direct services to recipients, a newly hired mental health rehabilitation worker must be directly observed delivering services to recipients by a mental health practitioner or mental health professional for at least six hours per 40 hours worked during the first 160 hours that the mental health rehabilitation worker works~~ ensure the direct observation of mental health rehabilitation workers required by section 245I.06, subdivision 3, is provided;

~~(2) the mental health rehabilitation worker must receive ongoing on-site direct service observation by a mental health professional or mental health practitioner for at least six hours for every six months of employment;~~

~~(3) progress notes are reviewed from on-site service observation prepared by the mental health rehabilitation worker and mental health practitioner for accuracy and consistency with actual recipient contact and the individual treatment plan and goals;~~

~~(4)~~ (2) ensure immediate availability by phone or in person for consultation by a mental health professional, certified rehabilitation specialist, clinical trainee, or a mental health practitioner to the mental health rehabilitation ~~services~~ worker during service provision;

~~(5) oversee the identification of changes in individual recipient treatment strategies, revise the plan, and communicate treatment instructions and methodologies as appropriate to ensure that treatment is implemented correctly;~~

~~(6)~~ (3) model service practices which: respect the recipient, include the recipient in planning and implementation of the individual treatment plan, recognize the recipient's strengths, collaborate and coordinate with other involved parties and providers;

~~(7)~~ (4) ensure that clinical trainees, mental health practitioners, and mental health rehabilitation workers are able to effectively communicate with the recipients, significant others, and providers; and

~~(8)~~ (5) oversee the record of the results of ~~on-site~~ direct observation ~~and charting~~, progress note evaluation, and corrective actions taken to modify the work of the clinical trainees, mental health practitioners, and mental health rehabilitation workers.

~~(c)~~ (c) A clinical trainee or mental health practitioner who is providing treatment direction for a provider entity must receive treatment supervision at least monthly ~~from a mental health professional~~ to:

(1) identify and plan for general needs of the recipient population served;

(2) identify and plan to address provider entity program needs and effectiveness;

(3) identify and plan provider entity staff training and personnel needs and issues; and

(4) plan, implement, and evaluate provider entity quality improvement programs.

Sec. 69. Minnesota Statutes 2020, section 256B.0623, subdivision 9, is amended to read:

Subd. 9. **Functional assessment.** (a) Providers of adult rehabilitative mental health services must complete a written functional assessment ~~as defined in section 245.462, subdivision 11a~~ according to section 245I.10, subdivision 9, for each recipient. ~~The functional assessment must be completed within 30 days of intake, and reviewed and updated at least every six months after it is developed, unless there is a significant change in the functioning of the recipient. If there is a significant change in functioning, the assessment must be updated. A single functional assessment can meet case management and adult rehabilitative mental health services requirements if agreed to by the recipient. Unless the recipient refuses, the recipient must have significant participation in the development of the functional assessment.~~

(b) When a provider of adult rehabilitative mental health services completes a written functional assessment, the provider must also complete a level of care assessment as defined in section 245I.02, subdivision 19, for the recipient.

Sec. 70. Minnesota Statutes 2020, section 256B.0623, subdivision 12, is amended to read:

Subd. 12. **Additional requirements.** (a) Providers of adult rehabilitative mental health services must comply with the requirements relating to referrals for case management in section 245.467, subdivision 4.

(b) Adult rehabilitative mental health services are provided for most recipients in the recipient's home and community. Services may also be provided at the home of a relative or significant other, job site, psychosocial clubhouse, drop-in center, social setting, classroom, or other places in the community. Except for "transition to community services," the place of service does not include a regional treatment center, nursing home, residential treatment facility licensed under Minnesota Rules, parts 9520.0500 to 9520.0670 (Rule 36), or section 245I.23, or an acute care hospital.

(c) Adult rehabilitative mental health services may be provided in group settings if appropriate to each participating recipient's needs and individual treatment plan. A group is defined as two to ten clients, at least one of whom is a recipient, who is concurrently receiving a service which is identified in this section. The service and group must be specified in the recipient's individual treatment plan. No more than two qualified staff may bill Medicaid for services provided to the same group of recipients. If two adult rehabilitative mental health workers bill for recipients in the same group session, they must each bill for different recipients.

(d) Adult rehabilitative mental health services are appropriate if provided to enable a recipient to retain stability and functioning, when the recipient is at risk of significant functional decompensation or requiring more restrictive service settings without these services.

(e) Adult rehabilitative mental health services instruct, assist, and support the recipient in areas including: interpersonal communication skills, community resource utilization and integration skills, crisis planning, relapse prevention skills, health care directives, budgeting and shopping skills, healthy lifestyle skills and practices, cooking and nutrition skills, transportation skills, medication education and monitoring, mental illness symptom management skills, household management skills, employment-related skills, parenting skills, and transition to community living services.

(f) Community intervention, including consultation with relatives, guardians, friends, employers, treatment providers, and other significant individuals, is appropriate when directed exclusively to the treatment of the client.

Sec. 71. Minnesota Statutes 2020, section 256B.0625, subdivision 3b, is amended to read:

Subd. 3b. **Telemedicine services.** (a) Medical assistance covers medically necessary services and consultations delivered by a licensed health care provider via telemedicine in the same manner as if the service or consultation was delivered in person. Coverage is limited to three telemedicine services per enrollee per calendar week, except as provided in paragraph (f). Telemedicine services shall be paid at the full allowable rate.

(b) The commissioner shall establish criteria that a health care provider must attest to in order to demonstrate the safety or efficacy of delivering a particular service via telemedicine. The attestation may include that the health care provider:

(1) has identified the categories or types of services the health care provider will provide via telemedicine;

(2) has written policies and procedures specific to telemedicine services that are regularly reviewed and updated;

(3) has policies and procedures that adequately address patient safety before, during, and after the telemedicine service is rendered;

(4) has established protocols addressing how and when to discontinue telemedicine services; and

(5) has an established quality assurance process related to telemedicine services.

(c) As a condition of payment, a licensed health care provider must document each occurrence of a health service provided by telemedicine to a medical assistance enrollee. Health care service records for services provided by telemedicine must meet the requirements set forth in Minnesota Rules, part 9505.2175, subparts 1 and 2, and must document:

(1) the type of service provided by telemedicine;

(2) the time the service began and the time the service ended, including an a.m. and p.m. designation;

(3) the licensed health care provider's basis for determining that telemedicine is an appropriate and effective means for delivering the service to the enrollee;

(4) the mode of transmission of the telemedicine service and records evidencing that a particular mode of transmission was utilized;

(5) the location of the originating site and the distant site;

(6) if the claim for payment is based on a physician's telemedicine consultation with another physician, the written opinion from the consulting physician providing the telemedicine consultation; and

(7) compliance with the criteria attested to by the health care provider in accordance with paragraph (b).

(d) For purposes of this subdivision, unless otherwise covered under this chapter, "telemedicine" is defined as the delivery of health care services or consultations while the patient is at an originating site and the licensed health care provider is at a distant site. A communication between licensed health care providers, or a licensed health care provider and a patient that consists solely of a telephone conversation, e-mail, or facsimile transmission does not constitute telemedicine consultations or services. Telemedicine may be provided by means of real-time two-way, interactive audio and visual communications, including the application of secure video conferencing or store-and-forward technology to provide or support health care delivery, which facilitate the assessment, diagnosis, consultation, treatment, education, and care management of a patient's health care.

(e) For purposes of this section, "licensed health care provider" means a licensed health care provider under section 62A.671, subdivision 6, a community paramedic as defined under section 144E.001, subdivision 5f, ~~or~~ a clinical trainee who is qualified according to section 245I.04, subdivision 6, a mental health practitioner ~~defined under section 245.462, subdivision 17, or 245.4871, subdivision 26, working under the general supervision of a mental health professional~~ qualified according to section 245I.04, subdivision 4, and a community health worker who meets the criteria under subdivision 49, paragraph (a); "health care provider" is defined under section 62A.671, subdivision 3; and "originating site" is defined under section 62A.671, subdivision 7.

(f) The limit on coverage of three telemedicine services per enrollee per calendar week does not apply if:

(1) the telemedicine services provided by the licensed health care provider are for the treatment and control of tuberculosis; and

(2) the services are provided in a manner consistent with the recommendations and best practices specified by the Centers for Disease Control and Prevention and the commissioner of health.

Sec. 72. Minnesota Statutes 2020, section 256B.0625, subdivision 5, is amended to read:

Subd. 5. **Community mental health center services.** Medical assistance covers community mental health center services provided by a community mental health center that meets the requirements in paragraphs (a) to (j).

(a) The provider ~~is licensed under Minnesota Rules, parts 9520.0750 to 9520.0870~~ must be certified as a mental health clinic under section 245I.20.

(b) ~~The provider provides mental health services under the clinical supervision of a~~ In addition to the policies and procedures required by section 245I.03, the provider must establish, enforce, and maintain the policies and procedures for clinical oversight of services by a mental health professional who is a psychologist licensed for independent practice at the doctoral level ~~or by a board certified psychiatrist~~ or a psychiatrist who is ~~eligible for board certification~~ qualified according to section 245I.04, subdivision 2, clause (4). ~~Clinical supervision has the meaning given in Minnesota Rules, part 9505.0370, subpart 6.~~

(c) The provider must be a private nonprofit corporation or a governmental agency and have a community board of directors as specified by section 245.66.

(d) The provider must have a sliding fee scale that meets the requirements in section 245.481, and agree to serve within the limits of its capacity all individuals residing in its service delivery area.

(e) At a minimum, the provider must provide the following outpatient mental health services: diagnostic assessment; explanation of findings; family, group, and individual psychotherapy, including crisis intervention psychotherapy services, ~~multiple family group psychotherapy~~, psychological testing, and medication management. In addition, the provider must provide or be capable of providing upon request of the local mental health authority day treatment services, multiple family group psychotherapy, and professional home-based mental health services. The provider must have the capacity to provide such services to specialized populations such as the elderly, families with children, persons who are seriously and persistently mentally ill, and children who are seriously emotionally disturbed.

(f) The provider must be capable of providing the services specified in paragraph (e) to individuals who are ~~diagnosed with both~~ dually diagnosed with mental illness or emotional disturbance, and ~~chemical dependency~~ substance use disorder, and to individuals who are dually diagnosed with a mental illness or emotional disturbance and developmental disability.

(g) The provider must provide 24-hour emergency care services or demonstrate the capacity to assist recipients in need of such services to access such services on a 24-hour basis.

(h) The provider must have a contract with the local mental health authority to provide one or more of the services specified in paragraph (e).

(i) The provider must agree, upon request of the local mental health authority, to enter into a contract with the county to provide mental health services not reimbursable under the medical assistance program.

(j) The provider may not be enrolled with the medical assistance program as both a hospital and a community mental health center. The community mental health center's administrative, organizational, and financial structure must be separate and distinct from that of the hospital.

(k) The commissioner may require the provider to annually attest that the provider meets the requirements in this subdivision using a form that the commissioner provides.

EFFECTIVE DATE. Paragraphs (e), (f), and (k) are effective the day following final enactment.

Sec. 73. Minnesota Statutes 2020, section 256B.0625, subdivision 19c, is amended to read:

Subd. 19c. **Personal care.** Medical assistance covers personal care assistance services provided by an individual who is qualified to provide the services according to subdivision 19a and sections 256B.0651 to 256B.0654, provided in accordance with a plan, and supervised by a qualified professional.

"Qualified professional" means a mental health professional ~~as defined in section 245.462, subdivision 18, clauses (1) to (6), or 245.4871, subdivision 27, clauses (1) to (6)~~; a registered nurse as defined in sections 148.171 to 148.285, a licensed social worker as defined in sections 148E.010 and 148E.055, or a qualified designated coordinator under section 245D.081, subdivision 2. The qualified professional shall perform the duties required in section 256B.0659.

Sec. 74. Minnesota Statutes 2020, section 256B.0625, subdivision 28a, is amended to read:

Subd. 28a. **Licensed physician assistant services.** (a) Medical assistance covers services performed by a licensed physician assistant if the service is otherwise covered under this chapter as a physician service and if the service is within the scope of practice of a licensed physician assistant as defined in section 147A.09.

(b) Licensed physician assistants, who are supervised by a physician certified by the American Board of Psychiatry and Neurology or eligible for board certification in psychiatry, may bill for medication management and evaluation and management services provided to medical assistance enrollees in inpatient hospital settings, and in outpatient settings after the licensed physician assistant completes 2,000 hours of clinical experience in the evaluation and treatment of mental health, consistent with their authorized scope of practice, as defined in section 147A.09, with the exception of performing psychotherapy or diagnostic assessments or providing ~~clinical~~ treatment supervision.

Sec. 75. Minnesota Statutes 2020, section 256B.0625, subdivision 42, is amended to read:

Subd. 42. **Mental health professional.** Notwithstanding Minnesota Rules, part 9505.0175, subpart 28, the definition of a mental health professional ~~shall include a person who is~~ qualified ~~as specified in~~ according to section ~~245.462, subdivision 18, clauses (1) to (6); or 245.4871, subdivision 27, clauses (1) to (6)~~ 245I.04, subdivision 2, for the purpose of this section and Minnesota Rules, parts 9505.0170 to 9505.0475.

Sec. 76. Minnesota Statutes 2020, section 256B.0625, subdivision 48, is amended to read:

Subd. 48. **Psychiatric consultation to primary care practitioners.** Medical assistance covers consultation provided by a ~~psychiatrist, a psychologist, an advanced practice registered nurse certified in psychiatric mental health, a licensed independent clinical social worker, as defined in section 245.462, subdivision 18, clause (2), or a licensed marriage and family therapist, as defined in section 245.462, subdivision 18, clause (5)~~ mental health professional who is qualified according to section 245I.04, subdivision 2, except a licensed professional clinical counselor licensed under section 148B.5301, via telephone, e-mail, facsimile, or other means of communication to primary care practitioners, including pediatricians. The need for consultation and the receipt of the consultation must be documented in the patient record maintained by the primary care practitioner. If the patient consents, and subject to federal limitations and data privacy provisions, the consultation may be provided without the patient present.

Sec. 77. Minnesota Statutes 2020, section 256B.0625, subdivision 49, is amended to read:

Subd. 49. **Community health worker.** (a) Medical assistance covers the care coordination and patient education services provided by a community health worker if the community health worker has~~:~~

~~(1)~~ received a certificate from the Minnesota State Colleges and Universities System approved community health worker curriculum~~; or~~.

~~(2) at least five years of supervised experience with an enrolled physician, registered nurse, advanced practice registered nurse, mental health professional as defined in section 245.462, subdivision 18, clauses (1) to (6), and section 245.4871, subdivision 27, clauses (1) to (5), or dentist, or at least five years of supervised experience by a certified public health nurse operating under the direct authority of an enrolled unit of government.~~

~~Community health workers eligible for payment under clause (2) must complete the certification program by January 1, 2010, to continue to be eligible for payment.~~

(b) Community health workers must work under the supervision of a medical assistance enrolled physician, registered nurse, advanced practice registered nurse, mental health professional ~~as defined in section 245.462, subdivision 18, clauses (1) to (6), and section 245.4871, subdivision 27, clauses (1) to (5)~~, or dentist, or work under the supervision of a certified public health nurse operating under the direct authority of an enrolled unit of government.

(c) Care coordination and patient education services covered under this subdivision include, but are not limited to, services relating to oral health and dental care.

Sec. 78. Minnesota Statutes 2020, section 256B.0625, subdivision 56a, is amended to read:

Subd. 56a. **Officer-involved community-based care coordination.** (a) Medical assistance covers officer-involved community-based care coordination for an individual who:

(1) has screened positive for benefiting from treatment for a mental illness or substance use disorder using a tool approved by the commissioner;

(2) does not require the security of a public detention facility and is not considered an inmate of a public institution as defined in Code of Federal Regulations, title 42, section 435.1010;

(3) meets the eligibility requirements in section 256B.056; and

(4) has agreed to participate in officer-involved community-based care coordination.

(b) Officer-involved community-based care coordination means navigating services to address a client's mental health, chemical health, social, economic, and housing needs, or any other activity targeted at reducing the incidence of jail utilization and connecting individuals with existing covered services available to them, including, but not limited to, targeted case management, waiver case management, or care coordination.

(c) Officer-involved community-based care coordination must be provided by an individual who is an employee of or is under contract with a county, or is an employee of or under contract with an Indian health service facility or facility owned and operated by a tribe or a tribal organization operating under Public Law 93-638 as a 638 facility to provide officer-involved community-based care coordination and is qualified under one of the following criteria:

(1) a ~~licensed~~ mental health professional ~~as defined in section 245.462, subdivision 18, clauses (1) to (6)~~;

(2) a clinical trainee who is qualified according to section 245I.04, subdivision 6, working under the treatment supervision of a mental health professional according to section 245I.06;

(3) a mental health practitioner ~~as defined in section 245.462, subdivision 17~~ who is qualified according to section 245I.04, subdivision 4, working under the ~~clinical~~ treatment supervision of a mental health professional according to section 245I.06;

~~(3)~~ (4) a mental health certified peer specialist ~~under section 256B.0615~~ who is qualified according to section 245I.04, subdivision 10, working under the ~~clinical~~ treatment supervision of a mental health professional according to section 245I.06;

(4) an individual qualified as an alcohol and drug counselor under section 245G.11, subdivision 5; or

(5) a recovery peer qualified under section 245G.11, subdivision 8, working under the supervision of an individual qualified as an alcohol and drug counselor under section 245G.11, subdivision 5.

(d) Reimbursement is allowed for up to 60 days following the initial determination of eligibility.

(e) Providers of officer-involved community-based care coordination shall annually report to the commissioner on the number of individuals served, and number of the community-based services that were accessed by recipients. The commissioner shall ensure that services and payments provided under officer-involved community-based care coordination do not duplicate services or payments provided under section 256B.0625, subdivision 20, 256B.0753, 256B.0755, or 256B.0757.

(f) Notwithstanding section 256B.19, subdivision 1, the nonfederal share of cost for officer-involved community-based care coordination services shall be provided by the county providing the services, from sources other than federal funds or funds used to match other federal funds.

Sec. 79. Minnesota Statutes 2020, section 256B.0757, subdivision 4c, is amended to read:

Subd. 4c. **Behavioral health home services staff qualifications.** (a) A behavioral health home services provider must maintain staff with required professional qualifications appropriate to the setting.

(b) If behavioral health home services are offered in a mental health setting, the integration specialist must be a registered nurse licensed under the Minnesota Nurse Practice Act, sections 148.171 to 148.285.

(c) If behavioral health home services are offered in a primary care setting, the integration specialist must be a mental health professional ~~as defined in~~ who is qualified according to section ~~245.462, subdivision 18, clauses (1) to (6), or 245.4871, subdivision 27, clauses (1) to (6)~~ 245I.04, subdivision 2.

(d) If behavioral health home services are offered in either a primary care setting or mental health setting, the systems navigator must be a mental health practitioner ~~as defined in~~ who is qualified according to section ~~245.462, subdivision 17~~ 245I.04, subdivision 4, or a community health worker as defined in section 256B.0625, subdivision 49.

(e) If behavioral health home services are offered in either a primary care setting or mental health setting, the qualified health home specialist must be one of the following:

(1) a mental health certified peer ~~support~~ specialist ~~as defined in~~ who is qualified according to section ~~256B.0615~~ 245I.04, subdivision 10;

(2) a mental health certified family peer ~~support~~ specialist ~~as defined in~~ who is qualified according to section ~~256B.0616~~ 245I.04, subdivision 12;

(3) a case management associate as defined in section 245.462, subdivision 4, paragraph (g), or 245.4871, subdivision 4, paragraph (j);

(4) a mental health rehabilitation worker ~~as defined in~~ who is qualified according to section ~~256B.0623, subdivision 5, clause (4)~~ 245I.04, subdivision 14;

(5) a community paramedic as defined in section 144E.28, subdivision 9;

(6) a peer recovery specialist as defined in section 245G.07, subdivision 1, clause (5); or

(7) a community health worker as defined in section 256B.0625, subdivision 49.

Sec. 80. Minnesota Statutes 2020, section 256B.0941, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** (a) An individual who is eligible for mental health treatment services in a psychiatric residential treatment facility must meet all of the following criteria:

(1) before admission, services are determined to be medically necessary according to Code of Federal Regulations, title 42, section 441.152;

(2) is younger than 21 years of age at the time of admission. Services may continue until the individual meets criteria for discharge or reaches 22 years of age, whichever occurs first;

(3) has a mental health diagnosis as defined in the most recent edition of the Diagnostic and Statistical Manual for Mental Disorders, as well as clinical evidence of severe aggression, or a finding that the individual is a risk to self or others;

(4) has functional impairment and a history of difficulty in functioning safely and successfully in the community, school, home, or job; an inability to adequately care for one's physical needs; or caregivers, guardians, or family members are unable to safely fulfill the individual's needs;

(5) requires psychiatric residential treatment under the direction of a physician to improve the individual's condition or prevent further regression so that services will no longer be needed;

(6) utilized and exhausted other community-based mental health services, or clinical evidence indicates that such services cannot provide the level of care needed; and

(7) was referred for treatment in a psychiatric residential treatment facility by a ~~qualified~~ mental health professional ~~licensed as defined in~~ who is qualified according to section ~~245.4871, subdivision 27, clauses (1) to (6)~~ 245I.04, subdivision 2.

(b) The commissioner shall provide oversight and review the use of referrals for clients admitted to psychiatric residential treatment facilities to ensure that eligibility criteria, clinical services, and treatment planning reflect clinical, state, and federal standards for psychiatric residential treatment facility level of care. The commissioner shall coordinate the production of a statewide list of children and youth who meet the medical necessity criteria for psychiatric residential treatment facility level of care and who are awaiting admission. The commissioner and any recipient of the list shall not use the statewide list to direct admission of children and youth to specific facilities.

Sec. 81. Minnesota Statutes 2020, section 256B.0943, subdivision 1, is amended to read:

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

(a) "Children's therapeutic services and supports" means the flexible package of mental health services for children who require varying therapeutic and rehabilitative levels of intervention to treat a diagnosed emotional disturbance, as defined in section 245.4871, subdivision 15, or a diagnosed mental illness, as defined in section 245.462, subdivision 20. The services are time-limited interventions that are delivered using various treatment modalities and combinations of services designed to reach treatment outcomes identified in the individual treatment plan.

~~(b) "Clinical supervision" means the overall responsibility of the mental health professional for the control and direction of individualized treatment planning, service delivery, and treatment review for each client. A mental health professional who is an enrolled Minnesota health care program provider accepts full professional responsibility for a supervisee's actions and decisions, instructs the supervisee in the supervisee's work, and oversees or directs the supervisee's work.~~

~~(c)~~ (b) "Clinical trainee" means a ~~mental health practitioner who meets the qualifications specified in Minnesota Rules, part 9505.0371, subpart 5, item C~~ staff person who is qualified according to section 245I.04, subdivision 6.

~~(d)~~ (c) "Crisis ~~assistance~~ planning" has the meaning given in section 245.4871, subdivision 9a. ~~Crisis assistance entails the development of a written plan to assist a child's family to contend with a potential crisis and is distinct from the immediate provision of crisis intervention services.~~

~~(e)~~ (d) "Culturally competent provider" means a provider who understands and can utilize to a client's benefit the client's culture when providing services to the client. A provider may be culturally competent because the provider is of the same cultural or ethnic group as the client or the provider has developed the knowledge and skills through training and experience to provide services to culturally diverse clients.

~~(f)~~ (e) "Day treatment program" for children means a site-based structured mental health program consisting of psychotherapy for three or more individuals and individual or group skills training provided by a ~~multidisciplinary~~ team, under the ~~clinical~~ treatment supervision of a mental health professional.

~~(g)~~ (f) "Standard diagnostic assessment" ~~has the meaning given in Minnesota Rules, part 9505.0372, subpart 1~~ means the assessment described in 245I.10, subdivision 6.

~~(h)~~ (g) "Direct service time" means the time that a mental health professional, clinical trainee, mental health practitioner, or mental health behavioral aide spends face-to-face with a client and the client's family or providing covered telemedicine services. Direct service time includes time in which the provider obtains a client's history, develops a client's treatment plan, records individual treatment outcomes, or provides service components of children's therapeutic services and supports. Direct service time does not include time doing work before and after providing direct services, including scheduling or maintaining clinical records.

~~(i)~~ (h) "Direction of mental health behavioral aide" means the activities of a mental health professional, clinical trainee, or mental health practitioner in guiding the mental health behavioral aide in providing services to a client. The direction of a mental health behavioral aide must be based on the client's ~~individualized~~ individual treatment plan and meet the requirements in subdivision 6, paragraph (b), clause (5).

~~(j)~~ (i) "Emotional disturbance" has the meaning given in section 245.4871, subdivision 15.

~~(k)~~ (j) "Individual behavioral plan" means a plan of intervention, treatment, and services for a child written by a mental health professional or a clinical trainee or mental health practitioner~~,~~ under the ~~clinical~~ treatment supervision of a mental health professional, to guide the work of the mental health behavioral aide. The individual behavioral plan may be incorporated into the child's individual treatment plan so long as the behavioral plan is separately communicable to the mental health behavioral aide.

~~(l)~~ (k) "Individual treatment plan" ~~has the meaning given in Minnesota Rules, part 9505.0371, subpart 7~~ means the plan described in section 245I.10, subdivisions 7 and 8.

~~(m)~~ (l) "Mental health behavioral aide services" means medically necessary one-on-one activities performed by a ~~trained paraprofessional qualified as provided in subdivision 7, paragraph (b), clause (3)~~ mental health behavioral aide qualified according to section 245I.04, subdivision 16, to assist a child retain or generalize psychosocial skills as previously trained by a mental health professional, clinical trainee, or mental health practitioner and as described in the child's individual treatment plan and individual behavior plan. Activities involve working directly with the child or child's family as provided in subdivision 9, paragraph (b), clause (4).

(m) "Mental health certified family peer specialist" means a staff person who is qualified according to section 245I.04, subdivision 12.

(n) "Mental health practitioner" ~~has the meaning given in section 245.462, subdivision 17, except that a practitioner working in a day treatment setting may qualify as a mental health practitioner if the practitioner holds a bachelor's degree in one of the behavioral sciences or related fields from an accredited college or university, and: (1) has at least 2,000 hours of clinically supervised experience in the delivery of mental health services to clients with mental illness; (2) is fluent in the language, other than English, of the cultural group that makes up at least 50 percent of the practitioner's clients, completes 40 hours of training on the delivery of services to clients with mental illness, and receives clinical supervision from a mental health professional at least once per week until meeting the required 2,000 hours of supervised experience; or (3) receives 40 hours of training on the delivery of services to clients with mental illness within six months of employment, and clinical supervision from a mental health professional at least once per week until meeting the required 2,000 hours of supervised experience~~ means a staff person who is qualified according to section 245I.04, subdivision 4.

(o) "Mental health professional" means ~~an individual as defined in Minnesota Rules, part 9505.0370, subpart 18~~ a staff person who is qualified according to section 245I.04, subdivision 2.

(p) "Mental health service plan development" includes:

(1) the development, review, and revision of a child's individual treatment plan, ~~as provided in Minnesota Rules, part 9505.0371, subpart 7,~~ including involvement of the client or client's parents, primary caregiver, or other person authorized to consent to mental health services for the client, and including arrangement of treatment and support activities specified in the individual treatment plan; and

(2) administering and reporting the standardized outcome ~~measurement instruments, determined and updated by the commissioner~~ measurements in section 245I.10, subdivision 6, paragraph (d), clauses (3) and (4), and other standardized outcome measurements approved by the commissioner, as periodically needed to evaluate the effectiveness of treatment ~~for children receiving clinical services and reporting outcome measures, as required by the commissioner~~.

(q) "Mental illness," for persons at least age 18 but under age 21, has the meaning given in section 245.462, subdivision 20, paragraph (a).

(r) "Psychotherapy" means the treatment ~~of mental or emotional disorders or maladjustment by psychological means. Psychotherapy may be provided in many modalities in accordance with Minnesota Rules, part 9505.0372, subpart 6, including patient and/or family psychotherapy; family psychotherapy; psychotherapy for crisis; group psychotherapy; or multiple family psychotherapy. Beginning with the American Medical Association's Current Procedural Terminology, standard edition, 2014, the procedure "individual psychotherapy" is replaced with "patient and/or family psychotherapy," a substantive change that permits the therapist to work with the client's family without the client present to obtain information about the client or to explain the client's treatment plan to the family. Psychotherapy is appropriate for crisis response when a child has become dysregulated or experienced new trauma since the diagnostic assessment was completed and needs psychotherapy to address issues not currently included in the child's individual treatment plan~~ described in section 256B.0671, subdivision 11.

(s) "Rehabilitative services" or "psychiatric rehabilitation services" means ~~a series or multidisciplinary combination of psychiatric and psychosocial~~ interventions to: (1) restore a child or adolescent to an age-appropriate developmental trajectory that had been disrupted by a psychiatric illness; or (2) enable the child to self-monitor, compensate for, cope with, counteract, or replace psychosocial skills deficits or maladaptive skills acquired over the course of a psychiatric illness. Psychiatric rehabilitation services for children combine coordinated psychotherapy to address internal psychological, emotional, and intellectual processing deficits, and skills training to restore personal and social functioning. Psychiatric rehabilitation services establish a progressive series of goals with each achievement building upon a prior achievement. ~~Continuing progress toward goals is expected, and rehabilitative potential ceases when successive improvement is not observable over a period of time.~~

(t) "Skills training" means individual, family, or group training, delivered by or under the supervision of a mental health professional, designed to facilitate the acquisition of psychosocial skills that are medically necessary to rehabilitate the child to an age-appropriate developmental trajectory heretofore disrupted by a psychiatric illness or to enable the child to self-monitor, compensate for, cope with, counteract, or replace skills deficits or maladaptive skills acquired over the course of a psychiatric illness. Skills training is subject to the service delivery requirements under subdivision 9, paragraph (b), clause (2).

(u) "Treatment supervision" means the supervision described in section 245I.06.

Sec. 82. Minnesota Statutes 2020, section 256B.0943, subdivision 2, is amended to read:

Subd. 2. **Covered service components of children's therapeutic services and supports.** (a) Subject to federal approval, medical assistance covers medically necessary children's therapeutic services and supports ~~as defined in this section that~~ when the services are provided by an eligible provider entity certified under ~~subdivision 4 provides to a client eligible under subdivision 3~~ and meeting the standards in this section. The provider entity must make reasonable and good faith efforts to report individual client outcomes to the commissioner, using instruments and protocols approved by the commissioner.

(b) The service components of children's therapeutic services and supports are:

(1) patient and/or family psychotherapy, family psychotherapy, psychotherapy for crisis, and group psychotherapy;

(2) individual, family, or group skills training provided by a mental health professional, clinical trainee, or mental health practitioner;

(3) crisis ~~assistance~~ planning;

(4) mental health behavioral aide services;

(5) direction of a mental health behavioral aide;

(6) mental health service plan development; and

(7) children's day treatment.

Sec. 83. Minnesota Statutes 2020, section 256B.0943, subdivision 3, is amended to read:

Subd. 3. **Determination of client eligibility.** (a) A client's eligibility to receive children's therapeutic services and supports under this section shall be determined based on a standard diagnostic assessment by a mental health professional or a ~~mental health practitioner who meets the requirements of a clinical trainee as defined in Minnesota Rules, part 9505.0371, subpart 5, item C,~~ clinical trainee that is performed within one year before the initial start of service. The standard diagnostic assessment must ~~meet the requirements for a standard or extended diagnostic assessment as defined in Minnesota Rules, part 9505.0372, subpart 1, items B and C, and~~:

~~(1) include current diagnoses, including any differential diagnosis, in accordance with all criteria for a complete diagnosis and diagnostic profile as specified in the current edition of the Diagnostic and Statistical Manual of the American Psychiatric Association, or, for children under age five, as specified in the current edition of the Diagnostic Classification of Mental Health Disorders of Infancy and Early Childhood;~~

~~(2)~~ (1) determine whether a child under age 18 has a diagnosis of emotional disturbance or, if the person is between the ages of 18 and 21, whether the person has a mental illness;

~~(3)~~ (2) document children's therapeutic services and supports as medically necessary to address an identified disability, functional impairment, and the individual client's needs and goals; and

~~(4)~~ (3) be used in the development of the ~~individualized~~ individual treatment plan~~; and~~.

~~(5) be completed annually until age 18. For individuals between age 18 and 21, unless a client's mental health condition has changed markedly since the client's most recent diagnostic assessment, annual updating is necessary. For the purpose of this section, "updating" means an adult diagnostic update as defined in Minnesota Rules, part 9505.0371, subpart 2, item E.~~

(b) Notwithstanding paragraph (a), a client may be determined to be eligible for up to five days of day treatment under this section based on a hospital's medical history and presentation examination of the client.

Sec. 84. Minnesota Statutes 2020, section 256B.0943, subdivision 4, is amended to read:

Subd. 4. **Provider entity certification.** (a) The commissioner shall establish an initial provider entity application and certification process and recertification process to determine whether a provider entity has an administrative and clinical infrastructure that meets the requirements in subdivisions 5 and 6. A provider entity must be certified for the three core rehabilitation services of psychotherapy, skills training, and crisis ~~assistance~~ planning. The commissioner shall recertify a provider entity at least every three years. The commissioner shall establish a process for decertification of a provider entity and shall require corrective action, medical assistance repayment, or decertification of a provider entity that no longer meets the requirements in this section or that fails to meet the clinical quality standards or administrative standards provided by the commissioner in the application and certification process.

(b) For purposes of this section, a provider entity must meet the standards in this section and chapter 245I, as required by section 245I.011, subdivision 5, and be:

(1) an Indian health services facility or a facility owned and operated by a tribe or tribal organization operating as a 638 facility under Public Law 93-638 certified by the state;

(2) a county-operated entity certified by the state; or

(3) a noncounty entity certified by the state.

Sec. 85. Minnesota Statutes 2020, section 256B.0943, subdivision 5, is amended to read:

Subd. 5. **Provider entity administrative infrastructure requirements.** (a) ~~To be an eligible provider entity under this section, a provider entity must have an administrative infrastructure that establishes authority and accountability for decision making and oversight of functions, including finance, personnel, system management, clinical practice, and individual treatment outcomes measurement.~~ An eligible provider entity shall demonstrate the availability, by means of employment or contract, of at least one backup mental health professional in the event of the primary mental health professional's absence. ~~The provider must have written policies and procedures that it reviews and updates every three years and distributes to staff initially and upon each subsequent update.~~

(b) ~~The administrative infrastructure written~~ In addition to the policies and procedures required in section 245I.03, the policies and procedures must include:

~~(1) personnel procedures, including a process for: (i) recruiting, hiring, training, and retention of culturally and linguistically competent providers; (ii) conducting a criminal background check on all direct service providers and volunteers; (iii) investigating, reporting, and acting on violations of ethical conduct standards; (iv) investigating,~~

~~reporting, and acting on violations of data privacy policies that are compliant with federal and state laws; (v) utilizing volunteers, including screening applicants, training and supervising volunteers, and providing liability coverage for volunteers; and (vi) documenting that each mental health professional, mental health practitioner, or mental health behavioral aide meets the applicable provider qualification criteria, training criteria under subdivision 8, and clinical supervision or direction of a mental health behavioral aide requirements under subdivision 6;~~

~~(2)~~ (1) fiscal procedures, including internal fiscal control practices and a process for collecting revenue that is compliant with federal and state laws; and

~~(3)~~ (2) a client-specific treatment outcomes measurement system, including baseline measures, to measure a client's progress toward achieving mental health rehabilitation goals. ~~Effective July 1, 2017, to be eligible for medical assistance payment, a provider entity must report individual client outcomes to the commissioner, using instruments and protocols approved by the commissioner; and~~

~~(4) a process to establish and maintain individual client records. The client's records must include:~~

~~(i) the client's personal information;~~

~~(ii) forms applicable to data privacy;~~

~~(iii) the client's diagnostic assessment, updates, results of tests, individual treatment plan, and individual behavior plan, if necessary;~~

~~(iv) documentation of service delivery as specified under subdivision 6;~~

~~(v) telephone contacts;~~

~~(vi) discharge plan; and~~

~~(vii) if applicable, insurance information.~~

(c) A provider entity that uses a restrictive procedure with a client must meet the requirements of section 245.8261.

Sec. 86. Minnesota Statutes 2020, section 256B.0943, subdivision 5a, is amended to read:

Subd. 5a. **Background studies.** The requirements for background studies under ~~this~~ section 245I.011, subdivision 4, paragraph (d), may be met by a children's therapeutic services and supports services agency through the commissioner's NETStudy system as provided under sections 245C.03, subdivision 7, and 245C.10, subdivision 8.

Sec. 87. Minnesota Statutes 2020, section 256B.0943, subdivision 6, is amended to read:

Subd. 6. **Provider entity clinical infrastructure requirements.** (a) To be an eligible provider entity under this section, a provider entity must have a clinical infrastructure that utilizes diagnostic assessment, ~~individualized~~ individual treatment plans, service delivery, and individual treatment plan review that are culturally competent, child-centered, and family-driven to achieve maximum benefit for the client. The provider entity must review, and update as necessary, the clinical policies and procedures every three years, must distribute the policies and procedures to staff initially and upon each subsequent update, and must train staff accordingly.

(b) The clinical infrastructure written policies and procedures must include policies and procedures for meeting the requirements in this subdivision:

(1) providing or obtaining a client's standard diagnostic assessment, including a standard diagnostic assessment ~~performed by an outside or independent clinician, that identifies acute and chronic clinical disorders, co-occurring medical conditions, and sources of psychological and environmental problems, including baselines, and a functional assessment. The functional assessment component must clearly summarize the client's individual strengths and needs.~~ When required components of the standard diagnostic assessment~~, such as baseline measures,~~ are not provided in an outside or independent assessment or ~~when baseline measures~~ cannot be attained ~~in a one-session standard diagnostic assessment~~ immediately, the provider entity must determine the missing information within 30 days and amend the child's standard diagnostic assessment or incorporate the ~~baselines~~ information into the child's individual treatment plan;

(2) developing an individual treatment plan ~~that:~~;

~~(i) is based on the information in the client's diagnostic assessment and baselines;~~

~~(ii) identified goals and objectives of treatment, treatment strategy, schedule for accomplishing treatment goals and objectives, and the individuals responsible for providing treatment services and supports;~~

~~(iii) is developed after completion of the client's diagnostic assessment by a mental health professional or clinical trainee and before the provision of children's therapeutic services and supports;~~

~~(iv) is developed through a child-centered, family-driven, culturally appropriate planning process, including allowing parents and guardians to observe or participate in individual and family treatment services, assessment, and treatment planning;~~

~~(v) is reviewed at least once every 90 days and revised to document treatment progress on each treatment objective and next goals or, if progress is not documented, to document changes in treatment; and~~

~~(vi) is signed by the clinical supervisor and by the client or by the client's parent or other person authorized by statute to consent to mental health services for the client. A client's parent may approve the client's individual treatment plan by secure electronic signature or by documented oral approval that is later verified by written signature;~~

(3) developing an individual behavior plan that documents ~~treatment strategies~~ and describes interventions to be provided by the mental health behavioral aide. The individual behavior plan must include:

(i) detailed instructions on the ~~treatment strategies to be provided~~ psychosocial skills to be practiced;

(ii) time allocated to each ~~treatment strategy~~ intervention;

(iii) methods of documenting the child's behavior;

(iv) methods of monitoring the child's progress in reaching objectives; and

(v) goals to increase or decrease targeted behavior as identified in the individual treatment plan;

(4) providing ~~clinical~~ treatment supervision plans for ~~mental health practitioners and mental health behavioral aides. A mental health professional must document the clinical supervision the professional provides by cosigning individual treatment plans and making entries in the client's record on supervisory activities. The clinical supervisor also shall document supervisee-specific supervision in the supervisee's personnel file. Clinical~~ staff according to section 245I.06. Treatment supervision does not include the authority to make or terminate court-ordered placements of the child. A ~~clinical~~ treatment supervisor must be available for urgent consultation as required by the

individual client's needs or the situation~~. Clinical supervision may occur individually or in a small group to discuss treatment and review progress toward goals. The focus of clinical supervision must be the client's treatment needs and progress and the mental health practitioner's or behavioral aide's ability to provide services~~;

(4a) meeting day treatment program conditions in items (i) ~~to (iii)~~ and (ii):

(i) the ~~clinical~~ treatment supervisor must be present and available on the premises more than 50 percent of the time in a provider's standard working week during which the supervisee is providing a mental health service; and

~~(ii) the diagnosis and the client's individual treatment plan or a change in the diagnosis or individual treatment plan must be made by or reviewed, approved, and signed by the clinical supervisor; and~~

~~(iii)~~ (ii) every 30 days, the ~~clinical~~ treatment supervisor must review and sign the record indicating the supervisor has reviewed the client's care for all activities in the preceding 30-day period;

(4b) meeting the ~~clinical~~ treatment supervision standards in items (i) ~~to (iv)~~ and (ii) for all other services provided under CTSS:

~~(i) medical assistance shall reimburse for services provided by a mental health practitioner who is delivering services that fall within the scope of the practitioner's practice and who is supervised by a mental health professional who accepts full professional responsibility;~~

~~(ii) medical assistance shall reimburse for services provided by a mental health behavioral aide who is delivering services that fall within the scope of the aide's practice and who is supervised by a mental health professional who accepts full professional responsibility and has an approved plan for clinical supervision of the behavioral aide. Plans must be developed in accordance with supervision standards defined in Minnesota Rules, part 9505.0371, subpart 4, items A to D;~~

~~(iii)~~ (i) the mental health professional is required to be present at the site of service delivery for observation as clinically appropriate when the clinical trainee, mental health practitioner, or mental health behavioral aide is providing CTSS services; and

~~(iv)~~ (ii) when conducted, the on-site presence of the mental health professional must be documented in the child's record and signed by the mental health professional who accepts full professional responsibility;

(5) providing direction to a mental health behavioral aide. For entities that employ mental health behavioral aides, the ~~clinical~~ treatment supervisor must be employed by the provider entity or other provider certified to provide mental health behavioral aide services to ensure necessary and appropriate oversight for the client's treatment and continuity of care. The ~~mental health professional or mental health practitioner~~ staff giving direction must begin with the goals on the ~~individualized~~ individual treatment plan, and instruct the mental health behavioral aide on how to implement therapeutic activities and interventions that will lead to goal attainment. The ~~professional or practitioner~~ staff giving direction must also instruct the mental health behavioral aide about the client's diagnosis, functional status, and other characteristics that are likely to affect service delivery. Direction must also include determining that the mental health behavioral aide has the skills to interact with the client and the client's family in ways that convey personal and cultural respect and that the aide actively solicits information relevant to treatment from the family. The aide must be able to clearly explain or demonstrate the activities the aide is doing with the client and the activities' relationship to treatment goals. Direction is more didactic than is supervision and requires the ~~professional or practitioner~~ staff providing it to continuously evaluate the mental health behavioral aide's ability to carry out the activities of the ~~individualized~~ individual treatment plan and the ~~individualized~~ individual behavior plan. When providing direction, the ~~professional or practitioner~~ staff must:

(i) review progress notes prepared by the mental health behavioral aide for accuracy and consistency with diagnostic assessment, treatment plan, and behavior goals and the ~~professional or practitioner~~ staff must approve and sign the progress notes;

(ii) identify changes in treatment strategies, revise the individual behavior plan, and communicate treatment instructions and methodologies as appropriate to ensure that treatment is implemented correctly;

(iii) demonstrate family-friendly behaviors that support healthy collaboration among the child, the child's family, and providers as treatment is planned and implemented;

(iv) ensure that the mental health behavioral aide is able to effectively communicate with the child, the child's family, and the provider; ~~and~~

(v) record the results of any evaluation and corrective actions taken to modify the work of the mental health behavioral aide; and

(vi) ensure the immediate accessibility of a mental health professional, clinical trainee, or mental health practitioner to the behavioral aide during service delivery;

(6) providing service delivery that implements the individual treatment plan and meets the requirements under subdivision 9; and

(7) individual treatment plan review. The review must determine the extent to which the services have met each of the goals and objectives in the treatment plan. The review must assess the client's progress and ensure that services and treatment goals continue to be necessary and appropriate to the client and the client's family or foster family. ~~Revision of the individual treatment plan does not require a new diagnostic assessment unless the client's mental health status has changed markedly. The updated treatment plan must be signed by the clinical supervisor and by the client, if appropriate, and by the client's parent or other person authorized by statute to give consent to the mental health services for the child.~~

Sec. 88. Minnesota Statutes 2020, section 256B.0943, subdivision 7, is amended to read:

Subd. 7. **Qualifications of individual and team providers.** (a) An individual or team provider working within the scope of the provider's practice or qualifications may provide service components of children's therapeutic services and supports that are identified as medically necessary in a client's individual treatment plan.

(b) An individual provider must be qualified as a:

(1) ~~a~~ mental health professional ~~as defined in subdivision 1, paragraph (o)~~; ~~or~~

(2) ~~a~~ clinical trainee;

(3) mental health practitioner ~~or clinical trainee. The mental health practitioner or clinical trainee must work under the clinical supervision of a mental health professional~~; ~~or~~

(4) mental health certified family peer specialist; or

~~(3) a~~ (5) mental health behavioral aide ~~working under the clinical supervision of a mental health professional to implement the rehabilitative mental health services previously introduced by a mental health professional or practitioner and identified in the client's individual treatment plan and individual behavior plan.~~

~~(A) A level I mental health behavioral aide must:~~

~~(i) be at least 18 years old;~~

~~(ii) have a high school diploma or commissioner of education selected high school equivalency certification or two years of experience as a primary caregiver to a child with severe emotional disturbance within the previous ten years; and~~

~~(iii) meet preservice and continuing education requirements under subdivision 8.~~

~~(B) A level II mental health behavioral aide must:~~

~~(i) be at least 18 years old;~~

~~(ii) have an associate or bachelor's degree or 4,000 hours of experience in delivering clinical services in the treatment of mental illness concerning children or adolescents or complete a certificate program established under subdivision 8a; and~~

~~(iii) meet preservice and continuing education requirements in subdivision 8.~~

(c) A day treatment ~~multidisciplinary~~ team must include at least one mental health professional or clinical trainee and one mental health practitioner.

Sec. 89. Minnesota Statutes 2020, section 256B.0943, subdivision 9, is amended to read:

Subd. 9. **Service delivery criteria.** (a) In delivering services under this section, a certified provider entity must ensure that:

(1) ~~each individual provider's caseload size permits the provider to deliver services to both clients with severe, complex needs and clients with less intensive needs.~~ the provider's caseload size should reasonably enable the provider to play an active role in service planning, monitoring, and delivering services to meet the client's and client's family's needs, as specified in each client's individual treatment plan;

(2) site-based programs, including day treatment programs, provide staffing and facilities to ensure the client's health, safety, and protection of rights, and that the programs are able to implement each client's individual treatment plan; and

(3) a day treatment program is provided to a group of clients by a ~~multidisciplinary~~ team under the ~~clinical~~ treatment supervision of a mental health professional. The day treatment program must be provided in and by: (i) an outpatient hospital accredited by the Joint Commission on Accreditation of Health Organizations and licensed under sections 144.50 to 144.55; (ii) a community mental health center under section 245.62; or (iii) an entity that is certified under subdivision 4 to operate a program that meets the requirements of section 245.4884, subdivision 2, and Minnesota Rules, parts 9505.0170 to 9505.0475. The day treatment program must stabilize the client's mental health status while developing and improving the client's independent living and socialization skills. The goal of the day treatment program must be to reduce or relieve the effects of mental illness and provide training to enable the client to live in the community. The program must be available year-round at least three to five days per week, two or three hours per day, unless the normal five-day school week is shortened by a holiday, weather-related cancellation, or other districtwide reduction in a school week. A child transitioning into or out of day treatment must receive a minimum treatment of one day a week for a two-hour time block. The two-hour time block must include at least one hour of patient and/or family or group psychotherapy. The remainder of the structured treatment program may include patient and/or family or group psychotherapy, and individual or group skills training, if

included in the client's individual treatment plan. Day treatment programs are not part of inpatient or residential treatment services. When a day treatment group that meets the minimum group size requirement temporarily falls below the minimum group size because of a member's temporary absence, medical assistance covers a group session conducted for the group members in attendance. A day treatment program may provide fewer than the minimally required hours for a particular child during a billing period in which the child is transitioning into, or out of, the program.

(b) To be eligible for medical assistance payment, a provider entity must deliver the service components of children's therapeutic services and supports in compliance with the following requirements:

(1) ~~patient and/or family, family, and group psychotherapy must be delivered as specified in Minnesota Rules, part 9505.0372, subpart 6.~~ psychotherapy to address the child's underlying mental health disorder must be documented as part of the child's ongoing treatment. A provider must deliver, or arrange for, medically necessary psychotherapy, unless the child's parent or caregiver chooses not to receive it. When a provider delivering other services to a child under this section deems it not medically necessary to provide psychotherapy to the child for a period of 90 days or longer, the provider entity must document the medical reasons why psychotherapy is not necessary. When a provider determines that a child needs psychotherapy but psychotherapy cannot be delivered due to a shortage of licensed mental health professionals in the child's community, the provider must document the lack of access in the child's medical record;

(2) individual, family, or group skills training ~~must be provided by a mental health professional or a mental health practitioner who is delivering services that fall within the scope of the provider's practice and is supervised by a mental health professional who accepts full professional responsibility for the training. Skills training~~ is subject to the following requirements:

(i) a mental health professional, clinical trainee, or mental health practitioner shall provide skills training;

(ii) skills training delivered to a child or the child's family must be targeted to the specific deficits or maladaptations of the child's mental health disorder and must be prescribed in the child's individual treatment plan;

(iii) the mental health professional delivering or supervising the delivery of skills training must document any underlying psychiatric condition and must document how skills training is being used in conjunction with psychotherapy to address the underlying condition;

(iv) skills training delivered to the child's family must teach skills needed by parents to enhance the child's skill development, to help the child utilize daily life skills taught by a mental health professional, clinical trainee, or mental health practitioner, and to develop or maintain a home environment that supports the child's progressive use of skills;

(v) group skills training may be provided to multiple recipients who, because of the nature of their emotional, behavioral, or social dysfunction, can derive mutual benefit from interaction in a group setting, which must be staffed as follows:

(A) one mental health professional ~~or one~~, clinical trainee, or mental health practitioner ~~under supervision of a licensed mental health professional~~ must work with a group of three to eight clients; or

(B) any combination of two mental health professionals, ~~two~~ clinical trainees, or mental health practitioners ~~under supervision of a licensed mental health professional, or one mental health professional or clinical trainee and one mental health practitioner~~ must work with a group of nine to 12 clients;

(vi) a mental health professional, clinical trainee, or mental health practitioner must have taught the psychosocial skill before a mental health behavioral aide may practice that skill with the client; and

(vii) for group skills training, when a skills group that meets the minimum group size requirement temporarily falls below the minimum group size because of a group member's temporary absence, the provider may conduct the session for the group members in attendance;

(3) crisis ~~assistance~~ planning to a child and family must include development of a written plan that anticipates the particular factors specific to the child that may precipitate a psychiatric crisis for the child in the near future. The written plan must document actions that the family should be prepared to take to resolve or stabilize a crisis, such as advance arrangements for direct intervention and support services to the child and the child's family. Crisis ~~assistance~~ planning must include preparing resources designed to address abrupt or substantial changes in the functioning of the child or the child's family when sudden change in behavior or a loss of usual coping mechanisms is observed, or the child begins to present a danger to self or others;

(4) mental health behavioral aide services must be medically necessary treatment services, identified in the child's individual treatment plan and individual behavior plan, ~~which are performed minimally by a paraprofessional qualified according to subdivision 7, paragraph (b), clause (3),~~ and which are designed to improve the functioning of the child in the progressive use of developmentally appropriate psychosocial skills. Activities involve working directly with the child, child-peer groupings, or child-family groupings to practice, repeat, reintroduce, and master the skills defined in subdivision 1, paragraph (t), as previously taught by a mental health professional, clinical trainee, or mental health practitioner including:

(i) providing cues or prompts in skill-building peer-to-peer or parent-child interactions so that the child progressively recognizes and responds to the cues independently;

(ii) performing as a practice partner or role-play partner;

(iii) reinforcing the child's accomplishments;

(iv) generalizing skill-building activities in the child's multiple natural settings;

(v) assigning further practice activities; and

(vi) intervening as necessary to redirect the child's target behavior and to de-escalate behavior that puts the child or other person at risk of injury.

To be eligible for medical assistance payment, mental health behavioral aide services must be delivered to a child who has been diagnosed with an emotional disturbance or a mental illness, as provided in subdivision 1, paragraph (a). The mental health behavioral aide must implement treatment strategies in the individual treatment plan and the individual behavior plan as developed by the mental health professional, clinical trainee, or mental health practitioner providing direction for the mental health behavioral aide. The mental health behavioral aide must document the delivery of services in written progress notes. Progress notes must reflect implementation of the treatment strategies, as performed by the mental health behavioral aide and the child's responses to the treatment strategies; and

~~(5) direction of a mental health behavioral aide must include the following:~~

~~(i) ongoing face-to-face observation of the mental health behavioral aide delivering services to a child by a mental health professional or mental health practitioner for at least a total of one hour during every 40 hours of service provided to a child; and~~

~~(ii) immediate accessibility of the mental health professional, clinical trainee, or mental health practitioner to the mental health behavioral aide during service provision;~~

~~(6)~~ (5) mental health service plan development must be performed in consultation with the child's family and, when appropriate, with other key participants in the child's life by the child's treating mental health professional or clinical trainee or by a mental health practitioner and approved by the treating mental health professional. Treatment plan drafting consists of development, review, and revision by face-to-face or electronic communication. The provider must document events, including the time spent with the family and other key participants in the child's life to ~~review, revise, and sign~~ approve the individual treatment plan. ~~Notwithstanding Minnesota Rules, part 9505.0371, subpart 7,~~ Medical assistance covers service plan development before completion of the child's individual treatment plan. Service plan development is covered only if a treatment plan is completed for the child. If upon review it is determined that a treatment plan was not completed for the child, the commissioner shall recover the payment for the service plan development~~; and~~.

~~(7) to be eligible for payment, a diagnostic assessment must be complete with regard to all required components, including multiple assessment appointments required for an extended diagnostic assessment and the written report. Dates of the multiple assessment appointments must be noted in the client's clinical record.~~

Sec. 90. Minnesota Statutes 2020, section 256B.0943, subdivision 11, is amended to read:

Subd. 11. **Documentation and billing.** ~~(a)~~ A provider entity must document the services it provides under this section. The provider entity must ensure that documentation complies with Minnesota Rules, parts 9505.2175 and 9505.2197. Services billed under this section that are not documented according to this subdivision shall be subject to monetary recovery by the commissioner. Billing for covered service components under subdivision 2, paragraph (b), must not include anything other than direct service time.

~~(b) An individual mental health provider must promptly document the following in a client's record after providing services to the client:~~

~~(1) each occurrence of the client's mental health service, including the date, type, start and stop times, scope of the service as described in the child's individual treatment plan, and outcome of the service compared to baselines and objectives;~~

~~(2) the name, dated signature, and credentials of the person who delivered the service;~~

~~(3) contact made with other persons interested in the client, including representatives of the courts, corrections systems, or schools. The provider must document the name and date of each contact;~~

~~(4) any contact made with the client's other mental health providers, case manager, family members, primary caregiver, legal representative, or the reason the provider did not contact the client's family members, primary caregiver, or legal representative, if applicable;~~

~~(5) required clinical supervision directly related to the identified client's services and needs, as appropriate, with co-signatures of the supervisor and supervisee; and~~

~~(6) the date when services are discontinued and reasons for discontinuation of services.~~

Sec. 91. Minnesota Statutes 2020, section 256B.0946, subdivision 1, is amended to read:

Subdivision 1. **Required covered service components.** (a) ~~Effective May 23, 2013, and~~ Subject to federal approval, medical assistance covers medically necessary intensive treatment services ~~described under paragraph (b) that~~ when the services are provided by a provider entity ~~eligible under subdivision 3 to a client eligible under subdivision 2 who is placed in a foster home licensed under Minnesota Rules, parts 2960.3000 to 2960.3340, or placed in a foster home licensed under the regulations established by a federally recognized Minnesota tribe~~ certified

under and meeting the standards in this section. The provider entity must make reasonable and good faith efforts to report individual client outcomes to the commissioner, using instruments and protocols approved by the commissioner.

(b) Intensive treatment services to children with mental illness residing in foster family settings that comprise specific required service components provided in clauses (1) to (5) are reimbursed by medical assistance when they meet the following standards:

(1) psychotherapy provided by a mental health professional ~~as defined in Minnesota Rules, part 9505.0371, subpart 5, item A,~~ or a clinical trainee~~, as defined in Minnesota Rules, part 9505.0371, subpart 5, item C~~;

(2) crisis ~~assistance provided according to standards for children's therapeutic services and supports in section 256B.0943~~ planning;

(3) individual, family, and group psychoeducation services~~, defined in subdivision 1a, paragraph (q),~~ provided by a mental health professional or a clinical trainee;

(4) clinical care consultation~~, as defined in subdivision 1a, and~~ provided by a mental health professional or a clinical trainee; and

(5) service delivery payment requirements as provided under subdivision 4.

Sec. 92. Minnesota Statutes 2020, section 256B.0946, subdivision 1a, is amended to read:

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

(a) "Clinical care consultation" means communication from a treating clinician to other providers working with the same client to inform, inquire, and instruct regarding the client's symptoms, strategies for effective engagement, care and intervention needs, and treatment expectations across service settings, including but not limited to the client's school, social services, day care, probation, home, primary care, medication prescribers, disabilities services, and other mental health providers and to direct and coordinate clinical service components provided to the client and family.

~~(b) "Clinical supervision" means the documented time a clinical supervisor and supervisee spend together to discuss the supervisee's work, to review individual client cases, and for the supervisee's professional development. It includes the documented oversight and supervision responsibility for planning, implementation, and evaluation of services for a client's mental health treatment.~~

~~(c) "Clinical supervisor" means the mental health professional who is responsible for clinical supervision.~~

~~(d)~~ (b) "Clinical trainee" ~~has the meaning given in Minnesota Rules, part 9505.0371, subpart 5, item C;~~ means a staff person who is qualified according to section 245I.04, subdivision 6.

~~(e)~~ (c) "Crisis ~~assistance~~ planning" has the meaning given in section 245.4871, subdivision 9a~~, including the development of a plan that addresses prevention and intervention strategies to be used in a potential crisis, but does not include actual crisis intervention~~.

~~(f)~~ (d) "Culturally appropriate" means providing mental health services in a manner that incorporates the child's cultural influences~~, as defined in Minnesota Rules, part 9505.0370, subpart 9,~~ into interventions as a way to maximize resiliency factors and utilize cultural strengths and resources to promote overall wellness.

~~(g)~~ (e) "Culture" means the distinct ways of living and understanding the world that are used by a group of people and are transmitted from one generation to another or adopted by an individual.

~~(h)~~ (f) "Standard diagnostic assessment" ~~has the meaning given in Minnesota Rules, part 9505.0370, subpart 11~~ means the assessment described in section 245I.10, subdivision 6.

~~(i)~~ (g) "Family" means a person who is identified by the client or the client's parent or guardian as being important to the client's mental health treatment. Family may include, but is not limited to, parents, foster parents, children, spouse, committed partners, former spouses, persons related by blood or adoption, persons who are a part of the client's permanency plan, or persons who are presently residing together as a family unit.

~~(j)~~ (h) "Foster care" has the meaning given in section 260C.007, subdivision 18.

~~(k)~~ (i) "Foster family setting" means the foster home in which the license holder resides.

~~(l)~~ (j) "Individual treatment plan" ~~has the meaning given in Minnesota Rules, part 9505.0370, subpart 15~~ means the plan described in section 245I.10, subdivisions 7 and 8.

~~(m) "Mental health practitioner" has the meaning given in section 245.462, subdivision 17, and a mental health practitioner working as a clinical trainee according to Minnesota Rules, part 9505.0371, subpart 5, item C.~~

(k) "Mental health certified family peer specialist" means a staff person who is qualified according to section 245I.04, subdivision 12.

~~(n)~~ (l) "Mental health professional" ~~has the meaning given in Minnesota Rules, part 9505.0370, subpart 18~~ means a staff person who is qualified according to section 245I.04, subdivision 2.

~~(o)~~ (m) "Mental illness" has the meaning given in ~~Minnesota Rules, part 9505.0370, subpart 20~~ section 245I.02, subdivision 29.

~~(p)~~ (n) "Parent" has the meaning given in section 260C.007, subdivision 25.

~~(q)~~ (o) "Psychoeducation services" means information or demonstration provided to an individual, family, or group to explain, educate, and support the individual, family, or group in understanding a child's symptoms of mental illness, the impact on the child's development, and needed components of treatment and skill development so that the individual, family, or group can help the child to prevent relapse, prevent the acquisition of comorbid disorders, and achieve optimal mental health and long-term resilience.

~~(r)~~ (p) "Psychotherapy" ~~has the meaning given in Minnesota Rules, part 9505.0370, subpart 27~~ means the treatment described in section 256B.0671, subdivision 11.

~~(s)~~ (q) "Team consultation and treatment planning" means the coordination of treatment plans and consultation among providers in a group concerning the treatment needs of the child, including disseminating the child's treatment service schedule to all members of the service team. Team members must include all mental health professionals working with the child, a parent, the child unless the team lead or parent deem it clinically inappropriate, and at least two of the following: an individualized education program case manager; probation agent; children's mental health case manager; child welfare worker, including adoption or guardianship worker; primary care provider; foster parent; and any other member of the child's service team.

(r) "Trauma" has the meaning given in section 245I.02, subdivision 38.

(s) "Treatment supervision" means the supervision described under section 245I.06.

Sec. 93. Minnesota Statutes 2020, section 256B.0946, subdivision 2, is amended to read:

Subd. 2. **Determination of client eligibility.** An eligible recipient is an individual, from birth through age 20, who is currently placed in a foster home licensed under Minnesota Rules, parts 2960.3000 to 2960.3340, or placed in a foster home licensed under the regulations established by a federally recognized Minnesota tribe, and has received: (1) a standard diagnostic assessment ~~and an evaluation of level of care needed, as defined in paragraphs (a) and (b).~~ within 180 days before the start of service that documents that intensive treatment services are medically necessary within a foster family setting to ameliorate identified symptoms and functional impairments; and (2) a level of care assessment as defined in section 245I.02, subdivision 19, that demonstrates that the individual requires intensive intervention without 24-hour medical monitoring, and a functional assessment as defined in section 245I.02, subdivision 17. The level of care assessment and the functional assessment must include information gathered from the placing county, tribe, or case manager.

~~(a) The diagnostic assessment must:~~

~~(1) meet criteria described in Minnesota Rules, part 9505.0372, subpart 1, and be conducted by a mental health professional or a clinical trainee;~~

~~(2) determine whether or not a child meets the criteria for mental illness, as defined in Minnesota Rules, part 9505.0370, subpart 20;~~

~~(3) document that intensive treatment services are medically necessary within a foster family setting to ameliorate identified symptoms and functional impairments;~~

~~(4) be performed within 180 days before the start of service; and~~

~~(5) be completed as either a standard or extended diagnostic assessment annually to determine continued eligibility for the service.~~

~~(b) The evaluation of level of care must be conducted by the placing county, tribe, or case manager in conjunction with the diagnostic assessment as described by Minnesota Rules, part 9505.0372, subpart 1, item B, using a validated tool approved by the commissioner of human services and not subject to the rulemaking process, consistent with section 245.4885, subdivision 1, paragraph (d), the result of which evaluation demonstrates that the child requires intensive intervention without 24-hour medical monitoring. The commissioner shall update the list of approved level of care tools annually and publish on the department's website.~~

Sec. 94. Minnesota Statutes 2020, section 256B.0946, subdivision 3, is amended to read:

Subd. 3. **Eligible mental health services providers.** (a) Eligible providers for intensive children's mental health services in a foster family setting must be certified by the state and have a service provision contract with a county board or a reservation tribal council and must be able to demonstrate the ability to provide all of the services required in this section and meet the standards in chapter 245I, as required in section 245I.011, subdivision 5.

(b) For purposes of this section, a provider agency must be:

(1) a county-operated entity certified by the state;

(2) an Indian Health Services facility operated by a tribe or tribal organization under funding authorized by United States Code, title 25, sections 450f to 450n, or title 3 of the Indian Self-Determination Act, Public Law 93-638, section 638 (facilities or providers); or

(3) a noncounty entity.

(c) Certified providers that do not meet the service delivery standards required in this section shall be subject to a decertification process.

(d) For the purposes of this section, all services delivered to a client must be provided by a mental health professional or a clinical trainee.

Sec. 95. Minnesota Statutes 2020, section 256B.0946, subdivision 4, is amended to read:

Subd. 4. **Service delivery payment requirements.** (a) To be eligible for payment under this section, a provider must develop and practice written policies and procedures for intensive treatment in foster care, consistent with subdivision 1, paragraph (b), and comply with the following requirements in paragraphs (b) to ~~(n)~~ (l).

~~(b) A qualified clinical supervisor, as defined in and performing in compliance with Minnesota Rules, part 9505.0371, subpart 5, item D, must supervise the treatment and provision of services described in this section.~~

~~(c) Each client receiving treatment services must receive an extended diagnostic assessment, as described in Minnesota Rules, part 9505.0372, subpart 1, item C, within 30 days of enrollment in this service unless the client has a previous extended diagnostic assessment that the client, parent, and mental health professional agree still accurately describes the client's current mental health functioning.~~

~~(d)~~ (b) Each previous and current mental health, school, and physical health treatment provider must be contacted to request documentation of treatment and assessments that the eligible client has received. This information must be reviewed and incorporated into the standard diagnostic assessment and team consultation and treatment planning review process.

~~(e)~~ (c) Each client receiving treatment must be assessed for a trauma history, and the client's treatment plan must document how the results of the assessment will be incorporated into treatment.

(d) The level of care assessment as defined in section 245I.02, subdivision 19, and functional assessment as defined in section 245I.02, subdivision 17, must be updated at least every 90 days or prior to discharge from the service, whichever comes first.

~~(f)~~ (e) Each client receiving treatment services must have an individual treatment plan that is reviewed, evaluated, and ~~signed~~ approved every 90 days using the team consultation and treatment planning process~~, as defined in subdivision 1a, paragraph (s)~~.

~~(g)~~ (f) Clinical care consultation~~, as defined in subdivision 1a, paragraph (a),~~ must be provided in accordance with the client's individual treatment plan.

~~(h)~~ (g) Each client must have a crisis ~~assistance~~ plan within ten days of initiating services and must have access to clinical phone support 24 hours per day, seven days per week, during the course of treatment. The crisis plan must demonstrate coordination with the local or regional mobile crisis intervention team.

~~(i)~~ (h) Services must be delivered and documented at least three days per week, equaling at least six hours of treatment per week, unless reduced units of service are specified on the treatment plan as part of transition or on a discharge plan to another service or level of care. ~~Documentation must comply with Minnesota Rules, parts 9505.2175 and 9505.2197.~~

~~(j)~~ (i) Location of service delivery must be in the client's home, day care setting, school, or other community-based setting that is specified on the client's individualized treatment plan.

~~(k)~~ (j) Treatment must be developmentally and culturally appropriate for the client.

~~(l)~~ (k) Services must be delivered in continual collaboration and consultation with the client's medical providers and, in particular, with prescribers of psychotropic medications, including those prescribed on an off-label basis. Members of the service team must be aware of the medication regimen and potential side effects.

~~(m)~~ (l) Parents, siblings, foster parents, and members of the child's permanency plan must be involved in treatment and service delivery unless otherwise noted in the treatment plan.

~~(n)~~ (m) Transition planning for the child must be conducted starting with the first treatment plan and must be addressed throughout treatment to support the child's permanency plan and postdischarge mental health service needs.

Sec. 96. Minnesota Statutes 2020, section 256B.0946, subdivision 6, is amended to read:

Subd. 6. **Excluded services.** (a) Services in clauses (1) to (7) are not covered under this section and are not eligible for medical assistance payment as components of intensive treatment in foster care services, but may be billed separately:

(1) inpatient psychiatric hospital treatment;

(2) mental health targeted case management;

(3) partial hospitalization;

(4) medication management;

(5) children's mental health day treatment services;

(6) crisis response services under section ~~256B.0944~~ 256B.0624; ~~and~~

(7) transportation~~.~~; and

(8) mental health certified family peer specialist services under section 256B.0616.

(b) Children receiving intensive treatment in foster care services are not eligible for medical assistance reimbursement for the following services while receiving intensive treatment in foster care:

(1) psychotherapy and skills training components of children's therapeutic services and supports under section ~~256B.0625, subdivision 35b~~ 256B.0943;

(2) mental health behavioral aide services as defined in section 256B.0943, subdivision 1, paragraph ~~(m)~~ (l);

(3) home and community-based waiver services;

(4) mental health residential treatment; and

(5) room and board costs as defined in section 256I.03, subdivision 6.

Sec. 97. Minnesota Statutes 2020, section 256B.0947, subdivision 1, is amended to read:

Subdivision 1. **Scope.** ~~Effective November 1, 2011, and~~ Subject to federal approval, medical assistance covers medically necessary, intensive nonresidential rehabilitative mental health services ~~as defined in subdivision 2, for recipients as defined in subdivision 3,~~ when the services are provided by an entity meeting the standards in this section. The provider entity must make reasonable and good faith efforts to report individual client outcomes to the commissioner, using instruments and protocols approved by the commissioner.

Sec. 98. Minnesota Statutes 2020, section 256B.0947, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of this section, the following terms have the meanings given them.

(a) "Intensive nonresidential rehabilitative mental health services" means child rehabilitative mental health services as defined in section 256B.0943, except that these services are provided by a multidisciplinary staff using a total team approach consistent with assertive community treatment, as adapted for youth, and are directed to recipients ~~ages 16, 17, 18, 19, or 20 with a serious mental illness or co-occurring mental illness and substance abuse addiction~~ who require intensive services to prevent admission to an inpatient psychiatric hospital or placement in a residential treatment facility or who require intensive services to step down from inpatient or residential care to community-based care.

(b) "Co-occurring mental illness and substance ~~abuse addiction~~ use disorder" means a dual diagnosis of at least one form of mental illness and at least one substance use disorder. Substance use disorders include alcohol or drug abuse or dependence, excluding nicotine use.

(c) "Standard diagnostic assessment" ~~has the meaning given to it in Minnesota Rules, part 9505.0370, subpart 11. A diagnostic assessment must be provided according to Minnesota Rules, part 9505.0372, subpart 1, and for this section must incorporate a determination of the youth's necessary level of care using a standardized functional assessment instrument approved and periodically updated by the commissioner~~ means the assessment described in section 245I.10, subdivision 6.

~~(d) "Education specialist" means an individual with knowledge and experience working with youth regarding special education requirements and goals, special education plans, and coordination of educational activities with health care activities.~~

~~(e) "Housing access support" means an ancillary activity to help an individual find, obtain, retain, and move to safe and adequate housing. Housing access support does not provide monetary assistance for rent, damage deposits, or application fees.~~

~~(f) "Integrated dual disorders treatment" means the integrated treatment of co-occurring mental illness and substance use disorders by a team of cross trained clinicians within the same program, and is characterized by assertive outreach, stage wise comprehensive treatment, treatment goal setting, and flexibility to work within each stage of treatment.~~

~~(g)~~ (d) "Medication education services" means services provided individually or in groups, which focus on:

(1) educating the client and client's family or significant nonfamilial supporters about mental illness and symptoms;

(2) the role and effects of medications in treating symptoms of mental illness; and

(3) the side effects of medications.

Medication education is coordinated with medication management services and does not duplicate it. Medication education services are provided by physicians, pharmacists, or registered nurses with certification in psychiatric and mental health care.

~~(h) "Peer specialist" means an employed team member who is a mental health certified peer specialist according to section 256B.0615 and also a former children's mental health consumer who:~~

~~(1) provides direct services to clients including social, emotional, and instrumental support and outreach;~~

~~(2) assists younger peers to identify and achieve specific life goals;~~

~~(3) works directly with clients to promote the client's self-determination, personal responsibility, and empowerment;~~

~~(4) assists youth with mental illness to regain control over their lives and their developmental process in order to move effectively into adulthood;~~

~~(5) provides training and education to other team members, consumer advocacy organizations, and clients on resiliency and peer support; and~~

~~(6) meets the following criteria:~~

~~(i) is at least 22 years of age;~~

~~(ii) has had a diagnosis of mental illness, as defined in Minnesota Rules, part 9505.0370, subpart 20, or co-occurring mental illness and substance abuse addiction;~~

~~(iii) is a former consumer of child and adolescent mental health services, or a former or current consumer of adult mental health services for a period of at least two years;~~

~~(iv) has at least a high school diploma or equivalent;~~

~~(v) has successfully completed training requirements determined and periodically updated by the commissioner;~~

~~(vi) is willing to disclose the individual's own mental health history to team members and clients; and~~

~~(vii) must be free of substance use problems for at least one year.~~

(e) "Mental health professional" means a staff person who is qualified according to section 245I.04, subdivision 2.

~~(i)~~ (f) "Provider agency" means a for-profit or nonprofit organization established to administer an assertive community treatment for youth team.

~~(j)~~ (g) "Substance use disorders" means one or more of the disorders defined in the diagnostic and statistical manual of mental disorders, current edition.

~~(k)~~ (h) "Transition services" means:

(1) activities, materials, consultation, and coordination that ensures continuity of the client's care in advance of and in preparation for the client's move from one stage of care or life to another by maintaining contact with the client and assisting the client to establish provider relationships;

(2) providing the client with knowledge and skills needed posttransition;

(3) establishing communication between sending and receiving entities;

(4) supporting a client's request for service authorization and enrollment; and

(5) establishing and enforcing procedures and schedules.

A youth's transition from the children's mental health system and services to the adult mental health system and services and return to the client's home and entry or re-entry into community-based mental health services following discharge from an out-of-home placement or inpatient hospital stay.

~~(l)~~ (i) "Treatment team" means all staff who provide services to recipients under this section.

~~(m)~~ (j) "Family peer specialist" means a staff person who is qualified under section 256B.0616.

Sec. 99. Minnesota Statutes 2020, section 256B.0947, subdivision 3, is amended to read:

Subd. 3. **Client eligibility.** An eligible recipient is an individual who:

(1) is age 16, 17, 18, 19, or 20; and

(2) is diagnosed with a serious mental illness or co-occurring mental illness and substance ~~abuse addiction~~ use disorder, for which intensive nonresidential rehabilitative mental health services are needed;

(3) has received a ~~level of care determination, using an instrument approved by the commissioner~~ level of care assessment as defined in section 245I.02, subdivision 19, that indicates a need for intensive integrated intervention without 24-hour medical monitoring and a need for extensive collaboration among multiple providers;

(4) has received a functional assessment as defined in section 245I.02, subdivision 17, that indicates functional impairment and a history of difficulty in functioning safely and successfully in the community, school, home, or job; or who is likely to need services from the adult mental health system within the next two years; and

(5) has had a recent standard diagnostic assessment~~, as provided in Minnesota Rules, part 9505.0372, subpart 1, by a mental health professional who is qualified under Minnesota Rules, part 9505.0371, subpart 5, item A,~~ that documents that intensive nonresidential rehabilitative mental health services are medically necessary to ameliorate identified symptoms and functional impairments and to achieve individual transition goals.

Sec. 100. Minnesota Statutes 2020, section 256B.0947, subdivision 3a, is amended to read:

Subd. 3a. **Required service components.** ~~(a) Subject to federal approval, medical assistance covers all medically necessary intensive nonresidential rehabilitative mental health services and supports, as defined in this section, under a single daily rate per client. Services and supports must be delivered by an eligible provider under subdivision 5 to an eligible client under subdivision 3.~~

~~(b)~~ (a) Intensive nonresidential rehabilitative mental health services, supports, and ancillary activities are covered by ~~the~~ a single daily rate per client must include the following, as needed by the individual client:

(1) individual, family, and group psychotherapy;

(2) individual, family, and group skills training, as defined in section 256B.0943, subdivision 1, paragraph (t);

(3) crisis ~~assistance~~ planning as defined in section 245.4871, subdivision 9a~~, which includes recognition of factors precipitating a mental health crisis, identification of behaviors related to the crisis, and the development of a plan to address prevention, intervention, and follow-up strategies to be used in the lead-up to or onset of, and conclusion of, a mental health crisis; crisis assistance does not mean crisis response services or crisis intervention services provided in section 256B.0944~~;

(4) medication management provided by a physician or an advanced practice registered nurse with certification in psychiatric and mental health care;

(5) mental health case management as provided in section 256B.0625, subdivision 20;

(6) medication education services as defined in this section;

(7) care coordination by a client-specific lead worker assigned by and responsible to the treatment team;

(8) psychoeducation of and consultation and coordination with the client's biological, adoptive, or foster family and, in the case of a youth living independently, the client's immediate nonfamilial support network;

(9) clinical consultation to a client's employer or school or to other service agencies or to the courts to assist in managing the mental illness or co-occurring disorder and to develop client support systems;

(10) coordination with, or performance of, crisis intervention and stabilization services as defined in section ~~256B.0944~~ 256B.0624;

~~(11) assessment of a client's treatment progress and effectiveness of services using standardized outcome measures published by the commissioner;~~

~~(12)~~ (11) transition services ~~as defined in this section~~;

~~(13) integrated dual disorders treatment as defined in this section~~ (12) co-occurring substance use disorder treatment as defined in section 245I.02, subdivision 11; and

~~(14)~~ (13) housing access support that assists clients to find, obtain, retain, and move to safe and adequate housing. Housing access support does not provide monetary assistance for rent, damage deposits, or application fees.

~~(c)~~ (b) The provider shall ensure and document the following by means of performing the required function or by contracting with a qualified person or entity:

~~(1)~~ client access to crisis intervention services, as defined in section ~~256B.0944~~ 256B.0624, and available 24 hours per day and seven days per week~~;~~.

~~(2) completion of an extended diagnostic assessment, as defined in Minnesota Rules, part 9505.0372, subpart 1, item C; and~~

~~(3) determination of the client's needed level of care using an instrument approved and periodically updated by the commissioner.~~

Sec. 101. Minnesota Statutes 2020, section 256B.0947, subdivision 5, is amended to read:

Subd. 5. **Standards for intensive nonresidential rehabilitative providers.** (a) Services must ~~be provided by a provider entity as provided in subdivision 4~~ meet the standards in this section and chapter 245I as required in section 245I.011, subdivision 5.

(b) The treatment team for intensive nonresidential rehabilitative mental health services comprises both permanently employed core team members and client-specific team members as follows:

(1) ~~The core treatment team is an entity that operates under the direction of an independently licensed mental health professional, who is qualified under Minnesota Rules, part 9505.0371, subpart 5, item A, and that assumes comprehensive clinical responsibility for clients.~~ Based on professional qualifications and client needs, clinically qualified core team members are assigned on a rotating basis as the client's lead worker to coordinate a client's care. The core team must comprise at least four full-time equivalent direct care staff and must minimally include~~, but is not limited to~~:

(i) ~~an independently licensed~~ a mental health professional~~, qualified under Minnesota Rules, part 9505.0371, subpart 5, item A,~~ who serves as team leader to provide administrative direction and ~~clinical~~ treatment supervision to the team;

(ii) an advanced-practice registered nurse with certification in psychiatric or mental health care or a board-certified child and adolescent psychiatrist, either of which must be credentialed to prescribe medications;

(iii) a licensed alcohol and drug counselor who is also trained in mental health interventions; and

(iv) a mental health certified peer specialist ~~as defined in subdivision 2, paragraph (h)~~ who is qualified according to section 245I.04, subdivision 10, and is also a former children's mental health consumer.

(2) The core team may also include any of the following:

(i) additional mental health professionals;

(ii) a vocational specialist;

(iii) an educational specialist with knowledge and experience working with youth on special education requirements and goals, special education plans, and coordination of educational activities with health care activities;

(iv) a child and adolescent psychiatrist who may be retained on a consultant basis;

(v) a clinical trainee who is qualified according to section 245I.04, subdivision 6;

(vi) a mental health practitioner~~, as defined in section 245.4871, subdivision 26~~ qualified according to section 245I.04, subdivision 4;

~~(vi)~~ (vii) a case management service provider, as defined in section 245.4871, subdivision 4;

~~(vii)~~ (viii) a housing access specialist; and

~~(viii)~~ (ix) a family peer specialist as defined in subdivision 2, paragraph (m).

(3) A treatment team may include, in addition to those in clause (1) or (2), ad hoc members not employed by the team who consult on a specific client and who must accept overall clinical direction from the treatment team for the duration of the client's placement with the treatment team and must be paid by the provider agency at the rate for a typical session by that provider with that client or at a rate negotiated with the client-specific member. Client-specific treatment team members may include:

(i) the mental health professional treating the client prior to placement with the treatment team;

(ii) the client's current substance ~~abuse~~ use counselor, if applicable;

(iii) a lead member of the client's individualized education program team or school-based mental health provider, if applicable;

(iv) a representative from the client's health care home or primary care clinic, as needed to ensure integration of medical and behavioral health care;

(v) the client's probation officer or other juvenile justice representative, if applicable; and

(vi) the client's current vocational or employment counselor, if applicable.

(c) The ~~clinical~~ treatment supervisor shall be an active member of the treatment team and shall function as a practicing clinician at least on a part-time basis. The treatment team shall meet with the ~~clinical~~ treatment supervisor at least weekly to discuss recipients' progress and make rapid adjustments to meet recipients' needs. The team meeting must include client-specific case reviews and general treatment discussions among team members. Client-specific case reviews and planning must be documented in the individual client's treatment record.

(d) The staffing ratio must not exceed ten clients to one full-time equivalent treatment team position.

(e) The treatment team shall serve no more than 80 clients at any one time. Should local demand exceed the team's capacity, an additional team must be established rather than exceed this limit.

(f) Nonclinical staff shall have prompt access in person or by telephone to a mental health practitioner, clinical trainee, or mental health professional. The provider shall have the capacity to promptly and appropriately respond to emergent needs and make any necessary staffing adjustments to ensure the health and safety of clients.

(g) The intensive nonresidential rehabilitative mental health services provider shall participate in evaluation of the assertive community treatment for youth (Youth ACT) model as conducted by the commissioner, including the collection and reporting of data and the reporting of performance measures as specified by contract with the commissioner.

(h) A regional treatment team may serve multiple counties.

Sec. 102. Minnesota Statutes 2020, section 256B.0947, subdivision 6, is amended to read:

Subd. 6. **Service standards.** The standards in this subdivision apply to intensive nonresidential rehabilitative mental health services.

(a) The treatment team must use team treatment, not an individual treatment model.

(b) Services must be available at times that meet client needs.

(c) Services must be age-appropriate and meet the specific needs of the client.

(d) The ~~initial functional assessment must be completed within ten days of intake and~~ level of care assessment as defined in section 245I.02, subdivision 19, and functional assessment as defined in section 245I.02, subdivision 17, must be updated at least every ~~six months~~ 90 days or prior to discharge from the service, whichever comes first.

(e) The treatment team must complete an individual treatment plan ~~must~~ for each client, according to section 245I.10, subdivisions 7 and 8, and the individual treatment plan must:

~~(1) be based on the information in the client's diagnostic assessment and baselines;~~

~~(2) identify goals and objectives of treatment, a treatment strategy, a schedule for accomplishing treatment goals and objectives, and the individuals responsible for providing treatment services and supports;~~

~~(3) be developed after completion of the client's diagnostic assessment by a mental health professional or clinical trainee and before the provision of children's therapeutic services and supports;~~

~~(4) be developed through a child-centered, family-driven, culturally appropriate planning process, including allowing parents and guardians to observe or participate in individual and family treatment services, assessments, and treatment planning;~~

~~(5) be reviewed at least once every six months and revised to document treatment progress on each treatment objective and next goals or, if progress is not documented, to document changes in treatment;~~

~~(6) be signed by the clinical supervisor and by the client or by the client's parent or other person authorized by statute to consent to mental health services for the client. A client's parent may approve the client's individual treatment plan by secure electronic signature or by documented oral approval that is later verified by written signature;~~

~~(7)~~ (1) be completed in consultation with the client's current therapist and key providers and provide for ongoing consultation with the client's current therapist to ensure therapeutic continuity and to facilitate the client's return to the community. For clients under the age of 18, the treatment team must consult with parents and guardians in developing the treatment plan;

~~(8)~~ (2) if a need for substance use disorder treatment is indicated by validated assessment:

(i) identify goals, objectives, and strategies of substance use disorder treatment;

(ii) develop a schedule for accomplishing substance use disorder treatment goals and objectives; and

(iii) identify the individuals responsible for providing substance use disorder treatment services and supports;

~~(ii) be reviewed at least once every 90 days and revised, if necessary;~~

~~(9) be signed by the clinical supervisor and by the client and, if the client is a minor, by the client's parent or other person authorized by statute to consent to mental health treatment and substance use disorder treatment for the client; and~~

~~(10)~~ (3) provide for the client's transition out of intensive nonresidential rehabilitative mental health services by defining the team's actions to assist the client and subsequent providers in the transition to less intensive or "stepped down" services~~.~~; and

(4) notwithstanding section 245I.10, subdivision 8, be reviewed at least every 90 days and revised to document treatment progress or, if progress is not documented, to document changes in treatment.

(f) The treatment team shall actively and assertively engage the client's family members and significant others by establishing communication and collaboration with the family and significant others and educating the family and significant others about the client's mental illness, symptom management, and the family's role in treatment, unless the team knows or has reason to suspect that the client has suffered or faces a threat of suffering any physical or mental injury, abuse, or neglect from a family member or significant other.

(g) For a client age 18 or older, the treatment team may disclose to a family member, other relative, or a close personal friend of the client, or other person identified by the client, the protected health information directly relevant to such person's involvement with the client's care, as provided in Code of Federal Regulations, title 45, part 164.502(b). If the client is present, the treatment team shall obtain the client's agreement, provide the client with an opportunity to object, or reasonably infer from the circumstances, based on the exercise of professional judgment, that the client does not object. If the client is not present or is unable, by incapacity or emergency circumstances, to agree or object, the treatment team may, in the exercise of professional judgment, determine whether the disclosure is in the best interests of the client and, if so, disclose only the protected health information that is directly relevant to the family member's, relative's, friend's, or client-identified person's involvement with the client's health care. The client may orally agree or object to the disclosure and may prohibit or restrict disclosure to specific individuals.

(h) The treatment team shall provide interventions to promote positive interpersonal relationships.

Sec. 103. Minnesota Statutes 2020, section 256B.0947, subdivision 7, is amended to read:

Subd. 7. **Medical assistance payment and rate setting.** (a) Payment for services in this section must be based on one daily encounter rate per provider inclusive of the following services received by an eligible client in a given calendar day: all rehabilitative services, supports, and ancillary activities under this section, staff travel time to provide rehabilitative services under this section, and crisis response services under section ~~256B.0944~~ 256B.0624.

(b) Payment must not be made to more than one entity for each client for services provided under this section on a given day. If services under this section are provided by a team that includes staff from more than one entity, the team shall determine how to distribute the payment among the members.

(c) The commissioner shall establish regional cost-based rates for entities that will bill medical assistance for nonresidential intensive rehabilitative mental health services. In developing these rates, the commissioner shall consider:

(1) the cost for similar services in the health care trade area;

(2) actual costs incurred by entities providing the services;

(3) the intensity and frequency of services to be provided to each client;

(4) the degree to which clients will receive services other than services under this section; and

(5) the costs of other services that will be separately reimbursed.

(d) The rate for a provider must not exceed the rate charged by that provider for the same service to other payers.

Sec. 104. Minnesota Statutes 2020, section 256B.0949, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) The terms used in this section have the meanings given in this subdivision.

(b) "Agency" means the legal entity that is enrolled with Minnesota health care programs as a medical assistance provider according to Minnesota Rules, part 9505.0195, to provide EIDBI services and that has the legal responsibility to ensure that its employees or contractors carry out the responsibilities defined in this section. Agency includes a licensed individual professional who practices independently and acts as an agency.

(c) "Autism spectrum disorder or a related condition" or "ASD or a related condition" means either autism spectrum disorder (ASD) as defined in the current version of the Diagnostic and Statistical Manual of Mental Disorders (DSM) or a condition that is found to be closely related to ASD, as identified under the current version of the DSM, and meets all of the following criteria:

(1) is severe and chronic;

(2) results in impairment of adaptive behavior and function similar to that of a person with ASD;

(3) requires treatment or services similar to those required for a person with ASD; and

(4) results in substantial functional limitations in three core developmental deficits of ASD: social or interpersonal interaction; functional communication, including nonverbal or social communication; and restrictive or repetitive behaviors or hyperreactivity or hyporeactivity to sensory input; and may include deficits or a high level of support in one or more of the following domains:

(i) behavioral challenges and self-regulation;

(ii) cognition;

(iii) learning and play;

(iv) self-care; or

(v) safety.

(d) "Person" means a person under 21 years of age.

(e) "Clinical supervision" means the overall responsibility for the control and direction of EIDBI service delivery, including individual treatment planning, staff supervision, individual treatment plan progress monitoring, and treatment review for each person. Clinical supervision is provided by a qualified supervising professional (QSP) who takes full professional responsibility for the service provided by each supervisee.

(f) "Commissioner" means the commissioner of human services, unless otherwise specified.

(g) "Comprehensive multidisciplinary evaluation" or "CMDE" means a comprehensive evaluation of a person to determine medical necessity for EIDBI services based on the requirements in subdivision 5.

(h) "Department" means the Department of Human Services, unless otherwise specified.

(i) "Early intensive developmental and behavioral intervention benefit" or "EIDBI benefit" means a variety of individualized, intensive treatment modalities approved and published by the commissioner that are based in behavioral and developmental science consistent with best practices on effectiveness.

(j) "Generalizable goals" means results or gains that are observed during a variety of activities over time with different people, such as providers, family members, other adults, and people, and in different environments including, but not limited to, clinics, homes, schools, and the community.

(k) "Incident" means when any of the following occur:

(1) an illness, accident, or injury that requires first aid treatment;

(2) a bump or blow to the head; or

(3) an unusual or unexpected event that jeopardizes the safety of a person or staff, including a person leaving the agency unattended.

(l) "Individual treatment plan" or "ITP" means the person-centered, individualized written plan of care that integrates and coordinates person and family information from the CMDE for a person who meets medical necessity for the EIDBI benefit. An individual treatment plan must meet the standards in subdivision 6.

(m) "Legal representative" means the parent of a child who is under 18 years of age, a court-appointed guardian, or other representative with legal authority to make decisions about service for a person. For the purpose of this subdivision, "other representative with legal authority to make decisions" includes a health care agent or an attorney-in-fact authorized through a health care directive or power of attorney.

(n) "Mental health professional" ~~has the meaning given in~~ means a staff person who is qualified according to section ~~245.4871, subdivision 27, clauses (1) to (6)~~ 245I.04, subdivision 2.

(o) "Person-centered" means a service that both responds to the identified needs, interests, values, preferences, and desired outcomes of the person or the person's legal representative and respects the person's history, dignity, and cultural background and allows inclusion and participation in the person's community.

(p) "Qualified EIDBI provider" means a person who is a QSP or a level I, level II, or level III treatment provider.

Sec. 105. Minnesota Statutes 2020, section 256B.0949, subdivision 4, is amended to read:

Subd. 4. **Diagnosis.** (a) A diagnosis of ASD or a related condition must:

(1) be based upon current DSM criteria including direct observations of the person and information from the person's legal representative or primary caregivers;

(2) be completed by either (i) a licensed physician or advanced practice registered nurse or (ii) a mental health professional; and

(3) meet the requirements of ~~Minnesota Rules, part 9505.0372, subpart 1, items B and C~~ a standard diagnostic assessment according to section 245I.10, subdivision 6.

(b) Additional assessment information may be considered to complete a diagnostic assessment including specialized tests administered through special education evaluations and licensed school personnel, and from professionals licensed in the fields of medicine, speech and language, psychology, occupational therapy, and physical therapy. A diagnostic assessment may include treatment recommendations.

Sec. 106. Minnesota Statutes 2020, section 256B.0949, subdivision 5a, is amended to read:

Subd. 5a. **Comprehensive multidisciplinary evaluation provider qualification.** A CMDE provider must:

(1) be a licensed physician, advanced practice registered nurse, a mental health professional, or a ~~mental health practitioner who meets the requirements of a~~ clinical trainee ~~as defined in Minnesota Rules, part 9505.0371, subpart 5, item C~~ who is qualified according to section 245I.04, subdivision 6;

(2) have at least 2,000 hours of clinical experience in the evaluation and treatment of people with ASD or a related condition or equivalent documented coursework at the graduate level by an accredited university in the following content areas: ASD or a related condition diagnosis, ASD or a related condition treatment strategies, and child development; and

(3) be able to diagnose, evaluate, or provide treatment within the provider's scope of practice and professional license.

Sec. 107. Minnesota Statutes 2020, section 256B.25, subdivision 3, is amended to read:

Subd. 3. **Payment exceptions.** The limitation in subdivision 2 shall not apply to:

(1) payment of Minnesota supplemental assistance funds to recipients who reside in facilities which are involved in litigation contesting their designation as an institution for treatment of mental disease;

(2) payment or grants to a boarding care home or supervised living facility licensed by the Department of Human Services under Minnesota Rules, parts 2960.0130 to 2960.0220 ~~or~~, 2960.0580 to 2960.0700, or 9520.0500 to 9520.0670, or under chapter 245G or 245I, or payment to recipients who reside in these facilities;

(3) payments or grants to a boarding care home or supervised living facility which are ineligible for certification under United States Code, title 42, sections 1396-1396p;

(4) payments or grants otherwise specifically authorized by statute or rule.

Sec. 108. Minnesota Statutes 2020, section 256B.761, is amended to read:

256B.761 REIMBURSEMENT FOR MENTAL HEALTH SERVICES.

(a) Effective for services rendered on or after July 1, 2001, payment for medication management provided to psychiatric patients, outpatient mental health services, day treatment services, home-based mental health services, and family community support services shall be paid at the lower of (1) submitted charges, or (2) 75.6 percent of the 50th percentile of 1999 charges.

(b) Effective July 1, 2001, the medical assistance rates for outpatient mental health services provided by an entity that operates: (1) a Medicare-certified comprehensive outpatient rehabilitation facility; and (2) a facility that was certified prior to January 1, 1993, with at least 33 percent of the clients receiving rehabilitation services in the most recent calendar year who are medical assistance recipients, will be increased by 38 percent, when those services are provided within the comprehensive outpatient rehabilitation facility and provided to residents of nursing facilities owned by the entity.

~~(c) The commissioner shall establish three levels of payment for mental health diagnostic assessment, based on three levels of complexity. The aggregate payment under the tiered rates must not exceed the projected aggregate payments for mental health diagnostic assessment under the previous single rate. The new rate structure is effective January 1, 2011, or upon federal approval, whichever is later.~~

~~(d)~~ (c) In addition to rate increases otherwise provided, the commissioner may restructure coverage policy and rates to improve access to adult rehabilitative mental health services under section 256B.0623 and related mental health support services under section 256B.021, subdivision 4, paragraph (f), clause (2). For state fiscal years 2015 and 2016, the projected state share of increased costs due to this paragraph is transferred from adult mental health grants under sections 245.4661 and 256E.12. The transfer for fiscal year 2016 is a permanent base adjustment for subsequent fiscal years. Payments made to managed care plans and county-based purchasing plans under sections 256B.69, 256B.692, and 256L.12 shall reflect the rate changes described in this paragraph.

~~(e)~~ (d) Any ratables effective before July 1, 2015, do not apply to early intensive developmental and behavioral intervention (EIDBI) benefits described in section 256B.0949.

Sec. 109. Minnesota Statutes 2020, section 256B.763, is amended to read:

256B.763 CRITICAL ACCESS MENTAL HEALTH RATE INCREASE.

(a) For services defined in paragraph (b) and rendered on or after July 1, 2007, payment rates shall be increased by 23.7 percent over the rates in effect on January 1, 2006, for:

(1) psychiatrists and advanced practice registered nurses with a psychiatric specialty;

(2) community mental health centers under section 256B.0625, subdivision 5; and

(3) mental health clinics ~~and centers~~ certified under ~~Minnesota Rules, parts 9520.0750 to 9520.0870~~ section 245I.20, or hospital outpatient psychiatric departments that are designated as essential community providers under section 62Q.19.

(b) This increase applies to group skills training when provided as a component of children's therapeutic services and support, psychotherapy, medication management, evaluation and management, diagnostic assessment, explanation of findings, psychological testing, neuropsychological services, direction of behavioral aides, and inpatient consultation.

(c) This increase does not apply to rates that are governed by section 256B.0625, subdivision 30, or 256B.761, paragraph (b), other cost-based rates, rates that are negotiated with the county, rates that are established by the federal government, or rates that increased between January 1, 2004, and January 1, 2005.

(d) The commissioner shall adjust rates paid to prepaid health plans under contract with the commissioner to reflect the rate increases provided in paragraphs (a), (e), and (f). The prepaid health plan must pass this rate increase to the providers identified in paragraphs (a), (e), (f), and (g).

(e) Payment rates shall be increased by 23.7 percent over the rates in effect on December 31, 2007, for:

(1) medication education services provided on or after January 1, 2008, by adult rehabilitative mental health services providers certified under section 256B.0623; and

(2) mental health behavioral aide services provided on or after January 1, 2008, by children's therapeutic services and support providers certified under section 256B.0943.

(f) For services defined in paragraph (b) and rendered on or after January 1, 2008, by children's therapeutic services and support providers certified under section 256B.0943 and not already included in paragraph (a), payment rates shall be increased by 23.7 percent over the rates in effect on December 31, 2007.

(g) Payment rates shall be increased by 2.3 percent over the rates in effect on December 31, 2007, for individual and family skills training provided on or after January 1, 2008, by children's therapeutic services and support providers certified under section 256B.0943.

(h) For services described in paragraphs (b), (e), and (g) and rendered on or after July 1, 2017, payment rates for mental health clinics ~~and centers~~ certified under ~~Minnesota Rules, parts 9520.0750 to 9520.0870~~ section 245I.20, that are not designated as essential community providers under section 62Q.19 shall be equal to payment rates for mental health clinics ~~and centers~~ certified under ~~Minnesota Rules, parts 9520.0750 to 9520.0870~~ section 245I.20, that are designated as essential community providers under section 62Q.19. In order to receive increased payment rates under this paragraph, a provider must demonstrate a commitment to serve low-income and underserved populations by:

(1) charging for services on a sliding-fee schedule based on current poverty income guidelines; and

(2) not restricting access or services because of a client's financial limitation.

Sec. 110. Minnesota Statutes 2020, section 256P.01, subdivision 6a, is amended to read:

Subd. 6a. **Qualified professional.** (a) For illness, injury, or incapacity, a "qualified professional" means a licensed physician, physician assistant, advanced practice registered nurse, physical therapist, occupational therapist, or licensed chiropractor, according to their scope of practice.

(b) For developmental disability, learning disability, and intelligence testing, a "qualified professional" means a licensed physician, physician assistant, advanced practice registered nurse, licensed independent clinical social worker, licensed psychologist, certified school psychologist, or certified psychometrist working under the supervision of a licensed psychologist.

(c) For mental health, a "qualified professional" means a licensed physician, advanced practice registered nurse, or qualified mental health professional under section ~~245.462, subdivision 18, clauses (1) to (6)~~ 245I.04, subdivision 2.

(d) For substance use disorder, a "qualified professional" means a licensed physician, a qualified mental health professional under section 245.462, subdivision 18, clauses (1) to (6), or an individual as defined in section 245G.11, subdivision 3, 4, or 5.

Sec. 111. Minnesota Statutes 2020, section 295.50, subdivision 9b, is amended to read:

Subd. 9b. **Patient services.** (a) "Patient services" means inpatient and outpatient services and other goods and services provided by hospitals, surgical centers, or health care providers. They include the following health care goods and services provided to a patient or consumer:

(1) bed and board;

(2) nursing services and other related services;

(3) use of hospitals, surgical centers, or health care provider facilities;

(4) medical social services;

(5) drugs, biologicals, supplies, appliances, and equipment;

(6) other diagnostic or therapeutic items or services;

(7) medical or surgical services;

(8) items and services furnished to ambulatory patients not requiring emergency care; and

(9) emergency services.

(b) "Patient services" does not include:

(1) services provided to nursing homes licensed under chapter 144A;

(2) examinations for purposes of utilization reviews, insurance claims or eligibility, litigation, and employment, including reviews of medical records for those purposes;

(3) services provided to and by community residential mental health facilities licensed under section 245I.23 or Minnesota Rules, parts 9520.0500 to 9520.0670, and to and by residential treatment programs for children with severe emotional disturbance licensed or certified under chapter 245A;

(4) services provided under the following programs: day treatment services as defined in section 245.462, subdivision 8; assertive community treatment as described in section 256B.0622; adult rehabilitative mental health services as described in section 256B.0623; ~~adult~~ crisis response services as described in section 256B.0624; and children's therapeutic services and supports as described in section 256B.0943; ~~and children's mental health crisis response services as described in section 256B.0944;~~

(5) services provided to and by community mental health centers as defined in section 245.62, subdivision 2;

(6) services provided to and by assisted living programs and congregate housing programs;

(7) hospice care services;

(8) home and community-based waivered services under chapter 256S and sections 256B.49 and 256B.501;

(9) targeted case management services under sections 256B.0621; 256B.0625, subdivisions 20, 20a, 33, and 44; and 256B.094; and

(10) services provided to the following: supervised living facilities for persons with developmental disabilities licensed under Minnesota Rules, parts 4665.0100 to 4665.9900; housing with services establishments required to be registered under chapter 144D; board and lodging establishments providing only custodial services that are licensed under chapter 157 and registered under section 157.17 to provide supportive services or health supervision services; adult foster homes as defined in Minnesota Rules, part 9555.5105; day training and habilitation services for adults with developmental disabilities as defined in section 252.41, subdivision 3; boarding care homes as defined in Minnesota Rules, part 4655.0100; adult day care services as defined in section 245A.02, subdivision 2a; and home health agencies as defined in Minnesota Rules, part 9505.0175, subpart 15, or licensed under chapter 144A.

Sec. 112. Minnesota Statutes 2020, section 325F.721, 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) "Covered setting" means an unlicensed setting providing sleeping accommodations to one or more adult residents, at least 80 percent of which are 55 years of age or older, and offering or providing, for a fee, supportive services. For the purposes of this section, covered setting does not mean:

(1) emergency shelter, transitional housing, or any other residential units serving exclusively or primarily homeless individuals, as defined under section 116L.361;

(2) a nursing home licensed under chapter 144A;

(3) a hospital, certified boarding care, or supervised living facility licensed under sections 144.50 to 144.56;

(4) a lodging establishment licensed under chapter 157 and Minnesota Rules, parts 9520.0500 to 9520.0670, or under chapter 245D ~~or,~~ 245G, or 245I;

(5) services and residential settings licensed under chapter 245A, including adult foster care and services and settings governed under the standards in chapter 245D;

(6) private homes in which the residents are related by kinship, law, or affinity with the providers of services;

(7) a duly organized condominium, cooperative, and common interest community, or owners' association of the condominium, cooperative, and common interest community where at least 80 percent of the units that comprise the condominium, cooperative, or common interest community are occupied by individuals who are the owners, members, or shareholders of the units;

(8) temporary family health care dwellings as defined in sections 394.307 and 462.3593;

(9) settings offering services conducted by and for the adherents of any recognized church or religious denomination for its members exclusively through spiritual means or by prayer for healing;

(10) housing financed pursuant to sections 462A.37 and 462A.375, units financed with low-income housing tax credits pursuant to United States Code, title 26, section 42, and units financed by the Minnesota Housing Finance Agency that are intended to serve individuals with disabilities or individuals who are homeless, except for those developments that market or hold themselves out as assisted living facilities and provide assisted living services;

(11) rental housing developed under United States Code, title 42, section 1437, or United States Code, title 12, section 1701q;

(12) rental housing designated for occupancy by only elderly or elderly and disabled residents under United States Code, title 42, section 1437e, or rental housing for qualifying families under Code of Federal Regulations, title 24, section 983.56;

(13) rental housing funded under United States Code, title 42, chapter 89, or United States Code, title 42, section 8011; or

(14) an assisted living facility licensed under chapter 144G.

(c) "'I'm okay' check services" means providing a service to, by any means, check on the safety of a resident.

(d) "Resident" means a person entering into written contract for housing and services with a covered setting.

(e) "Supportive services" means:

(1) assistance with laundry, shopping, and household chores;

(2) housekeeping services;

(3) provision of meals or assistance with meals or food preparation;

(4) help with arranging, or arranging transportation to, medical, social, recreational, personal, or social services appointments; or

(5) provision of social or recreational services.

Arranging for services does not include making referrals or contacting a service provider in an emergency.

Sec. 113. **REPEALER.**

(a) Minnesota Statutes 2020, sections 245.462, subdivision 4a; 245.4879, subdivision 2; 245.62, subdivisions 3 and 4; 245.69, subdivision 2; 256B.0615, subdivision 2; 256B.0616, subdivision 2; 256B.0622, subdivisions 3 and 5a; 256B.0623, subdivisions 7, 8, 10, and 11; 256B.0625, subdivisions 5l, 35a, 35b, 61, 62, and 65; 256B.0943, subdivisions 8 and 10; 256B.0944; and 256B.0946, subdivision 5, are repealed.

(b) Minnesota Rules, parts 9505.0370; 9505.0371; 9505.0372; 9520.0010; 9520.0020; 9520.0030; 9520.0040; 9520.0050; 9520.0060; 9520.0070; 9520.0080; 9520.0090; 9520.0100; 9520.0110; 9520.0120; 9520.0130; 9520.0140; 9520.0150; 9520.0160; 9520.0170; 9520.0180; 9520.0190; 9520.0200; 9520.0210; 9520.0230; 9520.0750; 9520.0760; 9520.0770; 9520.0780; 9520.0790; 9520.0800; 9520.0810; 9520.0820; 9520.0830; 9520.0840; 9520.0850; 9520.0860; and 9520.0870, are repealed.

Sec. 114. **EFFECTIVE DATE.**

Unless otherwise stated, this article is effective July 1, 2022, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

ARTICLE 12
FORECAST ADJUSTMENTS

Section 1. **DEPARTMENT OF HUMAN SERVICES FORECAST ADJUSTMENT.**

The dollar amounts shown in the columns marked "Appropriations" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2019, First Special Session chapter 9, article 14, from the general fund, or any other fund named, to the commissioner of human services for the purposes specified in this article, to be available for the fiscal year indicated for each purpose. The figure "2021" used in this article means that the appropriations listed are available for the fiscal year ending June 30, 2021.

	APPROPRIATIONS Available for the Year Ending June 30 2021
Sec. 2. **COMMISSIONER OF HUMAN SERVICES**	
Subdivision 1. **Total Appropriation**	**$(816,996,000)**
Appropriations by Fund	
2021	
General (745,266,000)	
Health Care Access (36,893,000)	
Federal TANF (34,837,000)	
Subd. 2. **Forecasted Programs**	
(a) **Minnesota Family Investment Program (MFIP)/Diversionary Work Program (DWP)**	
Appropriations by Fund	
2021	
General 59,004,000	
Federal TANF (34,843,000)	
(b) **MFIP Child Care Assistance**	(54,158,000)
(c) **General Assistance**	3,925,000
(d) **Minnesota Supplemental Aid**	3,849,000

(e) **Housing Support** 3,022,000

(f) **Northstar Care for Children** (8,639,000)

(g) **MinnesotaCare** (36,893,000)

This appropriation is from the health care access fund.

(h) **Medical Assistance**

Appropriations by Fund	2021
General	(694,938,000)
Health Care Access	-0-

(i) **Alternative Care** 247,000

(j) **Consolidated Chemical Dependency Treatment Fund (CCDTF) Entitlement** (57,578,000)

Subd. 3. **Technical Activities** 6,000

This appropriation is from the federal TANF fund.

Sec. 3. **EFFECTIVE DATE.**

Sections 1 and 2 are effective the day following final enactment.

ARTICLE 13
APPROPRIATIONS

Section 1. **HEALTH AND HUMAN SERVICES 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 "2022" and "2023" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively. "The first year" is fiscal year 2022. "The second year" is fiscal year 2023. "The biennium" is fiscal years 2022 and 2023.

	APPROPRIATIONS Available for the Year Ending June 30	
	2022	**2023**
Sec. 2. **COMMISSIONER OF HUMAN SERVICES**		
Subdivision 1. **Total Appropriation**	**$8,944,696,000**	**$9,423,461,000**

Appropriations by Fund	2022	2023
General	7,786,104,000	8,289,809,000
State Government Special Revenue	4,299,000	4,299,000
Health Care Access	867,214,000	845,520,000
Federal TANF	282,623,000	278,803,000
Lottery Prize	1,896,000	1,896,000
Opiate Epidemic Response	2,560,000	2,560,000

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

Subd. 2. **TANF Maintenance of Effort**

(a) **Nonfederal Expenditures.** The commissioner shall ensure that sufficient qualified nonfederal expenditures are made each year to meet the state's maintenance of effort (MOE) requirements of the TANF block grant specified under Code of Federal Regulations, title 45, section 263.1. In order to meet these basic TANF/MOE requirements, the commissioner may report as TANF/MOE expenditures only nonfederal money expended for allowable activities listed in the following clauses:

(1) MFIP cash, diversionary work program, and food assistance benefits under Minnesota Statutes, chapter 256J;

(2) the child care assistance programs under Minnesota Statutes, sections 119B.03 and 119B.05, and county child care administrative costs under Minnesota Statutes, section 119B.15;

(3) state and county MFIP administrative costs under Minnesota Statutes, chapters 256J and 256K;

(4) state, county, and tribal MFIP employment services under Minnesota Statutes, chapters 256J and 256K;

(5) expenditures made on behalf of legal noncitizen MFIP recipients who qualify for the MinnesotaCare program under Minnesota Statutes, chapter 256L;

(6) qualifying working family credit expenditures under Minnesota Statutes, section 290.0671;

(7) qualifying Minnesota education credit expenditures under Minnesota Statutes, section 290.0674; and

(8) qualifying Head Start expenditures under Minnesota Statutes, section 119A.50.

(b) **Nonfederal Expenditures; Reporting.** For the activities listed in paragraph (a), clauses (2) to (8), the commissioner may report only expenditures that are excluded from the definition of assistance under Code of Federal Regulations, title 45, section 260.31.

(c) **Certain Expenditures Required.** The commissioner shall ensure that the MOE used by the commissioner of management and budget for the February and November forecasts required under Minnesota Statutes, section 16A.103, contains expenditures under paragraph (a), clause (1), equal to at least 16 percent of the total required under Code of Federal Regulations, title 45, section 263.1.

(d) **Limitation; Exceptions.** The commissioner must not claim an amount of TANF/MOE in excess of the 75 percent standard in Code of Federal Regulations, title 45, section 263.1(a)(2), except:

(1) to the extent necessary to meet the 80 percent standard under Code of Federal Regulations, title 45, section 263.1(a)(1), if it is determined by the commissioner that the state will not meet the TANF work participation target rate for the current year;

(2) to provide any additional amounts under Code of Federal Regulations, title 45, section 264.5, that relate to replacement of TANF funds due to the operation of TANF penalties; and

(3) to provide any additional amounts that may contribute to avoiding or reducing TANF work participation penalties through the operation of the excess MOE provisions of Code of Federal Regulations, title 45, section 261.43(a)(2).

(e) **Supplemental Expenditures.** For the purposes of paragraph (d), the commissioner may supplement the MOE claim with working family credit expenditures or other qualified expenditures to the extent such expenditures are otherwise available after considering the expenditures allowed in this subdivision.

(f) **Reduction of Appropriations; Exception.** The requirement in Minnesota Statutes, section 256.011, subdivision 3, that federal grants or aids secured or obtained under that subdivision be used to reduce any direct appropriations provided by law, does not apply if the grants or aids are federal TANF funds.

(g) **IT Appropriations Generally.** This appropriation includes funds for information technology projects, services, and support. Notwithstanding Minnesota Statutes, section 16E.0466, funding for information technology project costs shall be incorporated into the service level agreement and paid to the Office of MN.IT Services by the Department of Human Services under the rates and mechanism specified in that agreement.

(h) **Receipts for Systems Project.** Appropriations and federal receipts for information systems projects for MAXIS, PRISM, MMIS, ISDS, METS, and SSIS must be deposited in the state systems account authorized in Minnesota Statutes, section 256.014. Money appropriated for computer projects approved by the commissioner of the Office of MN.IT Services, funded by the legislature, and approved by the commissioner of management and budget may be transferred from one project to another and from development to operations as the commissioner of human services considers necessary. Any unexpended balance in the appropriation for these projects does not cancel and is available for ongoing development and operations.

(i) **Federal SNAP Education and Training Grants.** Federal funds available during fiscal years 2022 and 2023 for Supplemental Nutrition Assistance Program Education and Training and SNAP Quality Control Performance Bonus grants are appropriated to the commissioner of human services for the purposes allowable under the terms of the federal award. This paragraph is effective the day following final enactment.

Subd. 3. **Information Technology**

(a) **IT Appropriations Generally.** This appropriation includes funds for information technology projects, services, and support. Notwithstanding Minnesota Statutes, section 16E.0466, funding for information technology project costs shall be incorporated into the service level agreement and paid to the Office of MN.IT Services by the Department of Human Services under the rates and mechanism specified in that agreement.

(b) **Receipts for Systems Project.** Appropriations and federal receipts for information systems projects for MAXIS, PRISM, MMIS, ISDS, METS, and SSIS must be deposited in the state systems account authorized in Minnesota Statutes, section 256.014. Money appropriated for computer projects approved by the commissioner of the Office of MN.IT Services, funded by the legislature, and approved by the commissioner of management and budget may be transferred from one project to another and from development to operations as the commissioner of human services considers necessary. Any unexpended balance in the appropriation for these projects does not cancel and is available for ongoing development and operations.

Subd. 4. **Central Office; Operations**

	Appropriations by Fund	
General	174,080,000	167,456,000
State Government Special Revenue	4,174,000	4,174,000
Health Care Access	16,966,000	16,966,000
Federal TANF	100,000	100,000

(a) **Administrative Recovery; Set-Aside.** The commissioner may invoice local entities through the SWIFT accounting system as an alternative means to recover the actual cost of administering the following provisions:

(1) Minnesota Statutes, section 125A.744, subdivision 3;

(2) Minnesota Statutes, section 245.495, paragraph (b);

(3) Minnesota Statutes, section 256B.0625, subdivision 20, paragraph (k);

(4) Minnesota Statutes, section 256B.0924, subdivision 6, paragraph (g);

(5) Minnesota Statutes, section 256B.0945, subdivision 4, paragraph (d); and

(6) Minnesota Statutes, section 256F.10, subdivision 6, paragraph (b).

(b) **Background Studies.** (1) $2,074,000 in fiscal year 2022 is from the general fund to provide a credit to providers who paid for emergency background studies in NETStudy 2.0.

(2) $2,061,000 in fiscal year 2022 is from the general fund to cover the costs of reprocessing emergency studies conducted under interagency agreements with other agencies.

(c) **Personal Care Assistance Compensation for Services Provided by a Parent or Spouse.** $349,000 in fiscal year 2022 is from the general fund for compensation for personal care assistance services provided by a parent or spouse under Laws 2020, Fifth Special Session chapter 3, article 10, section 3, as amended.

(d) **Family Foster Setting Background Studies.** $338,000 in fiscal year 2022 and $349,000 in fiscal year 2023 are from the general fund for costs related to implementing and administering licensed family foster setting background study requirements.

(e) **Cultural and Ethnic Communities Leadership Council.** $18,000 in fiscal year 2022 and $62,000 in fiscal year 2023 are from the general fund for the Cultural and Ethnic Communities Leadership Council.

(f) **Base Level Adjustment.** The general fund base is $162,024,000 in fiscal year 2024 and $162,255,000 in fiscal year 2025.

Subd. 5. **Central Office; Children and Families**

	Appropriations by Fund	
General	18,382,000	18,407,000
Federal TANF	2,582,000	2,582,000

(a) **Financial Institution Data Match and Payment of Fees.** The commissioner is authorized to allocate up to $310,000 each year in fiscal year 2022 and fiscal year 2023 from the systems special revenue account to make payments to financial institutions in exchange for performing data matches between account information held by financial institutions and the public authority's database of child support obligors as authorized by Minnesota Statutes, section 13B.06, subdivision 7.

(b) **Base Level Adjustment.** The general fund base is $18,692,000 in fiscal year 2024 and $18,692,000 in fiscal year 2025.

Subd. 6. **Central Office; Health Care**

	Appropriations by Fund	
General	26,005,000	23,992,000
Health Care Access	28,168,000	28,168,000

(a) **Case Management Benefit Study for American Indians.** $200,000 in fiscal year 2022 is from the general fund for a contract to conduct fiscal analysis and development of standards for a targeted case management benefit for American Indians. The commissioner of human services must consult the Minnesota Indian Affairs Council in the development of any request for proposal and in the evaluation of responses. This is a onetime appropriation. Any unencumbered balance remaining from the first year does not cancel and is available for the second year of the biennium.

(b) **Integrated Care for High-Risk Pregnant Women Grant Program.** $106,000 in fiscal year 2022 and $122,000 in fiscal year 2023 are from the general fund for administration of the integrated care for high-risk pregnant women grant program under Minnesota Statutes, section 256B.79.

(c) **Studies on Health Care Delivery.** $700,000 in fiscal year 2022 and $300,000 in fiscal year 2023 are from the general fund for the commissioner of human services to develop a legislative proposal for a public option program and to compare and report to the legislature on delivery and payment system models to deliver services to MinnesotaCare enrollees and certain medical assistance enrollees.

(d) **Base Level Adjustment.** The general fund base is $24,036,000 in fiscal year 2024 and $24,004,000 in fiscal year 2025.

Subd. 7. **Central Office; Continuing Care for Older Adults**

Appropriations by Fund		
General	18,873,000	18,900,000
State Government Special Revenue	125,000	125,000

(a) **Assisted Living Survey.** $2,593,000 in fiscal year 2022 and $2,593,000 in fiscal year 2023 are from the general fund for development and administration of a resident experience survey and family survey for all assisted living facilities according to Minnesota Statutes, section 256B.439, subdivision 3c. These appropriations are available in either year of the biennium.

(b) **Base Level Adjustment.** The general fund base is $18,830,000 in fiscal year 2024 and $18,900,000 in fiscal year 2025.

Subd. 8. **Central Office; Community Supports**

Appropriations by Fund		
General	35,294,000	35,846,000
Lottery Prize	163,000	163,000
Opioid Epidemic Response	60,000	60,000

(a) **Study of Self Directed Tiered Wage Structure.** $25,000 in fiscal year 2022 is from the general fund for a study of the feasibility of a tiered wage structure for individual providers. This is a onetime appropriation. This appropriation is available only if the labor agreement between the state of Minnesota and the Service Employees International Union Healthcare Minnesota under Minnesota Statutes, section 179A.54, is approved under Minnesota Statutes, section 3.855.

(b) **Substance Use Disorder Treatment Paperwork Reduction.** $234,000 in fiscal year 2022 and $201,000 in fiscal year 2023 are from the general fund for a contract with a vendor to develop, assess, and recommend systems improvements to minimize regulatory paperwork and improve systems for licensed substance use disorder programs. This is a onetime appropriation.

(c) **Case Management and Substance Use Disorder Treatment Rate Methodology Analysis.** $500,000 in fiscal year 2022 and $200,000 in fiscal year 2023 are from the general fund for the

fiscal analysis needed to establish federally compliant payment methodologies for all medical assistance-funded case management services, including substance use disorder treatment rates. This is a onetime appropriation.

(d) **Substance Use Disorder Community of Practice.** $250,000 in fiscal year 2022 and $250,000 in fiscal year 2023 are from the general fund for the commissioner of human services to establish and administer the substance use disorder community of practice, including providing compensation for community of practice participants.

(e) **Sober Housing Program Recommendations Development.** $90,000 in fiscal year 2022 is from the general fund for developing recommendations related to sober housing programs and completing and submitting a report on the recommendations to the legislature.

(f) **Base Level Adjustment.** The general fund base is $34,634,000 in fiscal year 2024 and $34,666,000 in fiscal year 2025. The opiate epidemic response fund base is $60,000 in fiscal year 2024 and $0 in fiscal year 2025.

Subd. 9. **Forecasted Programs; MFIP/DWP**

Appropriations by Fund		
General	92,588,000	91,668,000
Federal TANF	104,285,000	104,410,000

Subd. 10. **Forecasted Programs; MFIP Child Care Assistance.** 146,000 569,000

Subd. 11. **Forecasted Programs; General Assistance.** 53,574,000 52,835,000

(a) **General Assistance Standard.** The commissioner shall set the monthly standard of assistance for general assistance units consisting of an adult recipient who is childless and unmarried or living apart from parents or a legal guardian at $203. The commissioner may reduce this amount according to Laws 1997, chapter 85, article 3, section 54.

(b) **Emergency General Assistance Limit.** The amount appropriated for emergency general assistance is limited to no more than $6,729,812 in fiscal year 2022 and $6,729,812 in fiscal year 2023. Funds to counties shall be allocated by the commissioner using the allocation method under Minnesota Statutes, section 256D.06.

Subd. 12. **Forecasted Programs; Minnesota Supplemental Aid**	51,779,000	52,486,000
Subd. 13. **Forecasted Programs; Housing Support**	184,005,000	191,966,000
Subd. 14. **Forecasted Programs; Northstar Care for Children**	110,583,000	121,246,000
Subd. 15. **Forecasted Programs; MinnesotaCare**	207,437,000	184,822,000

Generally. This appropriation is from the health care access fund.

Subd. 16. **Forecasted Programs; Medical Assistance**

Appropriations by Fund		
General	6,058,378,000	6,557,536,000
Health Care Access	611,178,000	612,099,000

Behavioral Health Services. $1,000,000 in fiscal year 2022 and $1,000,000 in fiscal year 2023 are for behavioral health services provided by hospitals identified under Minnesota Statutes, section 256.969, subdivision 2b, paragraph (a), clause (4). The increase in payments shall be made by increasing the adjustment under Minnesota Statutes, section 256.969, subdivision 2b, paragraph (e), clause (2).

Subd. 17. **Forecasted Programs; Alternative Care**	45,669,000	45,656,000

Alternative Care Transfer. Any money allocated to the alternative care program that is not spent for the purposes indicated does not cancel but must be transferred to the medical assistance account.

Subd. 18. **Forecasted Programs; Behavioral Health Fund**	132,377,000	116,706,000

(a) **Grants to Tribal Governments.** $28,873,377 in fiscal year 2022 is from the general fund to satisfy the value of overpayments owed by the Leech Lake Band of Ojibwe and White Earth Band of Chippewa to repay overpayments for medication-assisted treatment services between fiscal year 2014 and fiscal year 2019. The grant to the Leech Lake Band of Ojibwe shall be $14,666,122 and the grant to the White Earth Band of Chippewa shall be $14,207,215. This is a onetime appropriation.

(b) **Institutions for Mental Disease Payments.** $8,328,000 in fiscal year 2022 is from the general fund for the commissioner of human services to reimburse counties for the amount identified by the commissioner for the statewide county share of costs for which federal funds were claimed, but were not eligible for federal funding for substance use disorder services provided in institutions

for mental disease, for claims paid between January 1, 2014, and June 30, 2019. The commissioner of human services shall allocate this appropriation between counties in the amount identified by the department that is owed by each county. Prior to a county receiving reimbursement, the county must pay in full any unpaid consolidated chemical dependency treatment fund invoiced county share. This is a onetime appropriation.

Subd. 19. **Grant Programs; Support Services Grants**

	Appropriations by Fund	
General	8,715,000	8,715,000
Federal TANF	96,312,000	96,311,000

Subd. 20. **Grant Programs; BSF Child Care Grants.** (17,000) (23,000)

Subd. 21. **Grant Programs; Child Support Enforcement Grants** 50,000 50,000

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

	Appropriations by Fund	
General	52,133,000	51,848,000
Federal TANF	140,000	140,000

(a) **Title IV-E Adoption Assistance.** The commissioner shall allocate funds from the Title IV-E reimbursement to the state from the Fostering Connections to Success and Increasing Adoptions Act for adoptive, foster, and kinship families as required in Minnesota Statutes, section 256N.261.

(b) **Indian Child Welfare Training.** $1,012,000 in fiscal year 2022 and $993,000 in fiscal year 2023 are from the general fund for the establishment and operation of the Tribal Training and Certification Partnership at the University of Minnesota-Duluth to provide training, establish federal Indian Child Welfare Act and Minnesota Family Preservation Act training requirements for county child welfare workers, and develop indigenous child welfare training for American Indian Tribes. The base for this appropriation is $1,053,000 in fiscal year 2024 and $1,053,000 in fiscal year 2025.

(c) **Parent Support for Better Outcomes Grants.** $150,000 in fiscal year 2022 and $150,000 in fiscal year 2023 are from the general fund for grants to Minnesota One-Stop for Communities to provide mentoring, guidance, and support services to parents navigating the child welfare system in Minnesota, in order to promote the development of safe, stable, and healthy families. Grant money may be used for parent mentoring, peer-to-peer support groups, housing support services, training, staffing, and administrative costs.

Subd. 23. **Grant Programs; Children and Community Service Grants**	60,251,000	60,856,000
Subd. 24. **Grant Programs; Children and Economic Support Grants**	34,240,000	34,240,000

(a) **Minnesota Food Assistance Program.** Unexpended funds for the Minnesota food assistance program for fiscal year 2022 do not cancel but are available for this purpose in fiscal year 2023.

(b) **Emergency Shelters.** $2,500,000 in fiscal year 2022 and $2,500,000 in fiscal year 2023 are for short-term housing facilities to increase the supply and improve the condition of shelters for individuals and families without a permanent residence. The commissioner shall ensure that a portion of the funds are expended to provide for short-term housing facilities for tribes and shall ensure equitable geographic distribution of funds. This appropriation is available until June 30, 2026.

(c) **Emergency Services Grants.** $9,000,000 in fiscal year 2022 and $9,000,000 in fiscal year 2023 are to provide emergency services grants under Minnesota Statutes, section 256E.36.

Subd. 25. **Grant Programs; Health Care Grants**

Appropriations by Fund		
General	4,811,000	4,811,000
Health Care Access	3,465,000	3,465,000

Integrated Care for High Risk Pregnancies Initiative. $1,100,000 in fiscal year 2022 and $1,100,000 in fiscal year 2023 are from the general fund for the commissioner of human services to enter into a contract with the Integrated Care for High Risk Pregnancies (ICHRP) initiative to provide support to the integrated care for high-risk pregnant women grant program under Minnesota Statutes, section 256B.79.

Subd. 26. **Grant Programs; Other Long-Term Care Grants**	1,925,000	1,925,000
Subd. 27. **Grant Programs; Aging and Adult Services Grants**	32,495,000	32,495,000
Subd. 28. **Grant Programs; Deaf and Hard-of-Hearing Grants**	2,886,000	2,886,000
Subd. 29. **Grant Programs; Disabilities Grants**	20,251,000	18,863,000

Training Stipends for Direct Support Services Providers. $1,000,000 in fiscal year 2022 is from the general fund for stipends for individual providers of direct support services as defined in

Minnesota Statutes, section 256B.0711, subdivision 1. These stipends are available to individual providers who have completed designated voluntary trainings made available through the State-Provider Cooperation Committee formed by the State of Minnesota and the Service Employees International Union Healthcare Minnesota. Any unspent appropriation in fiscal year 2022 is available in fiscal year 2023. This is a onetime appropriation. This appropriation is available only if the labor agreement between the state of Minnesota and the Service Employees International Union Healthcare Minnesota under Minnesota Statutes, section 179A.54, is approved under Minnesota Statutes, section 3.855.

Subd. 30. **Grant Programs; Housing Support Grants** 11,364,000 11,364,000

Long-Term Homeless Supportive Services. $1,000,000 in fiscal year 2022 and $1,000,000 in fiscal year 2023 are for long-term homeless supportive services under Minnesota Statutes, section 256K.26.

Subd. 31. **Grant Programs; Adult Mental Health Grants**

Appropriations by Fund		
General	84,073,000	84,074,000
Opiate Epidemic Response	2,000,000	2,000,000

(a) **Culturally and Linguistically Appropriate Services Implementation Grants.** $750,000 in fiscal year 2022 and $750,000 in fiscal year 2023 are from the general fund for grants to substance use disorder treatment providers to implement culturally and linguistically appropriate services standards, according to the implementation and transition plan developed by the commissioner. This is a onetime appropriation.

(b) **Base Level Adjustment.** The general fund base is $82,324,000 in fiscal year 2024 and $82,324,000 in fiscal year 2025. The opiate epidemic response fund base is $2,000,000 in fiscal year 2024 and $0 in fiscal year 2025.

Subd. 32. **Grant Programs; Child Mental Health Grants** 28,703,000 28,703,000

(a) **Children's Residential Facilities.** $3,000,000 in fiscal year 2022 and $3,000,000 in fiscal year 2023 are to reimburse counties for a portion of the costs of treatment in children's residential facilities. The commissioner shall distribute the appropriation on an annual basis to counties proportionally based on a methodology developed by the commissioner. Of this appropriation, $100,000 each year is available to the commissioner for administrative expenses.

(b) **Base Level Adjustment.** The general fund base is $28,726,000 in fiscal year 2024 and $28,726,000 in fiscal year 2025.

Subd. 33. **Grant Programs; Chemical Dependency Treatment Support Grants**

	Appropriations by Fund	
General	2,846,000	2,845,000
Lottery Prize	1,733,000	1,733,000
Opiate Epidemic Response	500,000	500,000

(a) **Problem Gambling.** $225,000 in fiscal year 2022 and $225,000 in fiscal year 2023 are from the lottery prize fund for a grant to the state affiliate recognized by the National Council on Problem Gambling. The affiliate must provide services to increase public awareness of problem gambling, education, training for individuals and organizations providing effective treatment services to problem gamblers and their families, and research related to problem gambling.

(b) **Recovery Community Organization Grants.** $573,000 in fiscal year 2022 and $571,000 in fiscal year 2023 are from the general fund for grants to recovery community organizations, as defined in Minnesota Statutes, section 254B.01, subdivision 8, to provide for costs and community-based peer recovery support services that are not otherwise eligible for reimbursement under Minnesota Statutes, section 254B.05, as part of the continuum of care for substance use disorders.

(c) **Base Level Adjustment.** The general fund base is $2,636,000 in fiscal year 2024 and $2,636,000 in fiscal year 2025. The opiate epidemic response fund base is $500,000 in fiscal year 2024 and $0 in fiscal year 2025.

Subd. 34. **Direct Care and Treatment - Generally**

Transfer Authority. Money appropriated to budget activities under this subdivision and subdivisions 35 to 39 may be transferred between budget activities and between years of the biennium with the approval of the commissioner of management and budget.

Subd. 35. **Direct Care and Treatment - Mental Health and Substance Abuse** 139,946,000 144,103,000

(a) **Transfer Authority.** Money appropriated to support the continued operations of the Community Addiction Recovery Enterprise (C.A.R.E.) program may be transferred to the enterprise fund for C.A.R.E.

(b) **Operating Adjustment.** $2,307,000 in fiscal year 2022 and $2,453,000 in fiscal year 2023 are for the Community Addiction Recovery Enterprise program. The commissioner may transfer $2,307,000 in fiscal year 2022 and $2,453,000 in fiscal year 2023 to the enterprise fund for Community Addiction Recovery Enterprise.

Subd. 36. **Direct Care and Treatment - Community-Based Services** 18,771,000 19,752,000

(a) **Transfer Authority.** Money appropriated to support the continued operations of the Minnesota State Operated Community Services (MSOCS) program may be transferred to the enterprise fund for MSOCS.

(b) **Operating Adjustment.** $1,519,000 in fiscal year 2022 and $2,541,000 in fiscal year 2023 are for the Minnesota State Operated Community Services program. The commissioner may transfer $1,519,000 in fiscal year 2022 and $2,541,000 in fiscal year 2023 to the enterprise fund for Minnesota State Operated Community Services.

Subd. 37. **Direct Care and Treatment - Forensic Services** 119,854,000 122,206,000

Subd. 38. **Direct Care and Treatment - Sex Offender Program** 97,570,000 99,917,000

Transfer Authority. Money appropriated for the Minnesota sex offender program may be transferred between fiscal years of the biennium with the approval of the commissioner of management and budget.

Subd. 39. **Direct Care and Treatment - Operations** 63,504,000 65,910,000

Subd. 40. **Technical Activities** 79,204,000 78,260,000

(a) **Generally.** This appropriation is from the federal TANF fund.

(b) **Base Level Adjustment.** The TANF fund base is $71,493,000 in fiscal year 2024 and $71,493,000 in fiscal year 2025.

Sec. 3. **COMMISSIONER OF HEALTH**

Subdivision 1. **Total Appropriation** **$258,989,000** **$251,881,000**

Appropriations by Fund

	2022	2023
General	155,953,000	150,554,000
State Government Special Revenue	54,465,000	53,356,000
Health Care Access	36,858,000	36,258,000
Federal TANF	11,713,000	11,713,000

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

Subd. 2. **Health Improvement**

	Appropriations by Fund	
General	113,697,000	112,692,000
State Government Special Revenue	9,103,000	7,777,000
Health Care Access	36,858,000	36,258,000
Federal TANF	11,713,000	11,713,000

(a) **TANF Appropriations.** (1) $3,579,000 in fiscal year 2022 and $3,579,000 in fiscal year 2023 are from the TANF fund for home visiting and nutritional services listed under Minnesota Statutes, section 145.882, subdivision 7, clauses (6) and (7). Funds must be distributed to community health boards according to Minnesota Statutes, section 145A.131, subdivision 1;

(2) $2,000,000 in fiscal year 2022 and $2,000,000 in fiscal year 2023 are from the TANF fund for decreasing racial and ethnic disparities in infant mortality rates under Minnesota Statutes, section 145.928, subdivision 7;

(3) $4,978,000 in fiscal year 2022 and $4,978,000 in fiscal year 2023 are from the TANF fund for the family home visiting grant program according to Minnesota Statutes, section 145A.17. $4,000,000 of the funding in each fiscal year must be distributed to community health boards according to Minnesota Statutes, section 145A.131, subdivision 1. $978,000 of the funding in each fiscal year must be distributed to tribal governments according to Minnesota Statutes, section 145A.14, subdivision 2a;

(4) $1,156,000 in fiscal year 2022 and $1,156,000 in fiscal year 2023 are from the TANF fund for family planning grants under Minnesota Statutes, section 145.925; and

(5) the commissioner may use up to 6.23 percent of the funds appropriated from the TANF fund each fiscal year to conduct the ongoing evaluations required under Minnesota Statutes, section 145A.17, subdivision 7, and training and technical assistance as required under Minnesota Statutes, section 145A.17, subdivisions 4 and 5.

(b) **TANF Carryforward.** Any unexpended balance of the TANF appropriation in the first year of the biennium does not cancel but is available for the second year.

(c) **Maternal Morbidity and Death Studies.** $198,000 in fiscal year 2022 and $198,000 in fiscal year 2023 are from the general fund to be used to conduct maternal morbidity and death studies under Minnesota Statutes, sections 145.901 and 145.9013.

(d) **Comprehensive Advanced Life Support Educational Program.** $100,000 in fiscal year 2022 and $100,000 in fiscal year 2023 are from the general fund for the comprehensive advanced life support educational program under Minnesota Statutes, section 144.6062. This is a onetime appropriation.

(e) **Local Public Health Grants.** $2,978,000 in fiscal year 2022 and $2,978,000 in fiscal year 2023 are from the general fund for local public health grants under Minnesota Statutes, section 145A.131. The base for this appropriation is $2,500,000 in fiscal year 2024 and $2,500,000 in fiscal year 2025.

(f) **Public Health Infrastructure and Health Equity and Outreach.** $5,000,000 in fiscal year 2022 and $5,000,000 in fiscal year 2023 are from the general fund for purposes of Minnesota Statutes, sections 144.067 to 144.069, and to build public health infrastructure at the state and local levels to address current and future public health emergencies, conduct outreach to underserved communities in the state experiencing health disparities, and build systems at the state and local levels with the goals of reducing and eliminating health disparities in these communities.

(g) **Mental Health Cultural Community Continuing Education.** $500,000 in fiscal year 2022 and $500,000 in fiscal year 2023 are from the general fund for the mental health cultural community continuing education grant program.

(h) **Health Professional Education Loan Forgiveness Program.** $3,000,000 in fiscal year 2022 and $3,000,000 in fiscal year 2023 are from the general fund for loan forgiveness under the health professional education loan forgiveness program under Minnesota Statutes, section 144.1501, for individuals who: (1) are eligible alcohol and drug counselors or eligible mental health professionals, as defined in Minnesota Statutes, section 144.1501, subdivision 1; and (2) are Black, indigenous, or people of color, or members of an underrepresented community as defined in Minnesota Statutes, section 148E.010, subdivision 20. Loan forgiveness shall be provided according to this paragraph notwithstanding the priorities and distribution requirements for loan forgiveness in Minnesota Statutes, section 144.1501.

(i) **Birth Records; Homeless Youth.** $72,000 in fiscal year 2022 and $32,000 in fiscal year 2023 are from the general fund for administration and issuance of certified birth records and statements of no vital record found to homeless youth under Minnesota Statutes, section 144.2255.

(j) **Trauma-Informed Gun Violence Reduction Pilot Program.** $100,000 in fiscal year 2022 is from the general fund for the trauma-informed gun violence reduction pilot program.

(k) **Home Visiting for Pregnant Women and Families with Young Children.** $2,500,000 in fiscal year 2022 and $2,500,000 in fiscal year 2023 are from the general fund for grants for home visiting services under Minnesota Statutes, section 145.87.

(l) **Supporting Healthy Development of Babies During Pregnancy and Postpartum.** $279,000 in fiscal year 2022 and $279,000 in fiscal year 2023 are from the general fund for a grant to the Amherst H. Wilder Foundation for the African American Babies Coalition initiative for community-driven training and education on best practices to support healthy development of babies during pregnancy and postpartum. Grant funds must be used to build capacity in, train, educate, or improve practices among individuals, from youth to elders, serving families with members who are Black, indigenous, or people of color, during pregnancy and postpartum. Of this appropriation, $19,000 in fiscal year 2022 and $19,000 in fiscal year 2023 are for the commissioner to use for administration. This is a onetime appropriation. Any unexpended balance in the first year of the biennium does not cancel and is available in the second year of the biennium.

(m) **Dignity in Pregnancy and Childbirth.** $1,695,000 in fiscal year 2022 and $908,000 in fiscal year 2023 are from the general fund for purposes of Minnesota Statutes, section 144.1461. Of this appropriation, $845,000 in fiscal year 2022 is for a grant to the University of Minnesota School of Public Health's Center for Antiracism Research for Health Equity, to develop a model curriculum on anti-racism and implicit bias for use by hospitals with obstetric care and birth centers to provide continuing education to staff caring for pregnant or postpartum women. The model curriculum must be evidence-based and must meet the criteria in Minnesota Statutes, section 144.1461, subdivision 2, paragraph (a). The base for this appropriation is $907,000 in fiscal year 2024 and $860,000 in fiscal year 2025.

(n) **Recommendations to Expand Access to Data from the All-Payer Claims Database.** $55,000 in fiscal year 2022 is from the general fund for the commissioner to develop recommendations to expand access to data from the all-payer claims database under Minnesota Statutes, section 62U.04, to additional outside entities for public health or research purposes.

(o) **Base Level Adjustments.** The general fund base is $110,895,000 in fiscal year 2024 and $111,787,000 in fiscal year 2025. The state government special revenue fund base is $7,777,000 in fiscal year 2024 and $7,777,000 in fiscal year 2025. The health care access fund base is $36,858,000 in fiscal year 2024 and $36,258,000 in fiscal year 2025.

Subd. 3. **Health Protection**

Appropriations by Fund		
General	30,686,000	26,283,000
State Government Special Revenue	45,362,000	45,579,000

(a) **Lead Risk Assessments and Lead Orders.** $1,530,000 in fiscal year 2022 and $1,314,000 in fiscal year 2023 are from the general fund for implementation of the requirements for conducting lead risk assessments under Minnesota Statutes, section 144.9504, subdivision 2, and for issuance of lead orders under Minnesota Statutes, section 144.9504, subdivision 5.

(b) **Hospital Closure or Curtailment of Operations.** $10,000 in fiscal year 2022 and $1,000 in fiscal year 2023 are from the general fund for purposes of Minnesota Statutes, section 144.555, subdivisions 1a, 1b, and 2.

(c) **Transfer; Public Health Response Contingency Account.** The commissioner shall transfer $500,000 in fiscal year 2022 from the general fund to the public health response contingency account established in Minnesota Statutes, section 144.4199. This is a onetime transfer.

(d) **Skin Lightening Products Public Awareness and Education Grant Program.** $100,000 in fiscal year 2022 and $100,000 in fiscal year 2023 are from the general fund for a skin lightening products public awareness and education grant program. This is a onetime appropriation.

(e) **Base Level Adjustments.** The general fund base is $26,183,000 in fiscal year 2024 and $26,183,000 in fiscal year 2025. The state government special revenue fund base is $45,579,000 in fiscal year 2024 and $45,579,000 in fiscal year 2025.

Subd. 4. **Health Operations** 11,570,000 11,579,000

Sec. 4. **HEALTH-RELATED BOARDS**

Subdivision 1. **Total Appropriation** **$27,535,000** **$26,960,000**

Appropriations by Fund		
State Government Special Revenue	27,459,000	26,884,000
Health Care Access	76,000	76,000

This appropriation is from the state government special revenue fund unless specified otherwise. The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Board of Behavioral Health and Therapy**	877,000	875,000
Subd. 3. **Board of Chiropractic Examiners**	666,000	666,000
Subd. 4. **Board of Dentistry**	4,228,000	3,753,000

(a) **Administrative Services Unit - Operating Costs.** Of this appropriation, $2,738,000 in fiscal year 2022 and $2,263,000 in fiscal year 2023 are for operating costs of the administrative services unit. The administrative services unit may receive and expend reimbursements for services it performs for other agencies.

(b) **Administrative Services Unit - Volunteer Health Care Provider Program.** Of this appropriation, $150,000 in fiscal year 2022 and $150,000 in fiscal year 2023 are to pay for medical professional liability coverage required under Minnesota Statutes, section 214.40.

(c) **Administrative Services Unit - Retirement Costs.** Of this appropriation, $475,000 in fiscal year 2022 is a onetime appropriation to the administrative services unit to pay for the retirement costs of health-related board employees. This funding may be transferred to the health board incurring retirement costs. Any board that has an unexpended balance for an amount transferred under this paragraph shall transfer the unexpended amount to the administrative services unit. These funds are available either year of the biennium.

(d) **Administrative Services Unit - Contested Cases and Other Legal Proceedings.** Of this appropriation, $200,000 in fiscal year 2022 and $200,000 in fiscal year 2023 are for costs of contested case hearings and other unanticipated costs of legal proceedings involving health-related boards funded under this section. Upon certification by a health-related board to the administrative services unit that costs will be incurred and that there is insufficient money available to pay for the costs out of money currently available to that board, the administrative services unit is authorized to transfer money from this appropriation to the board for payment of those costs with the approval of the commissioner of management and budget. The commissioner of management and budget must require any board that has an unexpended balance for an amount transferred under this paragraph to transfer the unexpended amount to the administrative services unit to be deposited in the state government special revenue fund.

Subd. 5. **Board of Dietetics and Nutrition Practice**	164,000	164,000
Subd. 6. **Board of Executives for Long Term Services and Supports**	693,000	635,000
Subd. 7. **Board of Marriage and Family Therapy**	413,000	410,000

Subd. 8. **Board of Medical Practice**	5,912,000	5,868,000

Health Professional Services Program. This appropriation includes $1,002,000 in fiscal year 2022 and $1,002,000 in fiscal year 2023 for the health professional services program.

Subd. 9. **Board of Nursing**	5,345,000	5,355,000
Subd. 10. **Board of Occupational Therapy Practice**	456,000	456,000
Subd. 11. **Board of Optometry**	238,000	238,000
Subd. 12. **Board of Pharmacy**	4,479,000	4,479,000

Appropriations by Fund

State Government Special Revenue	4,403,000	4,403,000
Health Care Access	76,000	76,000

Base Level Adjustment. The health care access fund base is $76,000 in fiscal year 2024, $38,000 in fiscal year 2025, and $0 in fiscal year 2026.

Subd. 13. **Board of Physical Therapy**	564,000	564,000
Subd. 14. **Board of Podiatric Medicine**	214,000	214,000
Subd. 15. **Board of Psychology**	1,362,000	1,360,000
Subd. 16. **Board of Social Work**	1,561,000	1,560,000
Subd. 17. **Board of Veterinary Medicine**	363,000	363,000
Sec. 5. **EMERGENCY MEDICAL SERVICES REGULATORY BOARD**	**$4,453,000**	**$3,829,000**

(a) **Cooper/Sams Volunteer Ambulance Program.** $950,000 in fiscal year 2022 and $950,000 in fiscal year 2023 are for the Cooper/Sams volunteer ambulance program under Minnesota Statutes, section 144E.40.

(1) Of this amount, $861,000 in fiscal year 2022 and $861,000 in fiscal year 2023 are for the ambulance service personnel longevity award and incentive program under Minnesota Statutes, section 144E.40.

(2) Of this amount, $89,000 in fiscal year 2022 and $89,000 in fiscal year 2023 are for the operations of the ambulance service personnel longevity award and incentive program under Minnesota Statutes, section 144E.40.

(b) **EMSRB Operations.** $1,880,000 in fiscal year 2022 and $1,880,000 in fiscal year 2023 are for board operations.

(c) **Regional Grants.** $585,000 in fiscal year 2022 and $585,000 in fiscal year 2023 are for regional emergency medical services programs, to be distributed equally to the eight emergency medical service regions under Minnesota Statutes, section 144E.52.

(d) **Ambulance Training Grant.** $361,000 in fiscal year 2022 and $361,000 in fiscal year 2023 are for training grants under Minnesota Statutes, section 144E.35.

(e) **Grants to Regional Emergency Medical Services Programs.** $650,000 in fiscal year 2022 is for grants to regional emergency medical services programs, to be distributed among the eight emergency medical services regions according to Minnesota Statutes, section 144E.50.

Sec. 6. **COUNCIL ON DISABILITY** **$1,022,000** **$1,038,000**

Sec. 7. **OMBUDSMAN FOR MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES** **$2,487,000** **$2,536,000**

Department of Psychiatry Monitoring. $100,000 in fiscal year 2022 and $100,000 in fiscal year 2023 are for monitoring the Department of Psychiatry at the University of Minnesota.

Sec. 8. **OMBUDSPERSONS FOR FAMILIES** **$733,000** **$744,000**

Sec. 9. **ATTORNEY GENERAL** **$200,000** **$200,000**

Excessive Drug Price Increases. This appropriation is for costs of expert witnesses and investigations under Minnesota Statutes, section 62J.844. This is a onetime appropriation.

Sec. 10. Laws 2019, First Special Session chapter 9, article 14, section 3, as amended by Laws 2019, First Special Session chapter 12, section 6, is amended to read:

Sec. 3. **COMMISSIONER OF HEALTH**

Subdivision 1. **Total Appropriation** **$231,829,000** **$ ~~236,188,000~~ 233,584,000**

Appropriations by Fund

	2020	2021
		~~126,276,000~~
General	124,381,000	125,881,000
State Government Special		~~61,367,000~~
Revenue	58,450,000	59,158,000
Health Care Access	37,285,000	36,832,000
Federal TANF	11,713,000	11,713,000

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

Subd. 2. **Health Improvement**

Appropriations by Fund

		~~96,117,000~~
General	94,980,000	95,722,000
State Government Special		~~7,558,000~~
Revenue	7,614,000	6,924,000
Health Care Access	37,285,000	36,832,000
Federal TANF	11,713,000	11,713,000

(a) **TANF Appropriations.** (1) $3,579,000 in fiscal year 2020 and $3,579,000 in fiscal year 2021 are from the TANF fund for home visiting and nutritional services under Minnesota Statutes, section 145.882, subdivision 7, clauses (6) and (7). Funds must be distributed to community health boards according to Minnesota Statutes, section 145A.131, subdivision 1;

(2) $2,000,000 in fiscal year 2020 and $2,000,000 in fiscal year 2021 are from the TANF fund for decreasing racial and ethnic disparities in infant mortality rates under Minnesota Statutes, section 145.928, subdivision 7;

(3) $4,978,000 in fiscal year 2020 and $4,978,000 in fiscal year 2021 are from the TANF fund for the family home visiting grant program under Minnesota Statutes, section 145A.17. $4,000,000 of the funding in each fiscal year must be distributed to community health boards according to Minnesota Statutes, section 145A.131, subdivision 1. $978,000 of the funding in each fiscal year must be distributed to tribal governments according to Minnesota Statutes, section 145A.14, subdivision 2a;

(4) $1,156,000 in fiscal year 2020 and $1,156,000 in fiscal year 2021 are from the TANF fund for family planning grants under Minnesota Statutes, section 145.925; and

(5) The commissioner may use up to 6.23 percent of the amounts appropriated from the TANF fund each year to conduct the ongoing evaluations required under Minnesota Statutes, section 145A.17, subdivision 7, and training and technical assistance as required under Minnesota Statutes, section 145A.17, subdivisions 4 and 5.

(b) **TANF Carryforward.** Any unexpended balance of the TANF appropriation in the first year of the biennium does not cancel but is available for the second year.

(c) **Comprehensive Suicide Prevention.** $2,730,000 in fiscal year 2020 and $2,730,000 in fiscal year 2021 are from the general fund for a comprehensive, community-based suicide prevention strategy. The funds are allocated as follows:

(1) $955,000 in fiscal year 2020 and $955,000 in fiscal year 2021 are for community-based suicide prevention grants authorized in Minnesota Statutes, section 145.56, subdivision 2. Specific emphasis must be placed on those communities with the greatest disparities. The base for this appropriation is $1,291,000 in fiscal year 2022 and $1,291,000 in fiscal year 2023;

(2) $683,000 in fiscal year 2020 and $683,000 in fiscal year 2021 are to support evidence-based training for educators and school staff and purchase suicide prevention curriculum for student use statewide, as authorized in Minnesota Statutes, section 145.56, subdivision 2. The base for this appropriation is $913,000 in fiscal year 2022 and $913,000 in fiscal year 2023;

(3) $137,000 in fiscal year 2020 and $137,000 in fiscal year 2021 are to implement the Zero Suicide framework with up to 20 behavioral and health care organizations each year to treat individuals at risk for suicide and support those individuals across systems of care upon discharge. The base for this appropriation is $205,000 in fiscal year 2022 and $205,000 in fiscal year 2023;

(4) $955,000 in fiscal year 2020 and $955,000 in fiscal year 2021 are to develop and fund a Minnesota-based network of National Suicide Prevention Lifeline, providing statewide coverage. The base for this appropriation is $1,321,000 in fiscal year 2022 and $1,321,000 in fiscal year 2023; and

(5) the commissioner may retain up to 18.23 percent of the appropriation under this paragraph to administer the comprehensive suicide prevention strategy.

(d) **Statewide Tobacco Cessation.** $1,598,000 in fiscal year 2020 and $2,748,000 in fiscal year 2021 are from the general fund for statewide tobacco cessation services under Minnesota Statutes, section 144.397. The base for this appropriation is $2,878,000 in fiscal year 2022 and $2,878,000 in fiscal year 2023.

(e) **Health Care Access Survey.** $225,000 in fiscal year 2020 and $225,000 in fiscal year 2021 are from the health care access fund to continue and improve the Minnesota Health Care Access Survey. These appropriations may be used in either year of the biennium.

(f) **Community Solutions for Healthy Child Development Grant Program.** $1,000,000 in fiscal year 2020 and $1,000,000 in fiscal year 2021 are for the community solutions for healthy

child development grant program to promote health and racial equity for young children and their families under article 11, section 107. The commissioner may use up to 23.5 percent of the total appropriation for administration. The base for this appropriation is $1,000,000 in fiscal year 2022, $1,000,000 in fiscal year 2023, and $0 in fiscal year 2024.

(g) **Domestic Violence and Sexual Assault Prevention Program.** $375,000 in fiscal year 2020 and $375,000 in fiscal year 2021 are from the general fund for the domestic violence and sexual assault prevention program under article 11, section 108. This is a onetime appropriation.

(h) **Skin Lightening Products Public Awareness Grant Program.** $100,000 in fiscal year 2020 and $100,000 in fiscal year 2021 are from the general fund for a skin lightening products public awareness and education grant program. This is a onetime appropriation.

(i) **Cannabinoid Products Workgroup.** $8,000 in fiscal year 2020 is from the state government special revenue fund for the cannabinoid products workgroup. This is a onetime appropriation.

(j) **Base Level Adjustments.** The general fund base is $96,742,000 in fiscal year 2022 and $96,742,000 in fiscal year 2023. The health care access fund base is $37,432,000 in fiscal year 2022 and $36,832,000 in fiscal year 2023.

Subd. 3. **Health Protection**

Appropriations by Fund		
General	18,803,000	19,774,000
State Government Special Revenue	50,836,000	~~53,809,000~~ 52,234,000

(a) **Public Health Laboratory Equipment.** $840,000 in fiscal year 2020 and $655,000 in fiscal year 2021 are from the general fund for equipment for the public health laboratory. This is a onetime appropriation and is available until June 30, 2023.

(b) **Base Level Adjustment.** The general fund base is $19,119,000 in fiscal year 2022 and $19,119,000 in fiscal year 2023. The state government special revenue fund base is $53,782,000 in fiscal year 2022 and $53,782,000 in fiscal year 2023.

Subd. 4. **Health Operations** 10,598,000 10,385,000

Base Level Adjustment. The general fund base is $10,912,000 in fiscal year 2022 and $10,912,000 in fiscal year 2023.

EFFECTIVE DATE. This section is effective the day following final enactment and the reductions in subdivisions 1 to 3 are onetime reductions.

Sec. 11. **APPROPRIATION; MINNESOTA FAMILY INVESTMENT PROGRAM SUPPLEMENTAL PAYMENT.**

$24,235,000 in fiscal year 2021 is appropriated from the TANF fund to the commissioner of human services to provide a onetime cash benefit of up to $750 for each household enrolled in the Minnesota family investment program or diversionary work program under Minnesota Statutes, chapter 256J, at the time that the cash benefit is distributed. The commissioner shall distribute these funds through existing systems and in a manner that minimizes the burden to families. This is a onetime appropriation.

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

Sec. 12. **APPROPRIATION; REFINANCING OF EMERGENCY CHILD CARE GRANTS; CANCELLATION.**

$26,622,626 in fiscal year 2021 is appropriated from the coronavirus relief federal fund to the commissioner of human services for fiscal year 2020 to replace a portion of the general fund appropriation in Laws 2020, chapter 71, article 1, section 2, subdivision 9. The general fund appropriation that is replaced by coronavirus relief funds under this section is canceled to the general fund. This is a onetime appropriation.

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

Sec. 13. **CANCELLATION; TRANSFER FROM STATE GOVERNMENT SPECIAL REVENUE FUND TO GENERAL FUND.**

The $77,000 transfer each year from the state government special revenue fund to the general fund under Laws 2008, chapter 364, section 17, paragraph (b), is canceled. This section does not expire.

EFFECTIVE DATE. This section is effective June 30, 2021.

Sec. 14. **FEDERAL FUNDS FOR VACCINE ACTIVITIES; APPROPRIATION.**

Federal funds made available to the commissioner of health for vaccine activities are appropriated to the commissioner for that purpose and shall be used to support work under Minnesota Statutes, sections 144.067 to 144.069.

Sec. 15. **FEDERAL FUNDS REPLACEMENT; APPROPRIATION.**

Notwithstanding any law to the contrary, the commissioner of management and budget must determine whether the expenditures authorized under this act are eligible uses of federal funding received under the Coronavirus State Fiscal Recovery Fund or any other federal funds received by the state under the American Rescue Plan Act, Public Law 117-2. If the commissioner of management and budget determines an expenditure is eligible for funding under Public Law 117-2, the amount of the eligible expenditure is appropriated from the account where those amounts have been deposited and the corresponding general fund amounts appropriated under this act are canceled to the general fund.

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

Sec. 16. **TRANSFERS; HUMAN SERVICES.**

Subdivision 1. **Grants.** The commissioner of human services, with the approval of the commissioner of management and budget, may transfer unencumbered appropriation balances for the biennium ending June 30, 2023, within fiscal years among the MFIP, general assistance, medical assistance, MinnesotaCare, MFIP child care assistance under Minnesota Statutes, section 119B.05, Minnesota supplemental aid program, group residential housing program, the entitlement portion of Northstar Care for Children under Minnesota Statutes, chapter 256N, and the entitlement portion of the chemical dependency consolidated treatment fund, and between fiscal years of the biennium. The commissioner shall inform the chairs and ranking minority members of the senate Health and Human Services Finance Division and the house of representatives Health Finance and Policy Committee and Human Services Finance and Policy Committee quarterly about transfers made under this subdivision.

Subd. 2. **Administration.** Positions, salary money, and nonsalary administrative money may be transferred within the Department of Human Services as the commissioners consider necessary, with the advance approval of the commissioner of management and budget. The commissioner shall inform the chairs and ranking minority members of the senate Health and Human Services Finance Division and the house of representatives Health Finance and Policy Committee and Human Services Finance and Policy Committee quarterly about transfers made under this subdivision.

Sec. 17. **TRANSFERS; HEALTH.**

Positions, salary money, and nonsalary administrative money may be transferred within the Department of Health as the commissioner considers necessary, with the advance approval of the commissioner of management and budget. The commissioner shall inform 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. 18. **INDIRECT COSTS NOT TO FUND PROGRAMS.**

The commissioners of health and human services shall not use indirect cost allocations to pay for the operational costs of any program for which they are responsible.

Sec. 19. **APPROPRIATION ENACTED MORE THAN ONCE.**

If an appropriation in this act is enacted more than once in the 2021 legislative session, the appropriation must be given effect only once.

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

Sec. 20. **EXPIRATION OF UNCODIFIED LANGUAGE.**

All uncodified language contained in this article expires on June 30, 2023, unless a different expiration date is explicit.

Sec. 21. **REPEALER.**

Minnesota Statutes 2020, section 16A.724, subdivision 2, is repealed effective June 30, 2025.

Sec. 22. **EFFECTIVE DATE.**

This article is effective July 1, 2021, unless a different effective date is specified."

Delete the title and insert:

"A bill for an act relating to human services; modifying provisions governing children and family services, community supports, direct care and treatment, and chemical and mental health services; making forecast adjustments; requiring reports; transferring money; making technical and conforming changes; appropriating money; amending Minnesota Statutes 2020, sections 62A.15, subdivision 4, by adding a subdivision; 62A.152, subdivision 3; 62A.3094, subdivision 1; 62Q.096; 119B.011, subdivision 15; 119B.025, subdivision 4; 144.0724, subdivision 4; 144.1501, subdivisions 1, 2, 3; 144.651, subdivision 2; 144D.01, subdivision 4; 144G.08, subdivision 7, as amended; 148.90, subdivision 2; 148.911; 148B.30, subdivision 1; 148B.31; 148B.51; 148B.5301, subdivision 2; 148B.54, subdivision 2; 148E.010, by adding a subdivision; 148E.120, subdivision 2; 148E.130, subdivision 1, by adding a subdivision; 148F.11, subdivision 1; 245.462, subdivisions 1, 6, 8, 9, 14, 16, 17, 18, 21, 23, by adding a subdivision; 245.4661, subdivision 5; 245.4662, subdivision 1; 245.467, subdivisions 2, 3; 245.469, subdivisions 1, 2; 245.470, subdivision 1; 245.4712, subdivision 2; 245.472, subdivision 2; 245.4863; 245.4871, subdivisions 9a, 10, 11a, 17, 21, 26, 27, 29, 31, 32, 34, by adding a subdivision; 245.4876, subdivisions 2, 3; 245.4879, subdivision 1; 245.488, subdivision 1; 245.4882, subdivisions 1, 3; 245.4885, subdivision 1; 245.4889, subdivision 1; 245.4901, subdivision 2; 245.62, subdivision 2; 245.735, subdivisions 3, 5, by adding a subdivision; 245A.02, by adding subdivisions; 245A.03, subdivision 7; 245A.04, subdivision 5; 245A.041, by adding a subdivision; 245A.043, subdivision 3; 245A.10, subdivision 4; 245A.65, subdivision 2; 245D.02, subdivision 20; 245F.04, subdivision 2; 245G.03, subdivision 2; 246.54, subdivision 1b; 254B.01, subdivision 4a, by adding a subdivision; 254B.05, subdivision 5; 254B.12, by adding a subdivision; 256.01, subdivision 14b; 256.0112, subdivision 6; 256.041; 256.042, subdivisions 2, 4; 256.043, subdivision 3; 256B.0615, subdivisions 1, 5; 256B.0616, subdivisions 1, 3, 5; 256B.0622, subdivisions 1, 2, 3a, 4, 7, 7a, 7b, 7d; 256B.0623, subdivisions 1, 2, 3, 4, 5, 6, 9, 12; 256B.0624; 256B.0625, subdivisions 3b, 5, 5m, 19c, 20, 28a, 42, 48, 49, 56a; 256B.0757, subdivision 4c; 256B.0759, subdivisions 2, 4, by adding subdivisions; 256B.0911, subdivision 3a; 256B.092, subdivisions 4, 5, 12; 256B.0924, subdivision 6; 256B.094, subdivision 6; 256B.0941, subdivision 1; 256B.0943, subdivisions 1, 2, 3, 4, 5, 5a, 6, 7, 9, 11; 256B.0946, subdivisions 1, 1a, 2, 3, 4, 6; 256B.0947, subdivisions 1, 2, 3, 3a, 5, 6, 7; 256B.0949, subdivisions 2, 4, 5a; 256B.097, by adding subdivisions; 256B.25, subdivision 3; 256B.439, by adding subdivisions; 256B.49, subdivisions 11, 11a, 17, by adding a subdivision; 256B.4914, subdivisions 5, 6, 7, 8, 9, by adding a subdivision; 256B.69, subdivision 5a; 256B.761; 256B.763; 256B.85, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 11b, 12, 12b, 13, 13a, 15, 17a, 18a, 20b, 23, 23a, by adding subdivisions; 256D.03, by adding a subdivision; 256D.051, by adding subdivisions; 256D.0515; 256D.0516, subdivision 2; 256E.34, subdivision 1; 256I.03, subdivision 13; 256I.04, subdivision 3; 256I.05, subdivisions 1a, 1c, 11; 256I.06, subdivisions 6, 8; 256J.08, subdivisions 15, 71, 79; 256J.10; 256J.21, subdivisions 3, 4, 5; 256J.24, subdivision 5; 256J.30, subdivision 8; 256J.33, subdivisions 1, 2, 4; 256J.37, subdivisions 1, 1b, 3, 3a; 256J.626, subdivision 1; 256J.95, subdivision 9; 256N.25, subdivisions 2, 3; 256N.26, subdivisions 11, 13; 256P.01, subdivisions 3, 6a, by adding a subdivision; 256P.04, subdivisions 4, 8; 256P.06, subdivisions 2, 3; 256P.07; 256S.18, subdivision 7; 256S.20, subdivision 1; 260.761, subdivision 2; 260C.007, subdivisions 6, 14, 26c, 31; 260C.157, subdivision 3; 260C.212, subdivisions 1a, 13; 260C.4412; 260C.452; 260C.704; 260C.706; 260C.708; 260C.71; 260C.712; 260C.714; 260D.01; 260D.05; 260D.06, subdivision 2; 260D.07; 260D.08; 260D.14; 260E.01; 260E.02, subdivision 1; 260E.03, subdivision 22, by adding subdivisions; 260E.06, subdivision 1; 260E.14, subdivisions 2, 5; 260E.17, subdivision 1; 260E.18; 260E.20, subdivision 2; 260E.24, subdivisions 2, 7; 260E.31, subdivision 1; 260E.33, subdivision 1, by adding a subdivision; 260E.35, subdivision 6; 260E.36, by adding a subdivision; 295.50, subdivision 9b; 325F.721, subdivision 1; Laws 2019, First Special Session chapter 9, article 14, section 3, as amended; Laws 2020, First Special Session chapter 7, section 1, subdivision 2, as amended; Laws 2020, Fifth Special Session chapter 3, article 10, section 3; proposing coding for new law in Minnesota Statutes, chapters 245; 245A; 254B; 256B; 256P; proposing coding for new law as Minnesota Statutes, chapter 245I; repealing Minnesota Statutes 2020, sections 16A.724, subdivision 2; 245.462, subdivision 4a; 245.4871, subdivision 32a; 245.4879, subdivision 2; 245.62, subdivisions 3, 4; 245.69, subdivision 2; 245.735, subdivisions 1, 2, 4; 256B.0596; 256B.0615, subdivision 2; 256B.0616, subdivision 2; 256B.0622, subdivisions 3, 5a; 256B.0623, subdivisions 7, 8, 10, 11; 256B.0625, subdivisions 5l, 35a, 35b, 61, 62, 65; 256B.0916, subdivisions 2, 3, 4, 5, 8, 11, 12; 256B.0943, subdivisions 8, 10; 256B.0944; 256B.0946, subdivision 5; 256B.097, subdivisions 1, 2, 3, 4, 5, 6; 256B.49, subdivisions 26, 27; 256D.051, subdivisions 1, 1a, 2, 2a, 3, 3a, 3b,

6b, 6c, 7, 8, 9, 18; 256D.052, subdivision 3; 256J.08, subdivisions 10, 53, 61, 62, 81, 83; 256J.21, subdivisions 1, 2; 256J.30, subdivisions 5, 7, 8; 256J.33, subdivisions 3, 4, 5; 256J.34, subdivisions 1, 2, 3, 4; 256J.37, subdivision 10; Minnesota Rules, parts 9505.0370; 9505.0371; 9505.0372; 9520.0010; 9520.0020; 9520.0030; 9520.0040; 9520.0050; 9520.0060; 9520.0070; 9520.0080; 9520.0090; 9520.0100; 9520.0110; 9520.0120; 9520.0130; 9520.0140; 9520.0150; 9520.0160; 9520.0170; 9520.0180; 9520.0190; 9520.0200; 9520.0210; 9520.0230; 9520.0750; 9520.0760; 9520.0770; 9520.0780; 9520.0790; 9520.0800; 9520.0810; 9520.0820; 9520.0830; 9520.0840; 9520.0850; 9520.0860; 9520.0870; 9530.6800; 9530.6810."

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. 2128, A bill for an act relating to health; modifying provisions governing health care, human services, and licensing and background studies; establishing a budget for health and human services; making technical and conforming changes; transferring money; appropriating money; amending Minnesota Statutes 2020, sections 62J.495, subdivisions 1, 2, 3, 4; 62J.498; 62J.4981; 62J.4982; 62V.05, by adding a subdivision; 122A.18, subdivision 8; 144.1205, subdivisions 2, 4, 8, 9, by adding a subdivision; 144.125, subdivision 1; 145.901; 174.30, subdivision 3; 245A.10, subdivision 4; 245C.02, by adding subdivisions; 245C.03; 245C.05, subdivisions 1, 2, 2a, 2b, 4; 245C.08, by adding subdivisions; 245C.10, subdivision 15, by adding subdivisions; 245C.13, subdivision 2; 245C.14, by adding a subdivision; 245C.16, subdivisions 1, 2; 245C.17, subdivision 1, by adding a subdivision; 245C.18; 256.9695, subdivision 1; 256.983; 256B.04, subdivisions 12, 14; 256B.057, subdivision 3; 256B.0622, subdivision 7a; 256B.0625, subdivisions 3b, 9, 13, 13e, 17, 17b, 18, 18b, 58; 256B.0947, subdivision 6; 256B.0949, subdivision 13, by adding a subdivision; 256B.69, subdivision 6d; 256B.75; 256B.76, subdivisions 2, 4; 256B.766; 256B.767; 256B.79, subdivisions 1, 3; 256L.01, subdivision 5; 256L.04, subdivision 7b; 256L.05, subdivision 3a; 256L.11, subdivision 7; 326.71, subdivision 4; 326.75, subdivisions 1, 2, 3; Laws 2017, chapter 13, article 1, section 15, as amended; Laws 2019, First Special Session chapter 9, article 14, section 3, as amended; proposing coding for new law in Minnesota Statutes, chapters 145; 245C; 256B; repealing Minnesota Statutes 2020, sections 245C.10, subdivisions 2, 2a, 3, 4, 5, 6, 7, 8, 9, 9a, 10, 11, 12, 13, 14, 16; 256B.0625, subdivisions 18c, 18d, 18e, 18h; 256L.11, subdivision 6a.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
DHS HEALTH CARE PROGRAMS

Section 1. **[62A.002] APPLICABILITY OF CHAPTER.**

Any benefit or coverage mandate included in this chapter does not apply to managed care plans or county-based purchasing plans when the plan is providing coverage to state public health care program enrollees under chapter 256B or 256L.

Sec. 2. Minnesota Statutes 2020, section 62C.01, is amended by adding a subdivision to read:

Subd. 4. **Applicability.** Any benefit or coverage mandate included in this chapter does not apply to managed care plans or county-based purchasing plans when the plan is providing coverage to state public health care program enrollees under chapter 256B or 256L.

Sec. 3. Minnesota Statutes 2020, section 62D.01, is amended by adding a subdivision to read:

Subd. 3. **Applicability.** Any benefit or coverage mandate included in this chapter does not apply to managed care plans or county-based purchasing plans when the plan is providing coverage to state public health care program enrollees under chapter 256B or 256L.

Sec. 4. **[62J.011] APPLICABILITY OF CHAPTER.**

Any benefit or coverage mandate included in this chapter does not apply to managed care plans or county-based purchasing plans when the plan is providing coverage to state public health care program enrollees under chapter 256B or 256L.

Sec. 5. Minnesota Statutes 2020, section 62Q.02, is amended to read:

62Q.02 APPLICABILITY OF CHAPTER.

(a) This chapter applies only to health plans, as defined in section 62Q.01, and not to other types of insurance issued or renewed by health plan companies, unless otherwise specified.

(b) This chapter applies to a health plan company only with respect to health plans, as defined in section 62Q.01, issued or renewed by the health plan company, unless otherwise specified.

(c) If a health plan company issues or renews health plans in other states, this chapter applies only to health plans issued or renewed in this state for Minnesota residents, or to cover a resident of the state, unless otherwise specified.

(d) Any benefit or coverage mandate included in this chapter does not apply to managed care plans or county-based purchasing plans when the plan is providing coverage to state public health care program enrollees under chapter 256B or 256L.

Sec. 6. Minnesota Statutes 2020, section 174.30, subdivision 3, is amended to read:

Subd. 3. **Other standards; wheelchair securement; protected transport.** (a) A special transportation service that transports individuals occupying wheelchairs is subject to the provisions of sections 299A.11 to 299A.17 concerning wheelchair securement devices. The commissioners of transportation and public safety shall cooperate in the enforcement of this section and sections 299A.11 to 299A.17 so that a single inspection is sufficient to ascertain compliance with sections 299A.11 to 299A.17 and with the standards adopted under this section. Representatives of the Department of Transportation may inspect wheelchair securement devices in vehicles operated by special transportation service providers to determine compliance with sections 299A.11 to 299A.17 and to issue certificates under section 299A.14, subdivision 4.

(b) In place of a certificate issued under section 299A.14, the commissioner may issue a decal under subdivision 4 for a vehicle equipped with a wheelchair securement device if the device complies with sections 299A.11 to 299A.17 and the decal displays the information in section 299A.14, subdivision 4.

(c) For vehicles designated as protected transport under section 256B.0625, subdivision 17, paragraph ~~(h)~~ (g), the commissioner of transportation, during the commissioner's inspection, shall check to ensure the safety provisions contained in that paragraph are in working order.

Sec. 7. Minnesota Statutes 2020, section 256.01, subdivision 28, is amended to read:

Subd. 28. **Statewide health information exchange.** (a) The commissioner has the authority to join and participate as a member in a legal entity developing and operating a statewide health information exchange or to develop and operate an encounter alerting service that shall meet the following criteria:

(1) the legal entity must meet all constitutional and statutory requirements to allow the commissioner to participate; and

(2) the commissioner or the commissioner's designated representative must have the right to participate in the governance of the legal entity under the same terms and conditions and subject to the same requirements as any other member in the legal entity and in that role shall act to advance state interests and lessen the burdens of government.

(b) Notwithstanding chapter 16C, the commissioner may pay the state's prorated share of development-related expenses of the legal entity retroactively from October 29, 2007, regardless of the date the commissioner joins the legal entity as a member.

Sec. 8. Minnesota Statutes 2020, section 256.969, subdivision 2b, is amended to read:

Subd. 2b. **Hospital payment rates.** (a) For discharges occurring on or after November 1, 2014, hospital inpatient services for hospitals located in Minnesota shall be paid according to the following:

(1) critical access hospitals as defined by Medicare shall be paid using a cost-based methodology;

(2) long-term hospitals as defined by Medicare shall be paid on a per diem methodology under subdivision 25;

(3) rehabilitation hospitals or units of hospitals that are recognized as rehabilitation distinct parts as defined by Medicare shall be paid according to the methodology under subdivision 12; and

(4) all other hospitals shall be paid on a diagnosis-related group (DRG) methodology.

(b) For the period beginning January 1, 2011, through October 31, 2014, rates shall not be rebased, except that a Minnesota long-term hospital shall be rebased effective January 1, 2011, based on its most recent Medicare cost report ending on or before September 1, 2008, with the provisions under subdivisions 9 and 23, based on the rates in effect on December 31, 2010. For rate setting periods after November 1, 2014, in which the base years are updated, a Minnesota long-term hospital's base year shall remain within the same period as other hospitals.

(c) Effective for discharges occurring on and after November 1, 2014, payment rates for hospital inpatient services provided by hospitals located in Minnesota or the local trade area, except for the hospitals paid under the methodologies described in paragraph (a), clauses (2) and (3), shall be rebased, incorporating cost and payment methodologies in a manner similar to Medicare. The base year <u>or years</u> for the rates effective November 1, 2014, shall be calendar year 2012. The rebasing under this paragraph shall be budget neutral, ensuring that the total aggregate payments under the rebased system are equal to the total aggregate payments that were made for the same number and types of services in the base year. Separate budget neutrality calculations shall be determined for payments made to critical access hospitals and payments made to hospitals paid under the DRG system. Only the rate increases or decreases under subdivision 3a or 3c that applied to the hospitals being rebased during the entire base period shall be incorporated into the budget neutrality calculation.

(d) For discharges occurring on or after November 1, 2014, through the next rebasing that occurs, the rebased rates under paragraph (c) that apply to hospitals under paragraph (a), clause (4), shall include adjustments to the projected rates that result in no greater than a five percent increase or decrease from the base year payments for any hospital. Any adjustments to the rates made by the commissioner under this paragraph and paragraph (e) shall maintain budget neutrality as described in paragraph (c).

(e) For discharges occurring on or after November 1, 2014, the commissioner may make additional adjustments to the rebased rates, and when evaluating whether additional adjustments should be made, the commissioner shall consider the impact of the rates on the following:

(1) pediatric services;

(2) behavioral health services;

(3) trauma services as defined by the National Uniform Billing Committee;

(4) transplant services;

(5) obstetric services, newborn services, and behavioral health services provided by hospitals outside the seven-county metropolitan area;

(6) outlier admissions;

(7) low-volume providers; and

(8) services provided by small rural hospitals that are not critical access hospitals.

(f) Hospital payment rates established under paragraph (c) must incorporate the following:

(1) for hospitals paid under the DRG methodology, the base year payment rate per admission is standardized by the applicable Medicare wage index and adjusted by the hospital's disproportionate population adjustment;

(2) for critical access hospitals, payment rates for discharges between November 1, 2014, and June 30, 2015, shall be set to the same rate of payment that applied for discharges on October 31, 2014;

(3) the cost and charge data used to establish hospital payment rates must only reflect inpatient services covered by medical assistance; and

(4) in determining hospital payment rates for discharges occurring on or after the rate year beginning January 1, 2011, through December 31, 2012, the hospital payment rate per discharge shall be based on the cost-finding methods and allowable costs of the Medicare program in effect during the base year or years. In determining hospital payment rates for discharges in subsequent base years, the per discharge rates shall be based on the cost-finding methods and allowable costs of the Medicare program in effect during the base year or years.

(g) The commissioner shall validate the rates effective November 1, 2014, by applying the rates established under paragraph (c), and any adjustments made to the rates under paragraph (d) or (e), to hospital claims paid in calendar year 2013 to determine whether the total aggregate payments for the same number and types of services under the rebased rates are equal to the total aggregate payments made during calendar year 2013.

(h) Effective for discharges occurring on or after July 1, 2017, and every two years thereafter, payment rates under this section shall be rebased to reflect only those changes in hospital costs between the existing base year or years and the next base year or years. In any year that inpatient claims volume falls below the threshold required to ensure a statically valid sample of claims, the commissioner may combine claims data from two consecutive years to serve as the base year. Years in which inpatient claims volume is reduced or altered due to a pandemic or other public health emergency shall not be used as a base year or part of a base year if the base year includes more than one year. Changes in costs between base years shall be measured using the lower of the hospital cost index defined in subdivision 1, paragraph (a), or the percentage change in the case mix adjusted cost per claim. The commissioner shall establish the base year for each rebasing period considering the most recent year or years for which filed Medicare cost reports are available. The estimated change in the average payment per hospital discharge resulting from a scheduled rebasing must be calculated and made available to the legislature by January 15 of each year in which rebasing is scheduled to occur, and must include by hospital the differential in payment rates compared to the individual hospital's costs.

(i) Effective for discharges occurring on or after July 1, 2015, inpatient payment rates for critical access hospitals located in Minnesota or the local trade area shall be determined using a new cost-based methodology. The commissioner shall establish within the methodology tiers of payment designed to promote efficiency and cost-effectiveness. Payment rates for hospitals under this paragraph shall be set at a level that does not exceed the total cost for critical access hospitals as reflected in base year cost reports. Until the next rebasing that occurs, the new methodology shall result in no greater than a five percent decrease from the base year payments for any hospital, except a hospital that had payments that were greater than 100 percent of the hospital's costs in the base year shall have their rate set equal to 100 percent of costs in the base year. The rates paid for discharges on and after July 1, 2016, covered under this paragraph shall be increased by the inflation factor in subdivision 1, paragraph (a). The new cost-based rate shall be the final rate and shall not be settled to actual incurred costs. Hospitals shall be assigned a payment tier based on the following criteria:

(1) hospitals that had payments at or below 80 percent of their costs in the base year shall have a rate set that equals 85 percent of their base year costs;

(2) hospitals that had payments that were above 80 percent, up to and including 90 percent of their costs in the base year shall have a rate set that equals 95 percent of their base year costs; and

(3) hospitals that had payments that were above 90 percent of their costs in the base year shall have a rate set that equals 100 percent of their base year costs.

(j) The commissioner may refine the payment tiers and criteria for critical access hospitals to coincide with the next rebasing under paragraph (h). The factors used to develop the new methodology may include, but are not limited to:

(1) the ratio between the hospital's costs for treating medical assistance patients and the hospital's charges to the medical assistance program;

(2) the ratio between the hospital's costs for treating medical assistance patients and the hospital's payments received from the medical assistance program for the care of medical assistance patients;

(3) the ratio between the hospital's charges to the medical assistance program and the hospital's payments received from the medical assistance program for the care of medical assistance patients;

(4) the statewide average increases in the ratios identified in clauses (1), (2), and (3);

(5) the proportion of that hospital's costs that are administrative and trends in administrative costs; and

(6) geographic location.

Sec. 9. Minnesota Statutes 2020, section 256.969, is amended by adding a subdivision to read:

Subd. 2f. **Alternate inpatient payment rate.** Effective January 1, 2022, for a hospital eligible to receive disproportionate share hospital payments under subdivision 9, paragraph (d), clause (6), the commissioner shall reduce the amount calculated under subdivision 9, paragraph (d), clause (6), by 99 percent and compute an alternate inpatient payment rate. The alternate payment rate shall be structured to target a total aggregate reimbursement amount equal to what the hospital would have received for providing fee-for-service inpatient services under this section to patients enrolled in medical assistance had the hospital received the entire amount calculated under subdivision 9, paragraph (d), clause (6).

EFFECTIVE DATE. This section is effective January 1, 2022.

Sec. 10. Minnesota Statutes 2020, section 256.969, subdivision 9, is amended to read:

Subd. 9. **Disproportionate numbers of low-income patients served.** (a) For admissions occurring on or after July 1, 1993, the medical assistance disproportionate population adjustment shall comply with federal law and shall be paid to a hospital, excluding regional treatment centers and facilities of the federal Indian Health Service, with a medical assistance inpatient utilization rate in excess of the arithmetic mean. The adjustment must be determined as follows:

(1) for a hospital with a medical assistance inpatient utilization rate above the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service but less than or equal to one standard deviation above the mean, the adjustment must be determined by multiplying the total of the operating and property payment rates by the difference between the hospital's actual medical assistance inpatient utilization rate and the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service; and

(2) for a hospital with a medical assistance inpatient utilization rate above one standard deviation above the mean, the adjustment must be determined by multiplying the adjustment that would be determined under clause (1) for that hospital by 1.1. The commissioner shall report annually on the number of hospitals likely to receive the adjustment authorized by this paragraph. The commissioner shall specifically report on the adjustments received by public hospitals and public hospital corporations located in cities of the first class.

(b) Certified public expenditures made by Hennepin County Medical Center shall be considered Medicaid disproportionate share hospital payments. Hennepin County and Hennepin County Medical Center shall report by June 15, 2007, on payments made beginning July 1, 2005, or another date specified by the commissioner, that may qualify for reimbursement under federal law. Based on these reports, the commissioner shall apply for federal matching funds.

(c) Upon federal approval of the related state plan amendment, paragraph (b) is effective retroactively from July 1, 2005, or the earliest effective date approved by the Centers for Medicare and Medicaid Services.

(d) Effective July 1, 2015, disproportionate share hospital (DSH) payments shall be paid in accordance with a new methodology using 2012 as the base year. Annual payments made under this paragraph shall equal the total amount of payments made for 2012. A licensed children's hospital shall receive only a single DSH factor for children's hospitals. Other DSH factors may be combined to arrive at a single factor for each hospital that is eligible for DSH payments. The new methodology shall make payments only to hospitals located in Minnesota and include the following factors:

(1) a licensed children's hospital with at least 1,000 fee-for-service discharges in the base year shall receive a factor of 0.868. A licensed children's hospital with less than 1,000 fee-for-service discharges in the base year shall receive a factor of 0.7880;

(2) a hospital that has in effect for the initial rate year a contract with the commissioner to provide extended psychiatric inpatient services under section 256.9693 shall receive a factor of 0.0160;

(3) a hospital that has received medical assistance payment ~~from the fee-for-service program~~ for at least 20 transplant services in the base year shall receive a factor of 0.0435;

(4) a hospital that has a medical assistance utilization rate in the base year between 20 percent up to one standard deviation above the statewide mean utilization rate shall receive a factor of 0.0468;

(5) a hospital that has a medical assistance utilization rate in the base year that is at least one standard deviation above the statewide mean utilization rate but is less than two and one-half standard deviations above the mean shall receive a factor of 0.2300; and

(6) a hospital that is a level one trauma center and that has a medical assistance utilization rate in the base year that is at least two and one-half standard deviations above the statewide mean utilization rate shall receive a factor of 0.3711.

(e) For the purposes of determining eligibility for the disproportionate share hospital factors in paragraph (d), clauses (1) to (6), the medical assistance utilization rate and discharge thresholds shall be measured using only one year when a two-year base period is used.

~~(e)~~ (f) Any payments or portion of payments made to a hospital under this subdivision that are subsequently returned to the commissioner because the payments are found to exceed the hospital-specific DSH limit for that hospital shall be redistributed, proportionate to the number of fee-for-service discharges, to other DSH-eligible non-children's hospitals that have a medical assistance utilization rate that is at least one standard deviation above the mean.

~~(f)~~ (g) An additional payment adjustment shall be established by the commissioner under this subdivision for a hospital that provides high levels of administering high-cost drugs to enrollees in fee-for-service medical assistance. The commissioner shall consider factors including fee-for-service medical assistance utilization rates and payments made for drugs purchased through the 340B drug purchasing program and administered to fee-for-service enrollees. If any part of this adjustment exceeds a hospital's hospital-specific disproportionate share hospital limit, or if the hospital qualifies for the alternative payment rate described in subdivision 2e, the commissioner shall make a payment to the hospital that equals the nonfederal share of the amount that exceeds the limit. The total nonfederal share of the amount of the payment adjustment under this paragraph shall not exceed ~~$1,500,000~~ $9,000,000.

EFFECTIVE DATE. This section is effective July 1, 2021, except that the amendment to paragraph (g) is effective January 1, 2023.

Sec. 11. Minnesota Statutes 2020, section 256.9695, subdivision 1, is amended to read:

Subdivision 1. **Appeals.** A hospital may appeal a decision arising from the application of standards or methods under section 256.9685, 256.9686, or 256.969, if an appeal would result in a change to the hospital's payment rate or payments. Both overpayments and underpayments that result from the submission of appeals shall be implemented. Regardless of any appeal outcome, relative values, Medicare wage indexes, Medicare cost-to-charge ratios, and policy adjusters shall not be changed. The appeal shall be heard by an administrative law judge according to sections 14.57 to 14.62, or upon agreement by both parties, according to a modified appeals procedure established by the commissioner and the Office of Administrative Hearings. In any proceeding under this section, the appealing party must demonstrate by a preponderance of the evidence that the commissioner's determination is incorrect or not according to law.

To appeal a payment rate or payment determination or a determination made from base year information, the hospital shall file a written appeal request to the commissioner within 60 days of the date the preliminary payment rate determination was mailed. The appeal request shall specify: (i) the disputed items; (ii) the authority in federal or state statute or rule upon which the hospital relies for each disputed item; and (iii) the name and address of the person to contact regarding the appeal. Facts to be considered in any appeal of base year information are limited to those in existence ~~12~~ 18 months after the last day of the calendar year that is the base year for the payment rates in dispute.

Sec. 12. Minnesota Statutes 2020, section 256.983, is amended to read:

256.983 FRAUD PREVENTION INVESTIGATIONS.

Subdivision 1. **Programs established.** Within the limits of available appropriations, the commissioner of human services shall require the maintenance of budget neutral fraud prevention investigation programs in the counties or tribal agencies participating in the fraud prevention investigation project established under this section. If funds are sufficient, the commissioner may also extend fraud prevention investigation programs to other counties or tribal agencies provided the expansion is budget neutral to the state. Under any expansion, the commissioner has the final authority in decisions regarding the creation and realignment of individual county, tribal agency, or regional operations.

Subd. 2. **County and tribal agency proposals.** Each participating county and tribal agency shall develop and submit an annual staffing and funding proposal to the commissioner no later than April 30 of each year. Each proposal shall include, but not be limited to, the staffing and funding of the fraud prevention investigation program, a job description for investigators involved in the fraud prevention investigation program, and the organizational structure of the county or tribal agency unit, training programs for case workers, and the operational requirements which may be directed by the commissioner. The proposal shall be approved, to include any changes directed or negotiated by the commissioner, no later than June 30 of each year.

Subd. 3. **Department responsibilities.** The commissioner shall establish training programs which shall be attended by all investigative and supervisory staff of the involved county and tribal agencies. The commissioner shall also develop the necessary operational guidelines, forms, and reporting mechanisms, which shall be used by the involved county or tribal agencies. An individual's application or redetermination form for public assistance benefits, including child care assistance programs and medical care programs, must include an authorization for release by the individual to obtain documentation for any information on that form which is involved in a fraud prevention investigation. The authorization for release is effective for six months after public assistance benefits have ceased.

Subd. 4. **Funding.** (a) County and tribal agency reimbursement shall be made through the settlement provisions applicable to the Supplemental Nutrition Assistance Program (SNAP), MFIP, child care assistance programs, the medical assistance program, and other federal and state-funded programs.

(b) The commissioner will maintain program compliance if for any three consecutive month period, a county or tribal agency fails to comply with fraud prevention investigation program guidelines, or fails to meet the cost-effectiveness standards developed by the commissioner. This result is contingent on the commissioner providing written notice, including an offer of technical assistance, within 30 days of the end of the third or subsequent month of noncompliance. The county or tribal agency shall be required to submit a corrective action plan to the commissioner within 30 days of receipt of a notice of noncompliance. Failure to submit a corrective action plan or, continued deviation from standards of more than ten percent after submission of a corrective action plan, will result in denial of funding for each subsequent month, or billing the county or tribal agency for fraud prevention investigation (FPI) service provided by the commissioner, or reallocation of program grant funds, or investigative resources, or both, to other counties or tribal agencies. The denial of funding shall apply to the general settlement received by the county or tribal agency on a quarterly basis and shall not reduce the grant amount applicable to the FPI project.

Subd. 5. **Child care providers; financial misconduct.** (a) A county or tribal agency may conduct investigations of financial misconduct by child care providers as described in chapter 245E. Prior to opening an investigation, a county or tribal agency must contact the commissioner to determine whether an investigation under this chapter may compromise an ongoing investigation.

(b) If, upon investigation, a preponderance of evidence shows a provider committed an intentional program violation, intentionally gave the county or tribe materially false information on the provider's billing forms, provided false attendance records to a county, tribe, or the commissioner, or committed financial misconduct as described in section 245E.01, subdivision 8, the county or tribal agency may suspend a provider's payment pursuant to chapter 245E, or deny or revoke a provider's authorization pursuant to section 119B.13, subdivision 6, paragraph (d), clause (2), prior to pursuing other available remedies. The county or tribe must send notice in accordance with the requirements of section 119B.161, subdivision 2. If a provider's payment is suspended under this section, the payment suspension shall remain in effect until: (1) the commissioner, county, tribe, or a law enforcement authority determines that there is insufficient evidence warranting the action and a county, tribe, or the commissioner does not pursue an additional administrative remedy under chapter 119B or 245E, or section 256.046 or 256.98; or (2) all criminal, civil, and administrative proceedings related to the provider's alleged misconduct conclude and any appeal rights are exhausted.

(c) For the purposes of this section, an intentional program violation includes intentionally making false or misleading statements; intentionally misrepresenting, concealing, or withholding facts; and repeatedly and intentionally violating program regulations under chapters 119B and 245E.

(d) A provider has the right to administrative review under section 119B.161 if: (1) payment is suspended under chapter 245E; or (2) the provider's authorization was denied or revoked under section 119B.13, subdivision 6, paragraph (d), clause (2).

Sec. 13. **[256B.0371] ADMINISTRATION OF DENTAL SERVICES.**

(a) Effective January 1, 2023, the commissioner shall contract with a dental administrator to administer dental services for all recipients of medical assistance and MinnesotaCare, including persons enrolled in managed care as described in section 256B.69.

(b) The dental administrator must provide administrative services, including but not limited to:

(1) provider recruitment, contracting, and assistance;

(2) recipient outreach and assistance;

(3) utilization management and reviews of medical necessity for dental services;

(4) dental claims processing;

(5) coordination of dental care with other services;

(6) management of fraud and abuse;

(7) monitoring access to dental services;

(8) performance measurement;

(9) quality improvement and evaluation; and

(10) management of third-party liability requirements.

(c) Payments to contracted dental providers must be at the rates established under section 256B.76.

EFFECTIVE DATE. This section is effective January 1, 2023.

Sec. 14. Minnesota Statutes 2020, section 256B.04, subdivision 12, is amended to read:

Subd. 12. **Limitation on services.** ~~(a)~~ Place limits on the types of services covered by medical assistance, the frequency with which the same or similar services may be covered by medical assistance for an individual recipient, and the amount paid for each covered service. ~~The state agency shall promulgate rules establishing maximum reimbursement rates for emergency and nonemergency transportation.~~

~~The rules shall provide:~~

~~(1) an opportunity for all recognized transportation providers to be reimbursed for nonemergency transportation consistent with the maximum rates established by the agency; and~~

~~(2) reimbursement of public and private nonprofit providers serving the population with a disability generally at reasonable maximum rates that reflect the cost of providing the service regardless of the fare that might be charged by the provider for similar services to individuals other than those receiving medical assistance or medical care under this chapter.~~

~~(b) The commissioner shall encourage providers reimbursed under this chapter to coordinate their operation with similar services that are operating in the same community. To the extent practicable, the commissioner shall encourage eligible individuals to utilize less expensive providers capable of serving their needs.~~

~~(c) For the purpose of this subdivision and section 256B.02, subdivision 8, and effective on January 1, 1981, "recognized provider of transportation services" means an operator of special transportation service as defined in section 174.29 that has been issued a current certificate of compliance with operating standards of the commissioner of transportation or, if those standards do not apply to the operator, that the agency finds is able to provide the required transportation in a safe and reliable manner. Until January 1, 1981, "recognized transportation provider" includes an operator of special transportation service that the agency finds is able to provide the required transportation in a safe and reliable manner.~~

Sec. 15. Minnesota Statutes 2020, section 256B.04, subdivision 14, is amended to read:

Subd. 14. **Competitive bidding.** (a) When determined to be effective, economical, and feasible, the commissioner may utilize volume purchase through competitive bidding and negotiation under the provisions of chapter 16C, to provide items under the medical assistance program including but not limited to the following:

(1) eyeglasses;

(2) oxygen. The commissioner shall provide for oxygen needed in an emergency situation on a short-term basis, until the vendor can obtain the necessary supply from the contract dealer;

(3) hearing aids and supplies; ~~and~~

(4) durable medical equipment, including but not limited to:

(i) hospital beds;

(ii) commodes;

(iii) glide-about chairs;

(iv) patient lift apparatus;

(v) wheelchairs and accessories;

(vi) oxygen administration equipment;

(vii) respiratory therapy equipment;

(viii) electronic diagnostic, therapeutic and life-support systems; and

(ix) allergen-reducing products as described in section 256B.0625, subdivision 67, paragraph (c) or (d);

(5) nonemergency medical transportation ~~level of need determinations, disbursement of public transportation passes and tokens, and volunteer and recipient mileage and parking reimbursements~~; and

(6) drugs.

(b) Rate changes and recipient cost-sharing under this chapter and chapter 256L do not affect contract payments under this subdivision unless specifically identified.

(c) The commissioner may not utilize volume purchase through competitive bidding and negotiation under the provisions of chapter 16C for ~~special transportation services or~~ incontinence products and related supplies.

Sec. 16. Minnesota Statutes 2020, section 256B.055, subdivision 6, is amended to read:

Subd. 6. **Pregnant women; needy unborn child.** Medical assistance may be paid for a pregnant woman who meets the other eligibility criteria of this section and whose unborn child would be eligible as a needy child under subdivision 10 if born and living with the woman. In accordance with Code of Federal Regulations, title 42, section 435.956, the commissioner must accept self-attestation of pregnancy unless the agency has information that is not reasonably compatible with such attestation. For purposes of this subdivision, a woman is considered pregnant for ~~60 days~~ six months postpartum.

EFFECTIVE DATE. This section is effective January 1, 2022, or upon federal approval, whichever is later. The commissioner shall notify the revisor of statutes when federal approval has been obtained.

Sec. 17. Minnesota Statutes 2020, section 256B.056, subdivision 10, is amended to read:

Subd. 10. **Eligibility verification.** (a) The commissioner shall require women who are applying for the continuation of medical assistance coverage following the end of the ~~60-day~~ six-month postpartum period to update their income and asset information and to submit any required income or asset verification.

(b) The commissioner shall determine the eligibility of private-sector health care coverage for infants less than one year of age eligible under section 256B.055, subdivision 10, or 256B.057, subdivision 1, paragraph (c), and shall pay for private-sector coverage if this is determined to be cost-effective.

(c) The commissioner shall verify assets and income for all applicants, and for all recipients upon renewal.

(d) The commissioner shall utilize information obtained through the electronic service established by the secretary of the United States Department of Health and Human Services and other available electronic data sources in Code of Federal Regulations, title 42, sections 435.940 to 435.956, to verify eligibility requirements. The commissioner shall establish standards to define when information obtained electronically is reasonably compatible with information provided by applicants and enrollees, including use of self-attestation, to accomplish real-time eligibility determinations and maintain program integrity.

(e) Each person applying for or receiving medical assistance under section 256B.055, subdivision 7, and any other person whose resources are required by law to be disclosed to determine the applicant's or recipient's eligibility must authorize the commissioner to obtain information from financial institutions to identify unreported accounts as required in section 256.01, subdivision 18f. If a person refuses or revokes the authorization, the commissioner may determine that the applicant or recipient is ineligible for medical assistance. For purposes of this paragraph, an authorization to identify unreported accounts meets the requirements of the Right to Financial Privacy Act, United States Code, title 12, chapter 35, and need not be furnished to the financial institution.

(f) County and tribal agencies shall comply with the standards established by the commissioner for appropriate use of the asset verification system specified in section 256.01, subdivision 18f.

EFFECTIVE DATE. This section is effective January 1, 2022, or upon federal approval, whichever is later. The commissioner shall notify the revisor of statutes when federal approval has been obtained.

Sec. 18. Minnesota Statutes 2020, section 256B.057, subdivision 3, is amended to read:

Subd. 3. **Qualified Medicare beneficiaries.** (a) A person ~~who is entitled to Part A Medicare benefits, whose income is equal to or less than 100 percent of the federal poverty guidelines, and whose assets are no more than $10,000 for a single individual and $18,000 for a married couple or family of two or more,~~ is eligible for medical assistance reimbursement of Medicare Part A and Part B premiums, Part A and Part B coinsurance and deductibles, and cost-effective premiums for enrollment with a health maintenance organization or a competitive medical plan under section 1876 of the Social Security Act~~.~~ if:

(1) the person is entitled to Medicare Part A benefits;

(2) the person's income is equal to or less than 100 percent of the federal poverty guidelines; and

(3) the person's assets are no more than (i) $10,000 for a single individual, or (ii) $18,000 for a married couple or family of two or more; or, when the resource limits for eligibility for the Medicare Part D extra help low income subsidy (LIS) exceed either amount in item (i) or (ii), the person's assets are no more than the LIS resource limit in United States Code, title 42, section 1396d, subsection (p).

(b) Reimbursement of the Medicare coinsurance and deductibles, when added to the amount paid by Medicare, must not exceed the total rate the provider would have received for the same service or services if the person were a medical assistance recipient with Medicare coverage. Increases in benefits under Title II of the Social Security Act shall not be counted as income for purposes of this subdivision until July 1 of each year.

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

Sec. 19. Minnesota Statutes 2020, section 256B.06, subdivision 4, is amended to read:

Subd. 4. **Citizenship requirements.** (a) Eligibility for medical assistance is limited to citizens of the United States, qualified noncitizens as defined in this subdivision, and other persons residing lawfully in the United States. Citizens or nationals of the United States must cooperate in obtaining satisfactory documentary evidence of citizenship or nationality according to the requirements of the federal Deficit Reduction Act of 2005, Public Law 109-171.

(b) "Qualified noncitizen" means a person who meets one of the following immigration criteria:

(1) admitted for lawful permanent residence according to United States Code, title 8;

(2) admitted to the United States as a refugee according to United States Code, title 8, section 1157;

(3) granted asylum according to United States Code, title 8, section 1158;

(4) granted withholding of deportation according to United States Code, title 8, section 1253(h);

(5) paroled for a period of at least one year according to United States Code, title 8, section 1182(d)(5);

(6) granted conditional entrant status according to United States Code, title 8, section 1153(a)(7);

(7) determined to be a battered noncitizen by the United States Attorney General according to the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, title V of the Omnibus Consolidated Appropriations Bill, Public Law 104-200;

(8) is a child of a noncitizen determined to be a battered noncitizen by the United States Attorney General according to the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, title V, of the Omnibus Consolidated Appropriations Bill, Public Law 104-200; or

(9) determined to be a Cuban or Haitian entrant as defined in section 501(e) of Public Law 96-422, the Refugee Education Assistance Act of 1980.

(c) All qualified noncitizens who were residing in the United States before August 22, 1996, who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance with federal financial participation.

(d) Beginning December 1, 1996, qualified noncitizens who entered the United States on or after August 22, 1996, and who otherwise meet the eligibility requirements of this chapter are eligible for medical assistance with federal participation for five years if they meet one of the following criteria:

(1) refugees admitted to the United States according to United States Code, title 8, section 1157;

(2) persons granted asylum according to United States Code, title 8, section 1158;

(3) persons granted withholding of deportation according to United States Code, title 8, section 1253(h);

(4) veterans of the United States armed forces with an honorable discharge for a reason other than noncitizen status, their spouses and unmarried minor dependent children; or

(5) persons on active duty in the United States armed forces, other than for training, their spouses and unmarried minor dependent children.

Beginning July 1, 2010, children and pregnant women who are noncitizens described in paragraph (b) or who are lawfully present in the United States as defined in Code of Federal Regulations, title 8, section 103.12, and who otherwise meet eligibility requirements of this chapter, are eligible for medical assistance with federal financial participation as provided by the federal Children's Health Insurance Program Reauthorization Act of 2009, Public Law 111-3.

(e) Nonimmigrants who otherwise meet the eligibility requirements of this chapter are eligible for the benefits as provided in paragraphs (f) to (h). For purposes of this subdivision, a "nonimmigrant" is a person in one of the classes listed in United States Code, title 8, section 1101(a)(15).

(f) Payment shall also be made for care and services that are furnished to noncitizens, regardless of immigration status, who otherwise meet the eligibility requirements of this chapter, if such care and services are necessary for the treatment of an emergency medical condition.

(g) For purposes of this subdivision, the term "emergency medical condition" means a medical condition that meets the requirements of United States Code, title 42, section 1396b(v).

(h)(1) Notwithstanding paragraph (g), services that are necessary for the treatment of an emergency medical condition are limited to the following:

(i) services delivered in an emergency room or by an ambulance service licensed under chapter 144E that are directly related to the treatment of an emergency medical condition;

(ii) services delivered in an inpatient hospital setting following admission from an emergency room or clinic for an acute emergency condition; and

(iii) follow-up services that are directly related to the original service provided to treat the emergency medical condition and are covered by the global payment made to the provider.

(2) Services for the treatment of emergency medical conditions do not include:

(i) services delivered in an emergency room or inpatient setting to treat a nonemergency condition;

(ii) organ transplants, stem cell transplants, and related care;

(iii) services for routine prenatal care;

(iv) continuing care, including long-term care, nursing facility services, home health care, adult day care, day training, or supportive living services;

(v) elective surgery;

(vi) outpatient prescription drugs, unless the drugs are administered or dispensed as part of an emergency room visit;

(vii) preventative health care and family planning services;

(viii) rehabilitation services;

(ix) physical, occupational, or speech therapy;

(x) transportation services;

(xi) case management;

(xii) prosthetics, orthotics, durable medical equipment, or medical supplies;

(xiii) dental services;

(xiv) hospice care;

(xv) audiology services and hearing aids;

(xvi) podiatry services;

(xvii) chiropractic services;

(xviii) immunizations;

(xix) vision services and eyeglasses;

(xx) waiver services;

(xxi) individualized education programs; or

(xxii) chemical dependency treatment.

(i) Pregnant noncitizens who are ineligible for federally funded medical assistance because of immigration status, are not covered by a group health plan or health insurance coverage according to Code of Federal Regulations, title 42, section 457.310, and who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance through the period of pregnancy, including labor and delivery, and ~~60 days~~ six months postpartum~~, to the extent federal funds are available under title XXI of the Social Security Act, and the state children's health insurance program~~.

(j) Beginning October 1, 2003, persons who are receiving care and rehabilitation services from a nonprofit center established to serve victims of torture and are otherwise ineligible for medical assistance under this chapter are eligible for medical assistance without federal financial participation. These individuals are eligible only for the period during which they are receiving services from the center. Individuals eligible under this paragraph shall not be required to participate in prepaid medical assistance. The nonprofit center referenced under this paragraph may establish itself as a provider of mental health targeted case management services through a county contract under section 256.0112, subdivision 6. If the nonprofit center is unable to secure a contract with a lead county in its service area, then, notwithstanding the requirements of section 256B.0625, subdivision 20, the commissioner may negotiate a contract with the nonprofit center for provision of mental health targeted case management services. When serving clients who are not the financial responsibility of their contracted lead county, the nonprofit center must gain the concurrence of the county of financial responsibility prior to providing mental health targeted case management services for those clients.

(k) Notwithstanding paragraph (h), clause (2), the following services are covered as emergency medical conditions under paragraph (f) except where coverage is prohibited under federal law for services under clauses (1) and (2):

(1) dialysis services provided in a hospital or freestanding dialysis facility;

(2) surgery and the administration of chemotherapy, radiation, and related services necessary to treat cancer if the recipient has a cancer diagnosis that is not in remission and requires surgery, chemotherapy, or radiation treatment; and

(3) kidney transplant if the person has been diagnosed with end stage renal disease, is currently receiving dialysis services, and is a potential candidate for a kidney transplant.

(l) Effective July 1, 2013, recipients of emergency medical assistance under this subdivision are eligible for coverage of the elderly waiver services provided under chapter 256S, and coverage of rehabilitative services provided in a nursing facility. The age limit for elderly waiver services does not apply. In order to qualify for coverage, a recipient of emergency medical assistance is subject to the assessment and reassessment requirements of section 256B.0911. Initial and continued enrollment under this paragraph is subject to the limits of available funding.

EFFECTIVE DATE. This section is effective January 1, 2022, or upon federal approval, whichever is later. The commissioner shall notify the revisor of statutes when federal approval has been obtained.

Sec. 20. Minnesota Statutes 2020, section 256B.0625, subdivision 3c, is amended to read:

Subd. 3c. **Health Services ~~Policy Committee~~ Advisory Council.** (a) The commissioner, after receiving recommendations from professional physician associations, professional associations representing licensed nonphysician health care professionals, and consumer groups, shall establish a ~~13-member~~ 14-member Health Services ~~Policy Committee~~ Advisory Council, which consists of ~~12~~ 13 voting members and one nonvoting member. The Health Services ~~Policy Committee~~ Advisory Council shall advise the commissioner regarding (1) health services pertaining to the administration of health care benefits covered under ~~the medical assistance and MinnesotaCare programs~~ Minnesota health care programs (MHCP); and (2) evidence-based decision-making and health care benefit and coverage policies for MHCP. The Health Services Advisory Council shall consider available evidence regarding quality, safety, and cost-effectiveness when advising the commissioner. The Health Services ~~Policy Committee~~ Advisory Council shall meet at least quarterly. The Health Services ~~Policy Committee~~ Advisory Council shall annually ~~elect~~ select a ~~physician~~ chair from among its members~~,~~ who shall work directly with the commissioner's medical director~~,~~ to establish the agenda for each meeting. The Health Services ~~Policy Committee shall also~~ Advisory Council may recommend criteria for verifying centers of excellence for specific aspects of medical care where a specific set of combined services, a volume of patients necessary to maintain a high level of competency, or a specific level of technical capacity is associated with improved health outcomes.

(b) The commissioner shall establish a dental ~~subcommittee~~ subcouncil to operate under the Health Services ~~Policy Committee~~ Advisory Council. The dental ~~subcommittee~~ subcouncil consists of general dentists, dental specialists, safety net providers, dental hygienists, health plan company and county and public health representatives, health researchers, consumers, and a designee of the commissioner of health. The dental ~~subcommittee~~ subcouncil shall advise the commissioner regarding:

(1) the critical access dental program under section 256B.76, subdivision 4, including but not limited to criteria for designating and terminating critical access dental providers;

(2) any changes to the critical access dental provider program necessary to comply with program expenditure limits;

(3) dental coverage policy based on evidence, quality, continuity of care, and best practices;

(4) the development of dental delivery models; and

(5) dental services to be added or eliminated from subdivision 9, paragraph (b).

~~(c) The Health Services Policy Committee shall study approaches to making provider reimbursement under the medical assistance and MinnesotaCare programs contingent on patient participation in a patient-centered decision-making process, and shall evaluate the impact of these approaches on health care quality, patient satisfaction, and health care costs. The committee shall present findings and recommendations to the commissioner and the legislative committees with jurisdiction over health care by January 15, 2010.~~

~~(d)~~ (c) The Health Services ~~Policy Committee shall~~ Advisory Council may monitor and track the practice patterns of ~~physicians providing services to medical assistance and MinnesotaCare enrollees~~ health care providers who serve MHCP recipients under fee-for-service, managed care, and county-based purchasing. The ~~committee~~ monitoring and tracking shall focus on services or specialties for which there is a high variation in utilization or quality across ~~physicians~~ providers, or which are associated with high medical costs. The commissioner, based upon the findings of the ~~committee~~ Health Services Advisory Council, ~~shall regularly~~ may notify ~~physicians~~ providers whose practice patterns indicate below average quality or higher than average utilization or costs. Managed care and county-based purchasing plans shall provide the commissioner with utilization and cost data necessary to implement this paragraph, and the commissioner shall make ~~this~~ these data available to the ~~committee~~ Health Services Advisory Council.

~~(e) The Health Services Policy Committee shall review caesarean section rates for the fee-for-service medical assistance population. The committee may develop best practices policies related to the minimization of caesarean sections, including but not limited to standards and guidelines for health care providers and health care facilities.~~

Sec. 21. Minnesota Statutes 2020, section 256B.0625, subdivision 3d, is amended to read:

Subd. 3d. **Health Services ~~Policy Committee~~ Advisory Council members.** (a) The Health Services ~~Policy Committee~~ Advisory Council consists of:

(1) ~~seven~~ six voting members who are licensed physicians actively engaged in the practice of medicine in Minnesota, ~~one of whom must be actively engaged in the treatment of persons with mental illness, and~~ three of whom must represent health plans currently under contract to serve ~~medical assistance~~ MHCP recipients;

(2) two voting members who are licensed physician specialists actively practicing their specialty in Minnesota;

(3) two voting members who are nonphysician health care professionals licensed or registered in their profession and actively engaged in their practice of their profession in Minnesota;

(4) one voting member who is a health care or mental health professional licensed or registered in the member's profession, actively engaged in the practice of the member's profession in Minnesota, and actively engaged in the treatment of persons with mental illness;

~~(4) one consumer~~ (5) two consumers who shall serve as ~~a~~ voting ~~member~~ members; and

~~(5)~~ (6) the commissioner's medical director who shall serve as a nonvoting member.

(b) Members of the Health Services ~~Policy Committee~~ Advisory Council shall not be employed by the ~~Department of Human Services~~ state of Minnesota, except for the medical director. A quorum shall comprise a simple majority of the voting members. Vacant seats shall not count toward a quorum.

Sec. 22. Minnesota Statutes 2020, section 256B.0625, subdivision 3e, is amended to read:

Subd. 3e. **Health Services ~~Policy Committee~~ Advisory Council terms and compensation.** ~~Committee~~ Members shall serve staggered three-year terms, with one-third of the voting members' terms expiring annually. Members may be reappointed by the commissioner. The commissioner may require more frequent Health Services ~~Policy Committee~~ Advisory Council meetings as needed. An honorarium of $200 per meeting and reimbursement for mileage and parking shall be paid to each ~~committee~~ council member in attendance except the medical director. The Health Services ~~Policy Committee~~ Advisory Council does not expire as provided in section 15.059, subdivision 6.

Sec. 23. Minnesota Statutes 2020, section 256B.0625, subdivision 9, is amended to read:

Subd. 9. **Dental services.** (a) Medical assistance covers dental services. The commissioner shall contract with a dental administrator for the administration of dental services. The contract shall include the administration of dental services for persons enrolled in managed care as described in section 256B.69.

(b) Medical assistance dental coverage for nonpregnant adults is limited to the following services:

(1) comprehensive exams, limited to once every five years;

(2) periodic exams, limited to one per year;

(3) limited exams;

(4) bitewing x-rays, limited to one per year;

(5) periapical x-rays;

(6) panoramic x-rays, limited to one every five years except (1) when medically necessary for the diagnosis and follow-up of oral and maxillofacial pathology and trauma or (2) once every two years for patients who cannot cooperate for intraoral film due to a developmental disability or medical condition that does not allow for intraoral film placement;

(7) prophylaxis, limited to one per year;

(8) application of fluoride varnish, limited to one per year;

(9) posterior fillings, all at the amalgam rate;

(10) anterior fillings;

(11) endodontics, limited to root canals on the anterior and premolars only;

(12) removable prostheses, each dental arch limited to one every six years;

(13) oral surgery, limited to extractions, biopsies, and incision and drainage of abscesses;

(14) palliative treatment and sedative fillings for relief of pain; ~~and~~

(15) full-mouth debridement, limited to one every five years~~.~~; and

(16) nonsurgical treatment for periodontal disease, including scaling and root planing once every two years for each quadrant, and routine periodontal maintenance procedures.

(c) In addition to the services specified in paragraph (b), medical assistance covers the following services for adults, if provided in an outpatient hospital setting or freestanding ambulatory surgical center as part of outpatient dental surgery:

(1) periodontics, limited to periodontal scaling and root planing once every two years;

(2) general anesthesia; and

(3) full-mouth survey once every five years.

(d) Medical assistance covers medically necessary dental services for children and pregnant women. The following guidelines apply:

(1) posterior fillings are paid at the amalgam rate;

(2) application of sealants are covered once every five years per permanent molar for children only;

(3) application of fluoride varnish is covered once every six months; and

(4) orthodontia is eligible for coverage for children only.

(e) In addition to the services specified in paragraphs (b) and (c), medical assistance covers the following services for adults:

(1) house calls or extended care facility calls for on-site delivery of covered services;

(2) behavioral management when additional staff time is required to accommodate behavioral challenges and sedation is not used;

(3) oral or IV sedation, if the covered dental service cannot be performed safely without it or would otherwise require the service to be performed under general anesthesia in a hospital or surgical center; and

(4) prophylaxis, in accordance with an appropriate individualized treatment plan, but no more than four times per year.

(f) The commissioner shall not require prior authorization for the services included in paragraph (e), clauses (1) to (3)~~, and shall prohibit managed care and county based purchasing plans from requiring prior authorization for the services included in paragraph (e), clauses (1) to (3), when provided under sections 256B.69, 256B.692, and 256L.12~~.

EFFECTIVE DATE. This section is effective July 1, 2021, except that the amendments to paragraphs (a) and (f) are effective January 1, 2023.

Sec. 24. Minnesota Statutes 2020, section 256B.0625, subdivision 13, is amended to read:

Subd. 13. **Drugs.** (a) Medical assistance covers drugs, except for fertility drugs when specifically used to enhance fertility, if prescribed by a licensed practitioner and dispensed by a licensed pharmacist, by a physician enrolled in the medical assistance program as a dispensing physician, or by a physician, a physician assistant, or an advanced practice registered nurse employed by or under contract with a community health board as defined in section 145A.02, subdivision 5, for the purposes of communicable disease control.

(b) The dispensed quantity of a prescription drug must not exceed a 34-day supply, unless authorized by the commissioner~~.~~ or the drug appears on the 90-day supply list published by the commissioner. The 90-day supply list shall be published by the commissioner on the department's website. The commissioner may add to, delete from, and otherwise modify the 90-day supply list after providing public notice and the opportunity for a 15-day public comment period. The 90-day supply list may include cost-effective generic drugs and shall not include controlled substances.

(c) For the purpose of this subdivision and subdivision 13d, an "active pharmaceutical ingredient" is defined as a substance that is represented for use in a drug and when used in the manufacturing, processing, or packaging of a drug becomes an active ingredient of the drug product. An "excipient" is defined as an inert substance used as a diluent or vehicle for a drug. The commissioner shall establish a list of active pharmaceutical ingredients and excipients which are included in the medical assistance formulary. Medical assistance covers selected active pharmaceutical ingredients and excipients used in compounded prescriptions when the compounded combination is specifically approved by the commissioner or when a commercially available product:

(1) is not a therapeutic option for the patient;

(2) does not exist in the same combination of active ingredients in the same strengths as the compounded prescription; and

(3) cannot be used in place of the active pharmaceutical ingredient in the compounded prescription.

(d) Medical assistance covers the following over-the-counter drugs when prescribed by a licensed practitioner or by a licensed pharmacist who meets standards established by the commissioner, in consultation with the board of pharmacy: antacids, acetaminophen, family planning products, aspirin, insulin, products for the treatment of lice,

vitamins for adults with documented vitamin deficiencies, vitamins for children under the age of seven and pregnant or nursing women, and any other over-the-counter drug identified by the commissioner, in consultation with the Formulary Committee, as necessary, appropriate, and cost-effective for the treatment of certain specified chronic diseases, conditions, or disorders, and this determination shall not be subject to the requirements of chapter 14. A pharmacist may prescribe over-the-counter medications as provided under this paragraph for purposes of receiving reimbursement under Medicaid. When prescribing over-the-counter drugs under this paragraph, licensed pharmacists must consult with the recipient to determine necessity, provide drug counseling, review drug therapy for potential adverse interactions, and make referrals as needed to other health care professionals.

(e) Effective January 1, 2006, medical assistance shall not cover drugs that are coverable under Medicare Part D as defined in the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, Public Law 108-173, section 1860D-2(e), for individuals eligible for drug coverage as defined in the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, Public Law 108-173, section 1860D-1(a)(3)(A). For these individuals, medical assistance may cover drugs from the drug classes listed in United States Code, title 42, section 1396r-8(d)(2), subject to this subdivision and subdivisions 13a to 13g, except that drugs listed in United States Code, title 42, section 1396r-8(d)(2)(E), shall not be covered.

(f) Medical assistance covers drugs acquired through the federal 340B Drug Pricing Program and dispensed by 340B covered entities and ambulatory pharmacies under common ownership of the 340B covered entity. Medical assistance does not cover drugs acquired through the federal 340B Drug Pricing Program and dispensed by 340B contract pharmacies. By March 1 of each year, each 340B covered entity and ambulatory pharmacy under common ownership of the 340B covered entity must report to the commissioner its reimbursements for the previous calendar year from each managed care and county-based purchasing plan, or the pharmacy benefit manager contracted with the managed care or county-based purchasing plan. The report must include:

(1) the National Provider Identification (NPI) number for each 340B covered entity or ambulatory pharmacy under common ownership of the 340B covered entity;

(2) the name of each 340B covered entity;

(3) the servicing address of each 340B covered entity;

(4) the aggregate cost of drugs purchased during the prior calendar year through the 340B program;

(5) the aggregate cost of drugs purchased during the prior calendar year outside of the 340B program;

(6) the total reimbursement received by the 340B covered entity from all payers, including uninsured patients, for all drugs during the prior calendar year; and

(7) either: (i) the number of outpatient 340B pharmacy claims and reimbursement amounts from each managed care and county-based purchasing plan, or pharmacy benefit manager contracted with the managed care or county-based purchasing plan; or (ii) the number of professional or facility 340B claim lines and reimbursement amounts during the prior calendar year from each managed care and county-based purchasing plan.

The commissioner shall submit a copy of the reports to the chairs and ranking minority members of the legislative committees with jurisdiction over health care policy and finance by April 1 of each year. Drugs acquired through the federal 340B Drug Pricing Program and dispensed by a 340B covered entity or ambulatory pharmacy under common ownership of the 340B covered entity are not eligible for coverage if the 340B covered entity or ambulatory pharmacy under common ownership of the 340B covered entity fails to submit a report to the commissioner containing the information required under clauses (1) to (7).

(g) Notwithstanding paragraph (a), medical assistance covers self-administered hormonal contraceptives prescribed and dispensed by a licensed pharmacist in accordance with section 151.37, subdivision 14; nicotine replacement medications prescribed and dispensed by a licensed pharmacist in accordance with section 151.37, subdivision 15; and opiate antagonists used for the treatment of an acute opiate overdose prescribed and dispensed by a licensed pharmacist in accordance with section 151.37, subdivision 16.

Sec. 25. Minnesota Statutes 2020, section 256B.0625, subdivision 13c, is amended to read:

Subd. 13c. **Formulary Committee.** The commissioner, after receiving recommendations from professional medical associations and professional pharmacy associations, and consumer groups shall designate a Formulary Committee to carry out duties as described in subdivisions 13 to 13g. The Formulary Committee shall be comprised of four licensed physicians actively engaged in the practice of medicine in Minnesota, one of whom must be actively engaged in the treatment of persons with mental illness; at least three licensed pharmacists actively engaged in the practice of pharmacy in Minnesota; and one consumer representative; the remainder to be made up of health care professionals who are licensed in their field and have recognized knowledge in the clinically appropriate prescribing, dispensing, and monitoring of covered outpatient drugs. Members of the Formulary Committee shall not be employed by the Department of Human Services, but the committee shall be staffed by an employee of the department who shall serve as an ex officio, nonvoting member of the committee. The department's medical director shall also serve as an ex officio, nonvoting member for the committee. Committee members shall serve three-year terms and may be reappointed by the commissioner. The Formulary Committee shall meet at least twice per year. The commissioner may require more frequent Formulary Committee meetings as needed. An honorarium of $100 per meeting and reimbursement for mileage shall be paid to each committee member in attendance. ~~The Formulary Committee expires June 30, 2022.~~ Notwithstanding section 15.059, subdivision 6, the Formulary Committee does not expire.

Sec. 26. Minnesota Statutes 2020, section 256B.0625, subdivision 13d, is amended to read:

Subd. 13d. **Drug formulary.** (a) The commissioner shall establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the Administrative Procedure Act, but the Formulary Committee shall review and comment on the formulary contents.

(b) The formulary shall not include:

(1) drugs, active pharmaceutical ingredients, or products for which there is no federal funding;

(2) over-the-counter drugs, except as provided in subdivision 13;

~~(3) drugs or active pharmaceutical ingredients used for weight loss, except that medically necessary lipase inhibitors may be covered for a recipient with type II diabetes;~~

~~(4)~~ (3) drugs or active pharmaceutical ingredients when used for the treatment of impotence or erectile dysfunction;

~~(5)~~ (4) drugs or active pharmaceutical ingredients for which medical value has not been established;

~~(6)~~ (5) drugs from manufacturers who have not signed a rebate agreement with the Department of Health and Human Services pursuant to section 1927 of title XIX of the Social Security Act; and

~~(7)~~ (6) medical cannabis as defined in section 152.22, subdivision 6.

(c) If a single-source drug used by at least two percent of the fee-for-service medical assistance recipients is removed from the formulary due to the failure of the manufacturer to sign a rebate agreement with the Department of Health and Human Services, the commissioner shall notify prescribing practitioners within 30 days of receiving notification from the Centers for Medicare and Medicaid Services (CMS) that a rebate agreement was not signed.

Sec. 27. Minnesota Statutes 2020, section 256B.0625, subdivision 17, is amended to read:

Subd. 17. **Transportation costs.** (a) "Nonemergency medical transportation service" means motor vehicle transportation provided by a public or private person that serves Minnesota health care program beneficiaries who do not require emergency ambulance service, as defined in section 144E.001, subdivision 3, to obtain covered medical services.

(b) Medical assistance covers medical transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by eligible persons in obtaining emergency or nonemergency medical care when paid directly to an ambulance company, nonemergency medical transportation company, or other recognized providers of transportation services. Medical transportation must be provided by:

(1) nonemergency medical transportation providers who meet the requirements of this subdivision;

(2) ambulances, as defined in section 144E.001, subdivision 2;

(3) taxicabs that meet the requirements of this subdivision;

(4) public transit, as defined in section 174.22, subdivision 7; or

(5) not-for-hire vehicles, including volunteer drivers.

(c) Medical assistance covers nonemergency medical transportation provided by nonemergency medical transportation providers enrolled in the Minnesota health care programs. All nonemergency medical transportation providers must comply with the operating standards for special transportation service as defined in sections 174.29 to 174.30 and Minnesota Rules, chapter 8840, and all drivers must be individually enrolled with the commissioner and reported on the claim as the individual who provided the service. All nonemergency medical transportation providers shall bill for nonemergency medical transportation services in accordance with Minnesota health care programs criteria. Publicly operated transit systems, volunteers, and not-for-hire vehicles are exempt from the requirements outlined in this paragraph.

(d) An organization may be terminated, denied, or suspended from enrollment if:

(1) the provider has not initiated background studies on the individuals specified in section 174.30, subdivision 10, paragraph (a), clauses (1) to (3); or

(2) the provider has initiated background studies on the individuals specified in section 174.30, subdivision 10, paragraph (a), clauses (1) to (3), and:

(i) the commissioner has sent the provider a notice that the individual has been disqualified under section 245C.14; and

(ii) the individual has not received a disqualification set-aside specific to the special transportation services provider under sections 245C.22 and 245C.23.

(e) The administrative agency of nonemergency medical transportation must:

(1) adhere to the policies defined by the commissioner ~~in consultation with the Nonemergency Medical Transportation Advisory Committee~~;

(2) pay nonemergency medical transportation providers for services provided to Minnesota health care programs beneficiaries to obtain covered medical services; and

(3) provide data monthly to the commissioner on appeals, complaints, no-shows, canceled trips, and number of trips by mode~~; and~~.

~~(4) by July 1, 2016, in accordance with subdivision 18e, utilize a web-based single administrative structure assessment tool that meets the technical requirements established by the commissioner, reconciles trip information with claims being submitted by providers, and ensures prompt payment for nonemergency medical transportation services.~~

~~(f) Until the commissioner implements the single administrative structure and delivery system under subdivision 18e, clients shall obtain their level of service certificate from the commissioner or an entity approved by the commissioner that does not dispatch rides for clients using modes of transportation under paragraph (i), clauses (4), (5), (6), and (7).~~

~~(g)~~ (f) The commissioner may use an order by the recipient's attending physician, advanced practice registered nurse, or a medical or mental health professional to certify that the recipient requires nonemergency medical transportation services. Nonemergency medical transportation providers shall perform driver-assisted services for eligible individuals, when appropriate. Driver-assisted service includes passenger pickup at and return to the individual's residence or place of business, assistance with admittance of the individual to the medical facility, and assistance in passenger securement or in securing of wheelchairs, child seats, or stretchers in the vehicle.

Nonemergency medical transportation providers must take clients to the health care provider using the most direct route, and must not exceed 30 miles for a trip to a primary care provider or 60 miles for a trip to a specialty care provider, unless the client receives authorization from the ~~local agency~~ administrator.

Nonemergency medical transportation providers may not bill for separate base rates for the continuation of a trip beyond the original destination. Nonemergency medical transportation providers must maintain trip logs, which include pickup and drop-off times, signed by the medical provider or client, whichever is deemed most appropriate, attesting to mileage traveled to obtain covered medical services. Clients requesting client mileage reimbursement must sign the trip log attesting mileage traveled to obtain covered medical services.

~~(h)~~ (g) The administrative agency shall use the level of service process established by the commissioner ~~in consultation with the Nonemergency Medical Transportation Advisory Committee~~ to determine the client's most appropriate mode of transportation. If public transit or a certified transportation provider is not available to provide the appropriate service mode for the client, the client may receive a onetime service upgrade.

~~(i)~~ (h) The covered modes of transportation are:

(1) client reimbursement, which includes client mileage reimbursement provided to clients who have their own transportation, or to family or an acquaintance who provides transportation to the client;

(2) volunteer transport, which includes transportation by volunteers using their own vehicle;

(3) unassisted transport, which includes transportation provided to a client by a taxicab or public transit. If a taxicab or public transit is not available, the client can receive transportation from another nonemergency medical transportation provider;

(4) assisted transport, which includes transport provided to clients who require assistance by a nonemergency medical transportation provider;

(5) lift-equipped/ramp transport, which includes transport provided to a client who is dependent on a device and requires a nonemergency medical transportation provider with a vehicle containing a lift or ramp;

(6) protected transport, which includes transport provided to a client who has received a prescreening that has deemed other forms of transportation inappropriate and who requires a provider: (i) with a protected vehicle that is not an ambulance or police car and has safety locks, a video recorder, and a transparent thermoplastic partition between the passenger and the vehicle driver; and (ii) who is certified as a protected transport provider; and

(7) stretcher transport, which includes transport for a client in a prone or supine position and requires a nonemergency medical transportation provider with a vehicle that can transport a client in a prone or supine position.

~~(j) The local agency shall be the single administrative agency and shall administer and reimburse for modes defined in paragraph (i) according to paragraphs (m) and (n) when the commissioner has developed, made available, and funded the web-based single administrative structure, assessment tool, and level of need assessment under subdivision 18e. The local agency's financial obligation is limited to funds provided by the state or federal government.~~

~~(k)~~ (i) The commissioner shall:

(1) ~~in consultation with the Nonemergency Medical Transportation Advisory Committee,~~ verify that the mode and use of nonemergency medical transportation is appropriate;

(2) verify that the client is going to an approved medical appointment; and

(3) investigate all complaints and appeals.

~~(l) The administrative agency shall pay for the services provided in this subdivision and seek reimbursement from the commissioner, if appropriate. As vendors of medical care, local agencies are subject to the provisions in section 256B.041, the sanctions and monetary recovery actions in section 256B.064, and Minnesota Rules, parts 9505.2160 to 9505.2245.~~

~~(m)~~ (j) Payments for nonemergency medical transportation must be paid based on the client's assessed mode under paragraph ~~(h)~~ (g), not the type of vehicle used to provide the service. ~~The medical assistance reimbursement rates for nonemergency medical transportation services that are payable by or on behalf of the commissioner for nonemergency medical transportation services are:~~

~~(1) $0.22 per mile for client reimbursement;~~

~~(2) up to 100 percent of the Internal Revenue Service business deduction rate for volunteer transport;~~

~~(3) equivalent to the standard fare for unassisted transport when provided by public transit, and $11 for the base rate and $1.30 per mile when provided by a nonemergency medical transportation provider;~~

~~(4) $13 for the base rate and $1.30 per mile for assisted transport;~~

~~(5) $18 for the base rate and $1.55 per mile for lift-equipped/ramp transport;~~

~~(6) $75 for the base rate and $2.40 per mile for protected transport; and~~

~~(7) $60 for the base rate and $2.40 per mile for stretcher transport, and $9 per trip for an additional attendant if deemed medically necessary.~~

~~(n) The base rate for nonemergency medical transportation services in areas defined under RUCA to be super rural is equal to 111.3 percent of the respective base rate in paragraph (m), clauses (1) to (7). The mileage rate for nonemergency medical transportation services in areas defined under RUCA to be rural or super rural areas is:~~

~~(1) for a trip equal to 17 miles or less, equal to 125 percent of the respective mileage rate in paragraph (m), clauses (1) to (7); and~~

~~(2) for a trip between 18 and 50 miles, equal to 112.5 percent of the respective mileage rate in paragraph (m), clauses (1) to (7).~~

~~(o) For purposes of reimbursement rates for nonemergency medical transportation services under paragraphs (m) and (n), the zip code of the recipient's place of residence shall determine whether the urban, rural, or super rural reimbursement rate applies.~~

~~(p) For purposes of this subdivision, "rural urban commuting area" or "RUCA" means a census tract based classification system under which a geographical area is determined to be urban, rural, or super rural.~~

~~(q)~~ (k) The commissioner, when determining reimbursement rates for nonemergency medical transportation ~~under paragraphs (m) and (n)~~, shall exempt all modes of transportation listed under paragraph ~~(i)~~ (h) from Minnesota Rules, part 9505.0445, item R, subitem (2).

EFFECTIVE DATE. This section is effective January 1, 2023.

Sec. 28. Minnesota Statutes 2020, section 256B.0625, subdivision 17b, is amended to read:

Subd. 17b. **Documentation required.** (a) As a condition for payment, nonemergency medical transportation providers must document each occurrence of a service provided to a recipient according to this subdivision. Providers must maintain odometer and other records sufficient to distinguish individual trips with specific vehicles and drivers. The documentation may be collected and maintained using electronic systems or software or in paper form but must be made available and produced upon request. Program funds paid for transportation that is not documented according to this subdivision shall be recovered by the nonemergency medical transportation vendor or department.

(b) A nonemergency medical transportation provider must compile transportation records that meet the following requirements:

(1) the record must be in English and must be legible according to the standard of a reasonable person;

(2) the recipient's name must be on each page of the record; and

(3) each entry in the record must document:

(i) the date on which the entry is made;

(ii) the date or dates the service is provided;

(iii) the printed last name, first name, and middle initial of the driver;

(iv) the signature of the driver attesting to the following: "I certify that I have accurately reported in this record the trip miles I actually drove and the dates and times I actually drove them. I understand that misreporting the miles driven and hours worked is fraud for which I could face criminal prosecution or civil proceedings.";

(v) the signature of the recipient or authorized party attesting to the following: "I certify that I received the reported transportation service.", or the signature of the provider of medical services certifying that the recipient was delivered to the provider;

(vi) the address, or the description if the address is not available, of both the origin and destination, and the mileage for the most direct route from the origin to the destination;

(vii) the mode of transportation in which the service is provided;

(viii) the license plate number of the vehicle used to transport the recipient;

(ix) whether the service was ambulatory or nonambulatory;

(x) the time of the pickup and the time of the drop-off with "a.m." and "p.m." designations;

(xi) the name of the extra attendant when an extra attendant is used to provide special transportation service; and

(xii) the electronic source documentation used to calculate driving directions and mileage.

EFFECTIVE DATE. This section is effective January 1, 2023.

Sec. 29. Minnesota Statutes 2020, section 256B.0625, subdivision 18, is amended to read:

Subd. 18. **~~Bus~~ Public transit or taxicab transportation.** (a) To the extent authorized by rule of the state agency, medical assistance covers the most appropriate and cost-effective form of transportation incurred by any ambulatory eligible person for obtaining nonemergency medical care.

(b) The commissioner may provide a monthly public transit pass to recipients who are well-served by public transit for the recipient's nonemergency medical transportation needs. Any recipient who is eligible for one public transit trip for a medically necessary covered service may select to receive a transit pass for that month. Recipients who do not have any transportation needs for a medically necessary service in any given month or who have received a transit pass for that month through another program administered by a county or Tribe are not eligible for a transit pass that month. The commissioner shall not require recipients to select a monthly transit pass if the recipient's transportation needs cannot be served by public transit systems. Recipients who receive a monthly transit pass are not eligible for other modes of transportation, unless an unexpected need arises that cannot be accessed through public transit.

EFFECTIVE DATE. This section is effective January 1, 2022.

Sec. 30. Minnesota Statutes 2020, section 256B.0625, subdivision 18b, is amended to read:

Subd. 18b. **~~Broker dispatching prohibition~~ Administration of nonemergency medical transportation.** ~~Except for establishing level of service process, the commissioner shall not use a broker or coordinator for any purpose related to nonemergency medical transportation services under subdivision 18.~~ The commissioner shall contract either statewide or regionally for the administration of the nonemergency medical transportation program in compliance with the provisions of this chapter. The contract shall include the administration of all covered modes under the nonemergency medical transportation benefit for those enrolled in managed care as described in section 256B.69.

EFFECTIVE DATE. This section is effective January 1, 2023.

Sec. 31. Minnesota Statutes 2020, section 256B.0625, subdivision 30, is amended to read:

Subd. 30. **Other clinic services.** (a) Medical assistance covers rural health clinic services, federally qualified health center services, nonprofit community health clinic services, and public health clinic services. Rural health clinic services and federally qualified health center services mean services defined in United States Code, title 42, section 1396d(a)(2)(B) and (C). Payment for rural health clinic and federally qualified health center services shall be made according to applicable federal law and regulation.

(b) A federally qualified health center (FQHC) that is beginning initial operation shall submit an estimate of budgeted costs and visits for the initial reporting period in the form and detail required by the commissioner. An FQHC that is already in operation shall submit an initial report using actual costs and visits for the initial reporting period. Within 90 days of the end of its reporting period, an FQHC shall submit, in the form and detail required by the commissioner, a report of its operations, including allowable costs actually incurred for the period and the actual number of visits for services furnished during the period, and other information required by the commissioner. FQHCs that file Medicare cost reports shall provide the commissioner with a copy of the most recent Medicare cost report filed with the Medicare program intermediary for the reporting year which support the costs claimed on their cost report to the state.

(c) In order to continue cost-based payment under the medical assistance program according to paragraphs (a) and (b), an FQHC or rural health clinic must apply for designation as an essential community provider within six months of final adoption of rules by the Department of Health according to section 62Q.19, subdivision 7. For those FQHCs and rural health clinics that have applied for essential community provider status within the six-month time prescribed, medical assistance payments will continue to be made according to paragraphs (a) and (b) for the first three years after application. For FQHCs and rural health clinics that either do not apply within the time specified above or who have had essential community provider status for three years, medical assistance payments for health services provided by these entities shall be according to the same rates and conditions applicable to the same service provided by health care providers that are not FQHCs or rural health clinics.

(d) Effective July 1, 1999, the provisions of paragraph (c) requiring an FQHC or a rural health clinic to make application for an essential community provider designation in order to have cost-based payments made according to paragraphs (a) and (b) no longer apply.

(e) Effective January 1, 2000, payments made according to paragraphs (a) and (b) shall be limited to the cost phase-out schedule of the Balanced Budget Act of 1997.

(f) Effective January 1, 2001, through December 31, 2020, each FQHC and rural health clinic may elect to be paid either under the prospective payment system established in United States Code, title 42, section 1396a(aa), or under an alternative payment methodology consistent with the requirements of United States Code, title 42, section 1396a(aa), and approved by the Centers for Medicare and Medicaid Services. The alternative payment methodology shall be 100 percent of cost as determined according to Medicare cost principles.

(g) Effective for services provided on or after January 1, 2021, all claims for payment of clinic services provided by FQHCs and rural health clinics shall be paid by the commissioner, according to an annual election by the FQHC or rural health clinic, under the current prospective payment system described in paragraph (f) or the alternative payment methodology described in paragraph (l).

(h) For purposes of this section, "nonprofit community clinic" is a clinic that:

(1) has nonprofit status as specified in chapter 317A;

(2) has tax exempt status as provided in Internal Revenue Code, section 501(c)(3);

(3) is established to provide health services to low-income population groups, uninsured, high-risk and special needs populations, underserved and other special needs populations;

(4) employs professional staff at least one-half of which are familiar with the cultural background of their clients;

(5) charges for services on a sliding fee scale designed to provide assistance to low-income clients based on current poverty income guidelines and family size; and

(6) does not restrict access or services because of a client's financial limitations or public assistance status and provides no-cost care as needed.

(i) Effective for services provided on or after January 1, 2015, all claims for payment of clinic services provided by FQHCs and rural health clinics shall be paid by the commissioner. the commissioner shall determine the most feasible method for paying claims from the following options:

(1) FQHCs and rural health clinics submit claims directly to the commissioner for payment, and the commissioner provides claims information for recipients enrolled in a managed care or county-based purchasing plan to the plan, on a regular basis; or

(2) FQHCs and rural health clinics submit claims for recipients enrolled in a managed care or county-based purchasing plan to the plan, and those claims are submitted by the plan to the commissioner for payment to the clinic.

(j) For clinic services provided prior to January 1, 2015, the commissioner shall calculate and pay monthly the proposed managed care supplemental payments to clinics, and clinics shall conduct a timely review of the payment calculation data in order to finalize all supplemental payments in accordance with federal law. Any issues arising from a clinic's review must be reported to the commissioner by January 1, 2017. Upon final agreement between the commissioner and a clinic on issues identified under this subdivision, and in accordance with United States Code, title 42, section 1396a(bb), no supplemental payments for managed care plan or county-based purchasing plan claims for services provided prior to January 1, 2015, shall be made after June 30, 2017. If the commissioner and clinics are unable to resolve issues under this subdivision, the parties shall submit the dispute to the arbitration process under section 14.57.

(k) The commissioner shall seek a federal waiver, authorized under section 1115 of the Social Security Act, to obtain federal financial participation at the 100 percent federal matching percentage available to facilities of the Indian Health Service or tribal organization in accordance with section 1905(b) of the Social Security Act for expenditures made to organizations dually certified under Title V of the Indian Health Care Improvement Act, Public Law 94-437, and as a federally qualified health center under paragraph (a) that provides services to American Indian and Alaskan Native individuals eligible for services under this subdivision.

(l) All claims for payment of clinic services provided by FQHCs and rural health clinics, that have elected to be paid under this paragraph, shall be paid by the commissioner according to the following requirements:

(1) the commissioner shall establish a single medical and single dental organization encounter rate for each FQHC and rural health clinic when applicable;

(2) each FQHC and rural health clinic is eligible for same day reimbursement of one medical and one dental organization encounter rate if eligible medical and dental visits are provided on the same day;

(3) the commissioner shall reimburse FQHCs and rural health clinics, in accordance with current applicable Medicare cost principles, their allowable costs, including direct patient care costs and patient-related support services. Nonallowable costs include, but are not limited to:

(i) general social services and administrative costs;

(ii) retail pharmacy;

(iii) patient incentives, food, housing assistance, and utility assistance;

(iv) external lab and x-ray;

(v) navigation services;

(vi) health care taxes;

(vii) advertising, public relations, and marketing;

(viii) office entertainment costs, food, alcohol, and gifts;

(ix) contributions and donations;

(x) bad debts or losses on awards or contracts;

(xi) fines, penalties, damages, or other settlements;

(xii) fund-raising, investment management, and associated administrative costs;

(xiii) research and associated administrative costs;

(xiv) nonpaid workers;

(xv) lobbying;

(xvi) scholarships and student aid; and

(xvii) nonmedical assistance covered services;

(4) the commissioner shall review the list of nonallowable costs in the years between the rebasing process established in clause (5), in consultation with the Minnesota Association of Community Health Centers, FQHCs, and rural health clinics. The commissioner shall publish the list and any updates in the Minnesota health care programs provider manual;

(5) the initial applicable base year organization encounter rates for FQHCs and rural health clinics shall be computed for services delivered on or after January 1, 2021, and:

(i) must be determined using each FQHC's and rural health clinic's Medicare cost reports from 2017 and 2018;

(ii) must be according to current applicable Medicare cost principles as applicable to FQHCs and rural health clinics without the application of productivity screens and upper payment limits or the Medicare prospective payment system FQHC aggregate mean upper payment limit;

(iii) must be subsequently rebased every two years thereafter using the Medicare cost reports that are three and four years prior to the rebasing year. Years in which organizational cost or claims volume is reduced or altered due to a pandemic, disease, or other public health emergency shall not be used as part of a base year when the base year

includes more than one year. The commissioner may use the Medicare cost reports of a year unaffected by a pandemic, disease, or other public health emergency, or previous two consecutive years, inflated to the base year as established under item (iv);

(iv) must be inflated to the base year using the inflation factor described in clause (6); and

(v) the commissioner must provide for a 60-day appeals process under section 14.57;

(6) the commissioner shall annually inflate the applicable organization encounter rates for FQHCs and rural health clinics from the base year payment rate to the effective date by using the CMS FQHC Market Basket inflator established under United States Code, title 42, section 1395m(o), less productivity;

(7) FQHCs and rural health clinics that have elected the alternative payment methodology under this paragraph shall submit all necessary documentation required by the commissioner to compute the rebased organization encounter rates no later than six months following the date the applicable Medicare cost reports are due to the Centers for Medicare and Medicaid Services;

(8) the commissioner shall reimburse FQHCs and rural health clinics an additional amount relative to their medical and dental organization encounter rates that is attributable to the tax required to be paid according to section 295.52, if applicable;

(9) FQHCs and rural health clinics may submit change of scope requests to the commissioner if the change of scope would result in an increase or decrease of 2.5 percent or higher in the medical or dental organization encounter rate currently received by the FQHC or rural health clinic;

(10) for FQHCs and rural health clinics seeking a change in scope with the commissioner under clause (9) that requires the approval of the scope change by the federal Health Resources Services Administration:

(i) FQHCs and rural health clinics shall submit the change of scope request, including the start date of services, to the commissioner within seven business days of submission of the scope change to the federal Health Resources Services Administration;

(ii) the commissioner shall establish the effective date of the payment change as the federal Health Resources Services Administration date of approval of the FQHC's or rural health clinic's scope change request, or the effective start date of services, whichever is later; and

(iii) within 45 days of one year after the effective date established in item (ii), the commissioner shall conduct a retroactive review to determine if the actual costs established under clause (3) or encounters result in an increase or decrease of 2.5 percent or higher in the medical or dental organization encounter rate, and if this is the case, the commissioner shall revise the rate accordingly and shall adjust payments retrospectively to the effective date established in item (ii);

(11) for change of scope requests that do not require federal Health Resources Services Administration approval, the FQHC and rural health clinic shall submit the request to the commissioner before implementing the change, and the effective date of the change is the date the commissioner received the FQHC's or rural health clinic's request, or the effective start date of the service, whichever is later. The commissioner shall provide a response to the FQHC's or rural health clinic's request within 45 days of submission and provide a final approval within 120 days of submission. This timeline may be waived at the mutual agreement of the commissioner and the FQHC or rural health clinic if more information is needed to evaluate the request;

(12) the commissioner, when establishing organization encounter rates for new FQHCs and rural health clinics, shall consider the patient caseload of existing FQHCs and rural health clinics in a 60-mile radius for organizations established outside of the seven-county metropolitan area, and in a 30-mile radius for organizations in the seven-county metropolitan area. If this information is not available, the commissioner may use Medicare cost reports or audited financial statements to establish base rate;

(13) the commissioner shall establish a quality measures workgroup that includes representatives from the Minnesota Association of Community Health Centers, FQHCs, and rural health clinics, to evaluate clinical and nonclinical measures; and

(14) the commissioner shall not disallow or reduce costs that are related to an FQHC's or rural health clinic's participation in health care educational programs to the extent that the costs are not accounted for in the alternative payment methodology encounter rate established in this paragraph.

Sec. 32. Minnesota Statutes 2020, section 256B.0625, subdivision 31, is amended to read:

Subd. 31. **Medical supplies and equipment.** (a) Medical assistance covers medical supplies and equipment. Separate payment outside of the facility's payment rate shall be made for wheelchairs and wheelchair accessories for recipients who are residents of intermediate care facilities for the developmentally disabled. Reimbursement for wheelchairs and wheelchair accessories for ICF/DD recipients shall be subject to the same conditions and limitations as coverage for recipients who do not reside in institutions. A wheelchair purchased outside of the facility's payment rate is the property of the recipient.

(b) Vendors of durable medical equipment, prosthetics, orthotics, or medical supplies must enroll as a Medicare provider.

(c) When necessary to ensure access to durable medical equipment, prosthetics, orthotics, or medical supplies, the commissioner may exempt a vendor from the Medicare enrollment requirement if:

(1) the vendor supplies only one type of durable medical equipment, prosthetic, orthotic, or medical supply;

(2) the vendor serves ten or fewer medical assistance recipients per year;

(3) the commissioner finds that other vendors are not available to provide same or similar durable medical equipment, prosthetics, orthotics, or medical supplies; and

(4) the vendor complies with all screening requirements in this chapter and Code of Federal Regulations, title 42, part 455. The commissioner may also exempt a vendor from the Medicare enrollment requirement if the vendor is accredited by a Centers for Medicare and Medicaid Services approved national accreditation organization as complying with the Medicare program's supplier and quality standards and the vendor serves primarily pediatric patients.

(d) Durable medical equipment means a device or equipment that:

(1) can withstand repeated use;

(2) is generally not useful in the absence of an illness, injury, or disability; and

(3) is provided to correct or accommodate a physiological disorder or physical condition or is generally used primarily for a medical purpose.

(e) Electronic tablets may be considered durable medical equipment if the electronic tablet will be used as an augmentative and alternative communication system as defined under subdivision 31a, paragraph (a). To be covered by medical assistance, the device must be locked in order to prevent use not related to communication.

(f) Notwithstanding the requirement in paragraph (e) that an electronic tablet must be locked to prevent use not as an augmentative communication device, a recipient of waiver services may use an electronic tablet for a use not related to communication when the recipient has been authorized under the waiver to receive one or more additional applications that can be loaded onto the electronic tablet, such that allowing the additional use prevents the purchase of a separate electronic tablet with waiver funds.

(g) An order or prescription for medical supplies, equipment, or appliances must meet the requirements in Code of Federal Regulations, title 42, part 440.70.

(h) Allergen-reducing products provided according to subdivision 67, paragraph (c) or (d), shall be considered durable medical equipment.

EFFECTIVE DATE. This section is effective January 1, 2022, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 33. Minnesota Statutes 2020, section 256B.0625, subdivision 58, is amended to read:

Subd. 58. **Early and periodic screening, diagnosis, and treatment services.** (a) Medical assistance covers early and periodic screening, diagnosis, and treatment services (EPSDT). In administering the EPSDT program, the commissioner shall, at a minimum:

(1) provide information to children and families, using the most effective mode identified, regarding:

(i) the benefits of preventative health care visits;

(ii) the services available as part of the EPSDT program; and

(iii) assistance finding a provider, transportation, or interpreter services;

(2) maintain an up-to-date periodicity schedule published in the department policy manual, taking into consideration the most up-to-date community standard of care; and

(3) maintain up-to-date policies for providers on the delivery of EPSDT services that are in the provider manual on the department website.

(b) The commissioner may contract for the administration of the outreach services as required within the EPSDT program.

(c) The commissioner may contract for the required EPSDT outreach services, including but not limited to children enrolled or attributed to an integrated health partnership demonstration project described in section 256B.0755. Integrated health partnerships that choose to include the EPSDT outreach services within the integrated health partnership's contracted responsibilities must receive compensation from the commissioner on a per-member per-month basis for each included child. Integrated health partnerships must accept responsibility for the effectiveness of outreach services it delivers. For children who are not a part of the demonstration project, the commissioner may contract for the administration of the outreach services.

(d) The payment amount for a complete EPSDT screening shall not include charges for health care services and products that are available at no cost to the provider and shall not exceed the rate established per Minnesota Rules, part 9505.0445, item M, effective October 1, 2010.

EFFECTIVE DATE. This section is effective July 1, 2021, except that paragraph (c) is effective January 1, 2022.

Sec. 34. Minnesota Statutes 2020, section 256B.0625, is amended by adding a subdivision to read:

Subd. 67. **Enhanced asthma care services.** (a) Medical assistance covers enhanced asthma care services and related products to be provided in the children's homes for children with poorly controlled asthma. To be eligible for services and products under this subdivision, a child must:

(1) have poorly controlled asthma defined by having received health care for the child's asthma from a hospital emergency department at least one time in the past year or have been hospitalized for the treatment of asthma at least one time in the past year; and

(2) receive a referral for services and products under this subdivision from a treating health care provider.

(b) Covered services include home visits provided by a registered environmental health specialist or lead risk assessor currently credentialed by the Department of Health or a healthy homes specialist credentialed by the Building Performance Institute.

(c) Covered products include the following allergen-reducing products that are identified as needed and recommended for the child by a registered environmental health specialist, healthy homes specialist, lead risk assessor, certified asthma educator, public health nurse, or other health care professional providing asthma care for the child, and proven to reduce asthma triggers:

(1) allergen encasements for mattresses, box springs, and pillows;

(2) an allergen-rated vacuum cleaner, filters, and bags;

(3) a dehumidifier and filters;

(4) HEPA single-room air cleaners and filters;

(5) integrated pest management, including traps and starter packages of food storage containers;

(6) a damp mopping system;

(7) if the child does not have access to a bed, a waterproof hospital-grade mattress; and

(8) for homeowners only, furnace filters.

(d) The commissioner shall determine additional products that may be covered as new best practices for asthma care are identified.

(e) A home assessment is a home visit to identify asthma triggers in the home and to provide education on trigger-reducing products. A child is limited to two home assessments except that a child may receive an additional home assessment if the child moves to a new home; if a new asthma trigger, including tobacco smoke, enters the home; or if the child's health care provider identifies a new allergy for the child, including an allergy to mold, pests, pets, or dust mites. The commissioner shall determine the frequency with which a child may receive a product under paragraph (c) or (d) based on the reasonable expected lifetime of the product.

EFFECTIVE DATE. This section is effective January 1, 2022, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 35. Minnesota Statutes 2020, section 256B.0631, subdivision 1, is amended to read:

Subdivision 1. **Cost-sharing.** (a) Except as provided in subdivision 2, the medical assistance benefit plan shall include the following cost-sharing for all recipients, effective for services provided on or after September 1, 2011:

(1) $3 per nonpreventive visit, except as provided in paragraph (b). For purposes of this subdivision, a visit means an episode of service which is required because of a recipient's symptoms, diagnosis, or established illness, and which is delivered in an ambulatory setting by a physician or physician assistant, chiropractor, podiatrist, nurse midwife, advanced practice nurse, audiologist, optician, or optometrist;

(2) $3.50 for nonemergency visits to a hospital-based emergency room, except that this co-payment shall be increased to $20 upon federal approval;

(3) $3 per brand-name drug prescription and $1 per generic drug prescription, subject to a $12 per month maximum for prescription drug co-payments. No co-payments shall apply to antipsychotic drugs when used for the treatment of mental illness. No co-payments shall apply to medications when used for the prevention or treatment of the human immunodeficiency virus (HIV);

(4) a family deductible equal to $2.75 per month per family and adjusted annually by the percentage increase in the medical care component of the CPI-U for the period of September to September of the preceding calendar year, rounded to the next higher five-cent increment; and

(5) total monthly cost-sharing must not exceed five percent of family income. For purposes of this paragraph, family income is the total earned and unearned income of the individual and the individual's spouse, if the spouse is enrolled in medical assistance and also subject to the five percent limit on cost-sharing. This paragraph does not apply to premiums charged to individuals described under section 256B.057, subdivision 9.

(b) Recipients of medical assistance are responsible for all co-payments and deductibles in this subdivision.

(c) Notwithstanding paragraph (b), the commissioner, through the contracting process under sections 256B.69 and 256B.692, may allow managed care plans and county-based purchasing plans to waive the family deductible under paragraph (a), clause (4). The value of the family deductible shall not be included in the capitation payment to managed care plans and county-based purchasing plans. Managed care plans and county-based purchasing plans shall certify annually to the commissioner the dollar value of the family deductible.

(d) Notwithstanding paragraph (b), the commissioner may waive the collection of the family deductible described under paragraph (a), clause (4), from individuals and allow long-term care and waivered service providers to assume responsibility for payment.

(e) Notwithstanding paragraph (b), the commissioner, through the contracting process under section 256B.0756 shall allow the pilot program in Hennepin County to waive co-payments. The value of the co-payments shall not be included in the capitation payment amount to the integrated health care delivery networks under the pilot program.

EFFECTIVE DATE. This section is effective January 1, 2022, subject to federal approval. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 36. Minnesota Statutes 2020, section 256B.0638, subdivision 3, is amended to read:

Subd. 3. **Opioid prescribing work group.** (a) The commissioner of human services, in consultation with the commissioner of health, shall appoint the following voting members to an opioid prescribing work group:

(1) two consumer members who have been impacted by an opioid abuse disorder or opioid dependence disorder, either personally or with family members;

(2) one member who is a licensed physician actively practicing in Minnesota and registered as a practitioner with the DEA;

(3) one member who is a licensed pharmacist actively practicing in Minnesota and registered as a practitioner with the DEA;

(4) one member who is a licensed nurse practitioner actively practicing in Minnesota and registered as a practitioner with the DEA;

(5) one member who is a licensed dentist actively practicing in Minnesota and registered as a practitioner with the DEA;

(6) two members who are nonphysician licensed health care professionals actively engaged in the practice of their profession in Minnesota, and their practice includes treating pain;

(7) one member who is a mental health professional who is licensed or registered in a mental health profession, who is actively engaged in the practice of that profession in Minnesota, and whose practice includes treating patients with chemical dependency or substance abuse;

(8) one member who is a medical examiner for a Minnesota county;

(9) one member of the Health Services Policy Committee established under section 256B.0625, subdivisions 3c to 3e;

(10) one member who is a medical director of a health plan company doing business in Minnesota;

(11) one member who is a pharmacy director of a health plan company doing business in Minnesota; ~~and~~

(12) one member representing Minnesota law enforcement~~.~~; and

(13) two consumer members who are Minnesota residents and who have used or are using opioids to manage chronic pain.

(b) In addition, the work group shall include the following nonvoting members:

(1) the medical director for the medical assistance program;

(2) a member representing the Department of Human Services pharmacy unit; ~~and~~

(3) the medical director for the Department of Labor and Industry~~.~~; and

(4) a member representing the Minnesota Department of Health.

(c) An honorarium of $200 per meeting and reimbursement for mileage and parking shall be paid to each voting member in attendance.

Sec. 37. Minnesota Statutes 2020, section 256B.0638, subdivision 5, is amended to read:

Subd. 5. **Program implementation.** (a) The commissioner shall implement the programs within the Minnesota health care program to improve the health of and quality of care provided to Minnesota health care program enrollees. The commissioner shall annually collect and report to provider groups the sentinel measures of data showing individual opioid ~~prescribers data showing the sentinel measures of their~~ prescribers' opioid prescribing patterns compared to their anonymized peers. Provider groups shall distribute data to their affiliated, contracted, or employed opioid prescribers.

(b) The commissioner shall notify an opioid prescriber and all provider groups with which the opioid prescriber is employed or affiliated when the opioid prescriber's prescribing pattern exceeds the opioid quality improvement standard thresholds. An opioid prescriber and any provider group that receives a notice under this paragraph shall submit to the commissioner a quality improvement plan for review and approval by the commissioner with the goal of bringing the opioid prescriber's prescribing practices into alignment with community standards. A quality improvement plan must include:

(1) components of the program described in subdivision 4, paragraph (a);

(2) internal practice-based measures to review the prescribing practice of the opioid prescriber and, where appropriate, any other opioid prescribers employed by or affiliated with any of the provider groups with which the opioid prescriber is employed or affiliated; and

(3) appropriate use of the prescription monitoring program under section 152.126.

(c) If, after a year from the commissioner's notice under paragraph (b), the opioid prescriber's prescribing practices do not improve so that they are consistent with community standards, the commissioner shall take one or more of the following steps:

(1) monitor prescribing practices more frequently than annually;

(2) monitor more aspects of the opioid prescriber's prescribing practices than the sentinel measures; or

(3) require the opioid prescriber to participate in additional quality improvement efforts, including but not limited to mandatory use of the prescription monitoring program established under section 152.126.

(d) The commissioner shall terminate from Minnesota health care programs all opioid prescribers and provider groups whose prescribing practices fall within the applicable opioid disenrollment standards.

Sec. 38. Minnesota Statutes 2020, section 256B.0638, subdivision 6, is amended to read:

Subd. 6. **Data practices.** (a) Reports and data identifying an opioid prescriber are private data on individuals as defined under section 13.02, subdivision 12, until an opioid prescriber is subject to termination as a medical assistance provider under this section. Notwithstanding this data classification, the commissioner shall share with all of the provider groups with which an opioid prescriber is employed, contracted, or affiliated, ~~a report identifying an opioid prescriber who is subject to quality improvement activities~~ the data under subdivision 5, paragraph (a), (b), or (c).

(b) Reports and data identifying a provider group are nonpublic data as defined under section 13.02, subdivision 9, until the provider group is subject to termination as a medical assistance provider under this section.

(c) Upon termination under this section, reports and data identifying an opioid prescriber or provider group are public, except that any identifying information of Minnesota health care program enrollees must be redacted by the commissioner.

Sec. 39. Minnesota Statutes 2020, section 256B.0659, subdivision 13, is amended to read:

Subd. 13. **Qualified professional; qualifications.** (a) The qualified professional must work for a personal care assistance provider agency, meet the definition of qualified professional under section 256B.0625, subdivision 19c, ~~and enroll with the department as a qualified professional after clearing~~ clear a background study, and meet provider training requirements. Before a qualified professional provides services, the personal care assistance provider agency must initiate a background study on the qualified professional under chapter 245C, and the personal care assistance provider agency must have received a notice from the commissioner that the qualified professional:

(1) is not disqualified under section 245C.14; or

(2) is disqualified, but the qualified professional has received a set aside of the disqualification under section 245C.22.

(b) The qualified professional shall perform the duties of training, supervision, and evaluation of the personal care assistance staff and evaluation of the effectiveness of personal care assistance services. The qualified professional shall:

(1) develop and monitor with the recipient a personal care assistance care plan based on the service plan and individualized needs of the recipient;

(2) develop and monitor with the recipient a monthly plan for the use of personal care assistance services;

(3) review documentation of personal care assistance services provided;

(4) provide training and ensure competency for the personal care assistant in the individual needs of the recipient; and

(5) document all training, communication, evaluations, and needed actions to improve performance of the personal care assistants.

(c) ~~Effective July 1, 2011,~~ The qualified professional shall complete the provider training with basic information about the personal care assistance program approved by the commissioner. Newly hired qualified professionals must complete the training within six months of the date hired by a personal care assistance provider agency. Qualified professionals who have completed the required training as a worker from a personal care assistance provider agency do not need to repeat the required training if they are hired by another agency, if they have completed the training within the last three years. The required training must be available with meaningful access according to title VI of the Civil Rights Act and federal regulations adopted under that law or any guidance from the United States Health and Human Services Department. The required training must be available online or by electronic remote connection. The required training must provide for competency testing to demonstrate an understanding of the content without attending in-person training. A qualified professional is allowed to be employed and is not subject to the training requirement until the training is offered online or through remote electronic connection. A qualified professional employed by a personal care assistance provider agency certified for participation in Medicare as a home health agency is exempt from the training required in this subdivision. When available, the qualified professional working for a Medicare-certified home health agency must successfully complete the competency test. The commissioner shall ensure there is a mechanism in place to verify the identity of persons completing the competency testing electronically.

Sec. 40. Minnesota Statutes 2020, section 256B.196, subdivision 2, is amended to read:

Subd. 2. **Commissioner's duties.** (a) For the purposes of this subdivision and subdivision 3, the commissioner shall determine the fee-for-service outpatient hospital services upper payment limit for nonstate government hospitals. The commissioner shall then determine the amount of a supplemental payment to Hennepin County Medical Center and Regions Hospital for these services that would increase medical assistance spending in this category to the aggregate upper payment limit for all nonstate government hospitals in Minnesota. In making this determination, the commissioner shall allot the available increases between Hennepin County Medical Center and Regions Hospital based on the ratio of medical assistance fee-for-service outpatient hospital payments to the two facilities. The commissioner shall adjust this allotment as necessary based on federal approvals, the amount of intergovernmental transfers received from Hennepin and Ramsey Counties, and other factors, in order to maximize the additional total payments. The commissioner shall inform Hennepin County and Ramsey County of the periodic

intergovernmental transfers necessary to match federal Medicaid payments available under this subdivision in order to make supplementary medical assistance payments to Hennepin County Medical Center and Regions Hospital equal to an amount that when combined with existing medical assistance payments to nonstate governmental hospitals would increase total payments to hospitals in this category for outpatient services to the aggregate upper payment limit for all hospitals in this category in Minnesota. Upon receipt of these periodic transfers, the commissioner shall make supplementary payments to Hennepin County Medical Center and Regions Hospital.

(b) For the purposes of this subdivision and subdivision 3, the commissioner shall determine an upper payment limit for physicians and other billing professionals affiliated with Hennepin County Medical Center and with Regions Hospital. The upper payment limit shall be based on the average commercial rate or be determined using another method acceptable to the Centers for Medicare and Medicaid Services. The commissioner shall inform Hennepin County and Ramsey County of the periodic intergovernmental transfers necessary to match the federal Medicaid payments available under this subdivision in order to make supplementary payments to physicians and other billing professionals affiliated with Hennepin County Medical Center and to make supplementary payments to physicians and other billing professionals affiliated with Regions Hospital through HealthPartners Medical Group equal to the difference between the established medical assistance payment for physician and other billing professional services and the upper payment limit. Upon receipt of these periodic transfers, the commissioner shall make supplementary payments to physicians and other billing professionals affiliated with Hennepin County Medical Center and shall make supplementary payments to physicians and other billing professionals affiliated with Regions Hospital through HealthPartners Medical Group.

(c) Beginning January 1, 2010, ~~Hennepin County and~~ Ramsey County may make monthly voluntary intergovernmental transfers to the commissioner in amounts not to exceed ~~$12,000,000 per year from Hennepin County and~~ $6,000,000 per year ~~from Ramsey County~~. The commissioner shall increase the medical assistance capitation payments to any licensed health plan under contract with the medical assistance program that agrees to make enhanced payments to ~~Hennepin County Medical Center or~~ Regions Hospital. The increase shall be in an amount equal to the annual value of the monthly transfers plus federal financial participation, with each health plan receiving its pro rata share of the increase based on the pro rata share of medical assistance admissions to ~~Hennepin County Medical Center and~~ Regions Hospital by those plans. For the purposes of this paragraph, "the base amount" means the total annual value of increased medical assistance capitation payments, including the voluntary intergovernmental transfers, under this paragraph in calendar year 2017. For managed care contracts beginning on or after January 1, 2018, the commissioner shall reduce the total annual value of increased medical assistance capitation payments under this paragraph by an amount equal to ten percent of the base amount, and by an additional ten percent of the base amount for each subsequent contract year until December 31, 2025. Upon the request of the commissioner, health plans shall submit individual-level cost data for verification purposes. The commissioner may ratably reduce these payments on a pro rata basis in order to satisfy federal requirements for actuarial soundness. If payments are reduced, transfers shall be reduced accordingly. Any licensed health plan that receives increased medical assistance capitation payments under the intergovernmental transfer described in this paragraph shall increase its medical assistance payments to ~~Hennepin County Medical Center and~~ Regions Hospital by the same amount as the increased payments received in the capitation payment described in this paragraph. This paragraph expires January 1, 2026.

(d) For the purposes of this subdivision and subdivision 3, the commissioner shall determine an upper payment limit for ambulance services affiliated with Hennepin County Medical Center and the city of St. Paul, and ambulance services owned and operated by another governmental entity that chooses to participate by requesting the commissioner to determine an upper payment limit. The upper payment limit shall be based on the average commercial rate or be determined using another method acceptable to the Centers for Medicare and Medicaid Services. The commissioner shall inform Hennepin County, the city of St. Paul, and other participating governmental entities of the periodic intergovernmental transfers necessary to match the federal Medicaid payments available under this subdivision in order to make supplementary payments to Hennepin County Medical Center, the city of St. Paul, and other participating governmental entities equal to the difference between the established medical

assistance payment for ambulance services and the upper payment limit. Upon receipt of these periodic transfers, the commissioner shall make supplementary payments to Hennepin County Medical Center, the city of St. Paul, and other participating governmental entities. A tribal government that owns and operates an ambulance service is not eligible to participate under this subdivision.

(e) For the purposes of this subdivision and subdivision 3, the commissioner shall determine an upper payment limit for physicians, dentists, and other billing professionals affiliated with the University of Minnesota and University of Minnesota Physicians. The upper payment limit shall be based on the average commercial rate or be determined using another method acceptable to the Centers for Medicare and Medicaid Services. The commissioner shall inform the University of Minnesota Medical School and University of Minnesota School of Dentistry of the periodic intergovernmental transfers necessary to match the federal Medicaid payments available under this subdivision in order to make supplementary payments to physicians, dentists, and other billing professionals affiliated with the University of Minnesota and the University of Minnesota Physicians equal to the difference between the established medical assistance payment for physician, dentist, and other billing professional services and the upper payment limit. Upon receipt of these periodic transfers, the commissioner shall make supplementary payments to physicians, dentists, and other billing professionals affiliated with the University of Minnesota and the University of Minnesota Physicians.

(f) The commissioner shall inform the transferring governmental entities on an ongoing basis of the need for any changes needed in the intergovernmental transfers in order to continue the payments under paragraphs (a) to (e), at their maximum level, including increases in upper payment limits, changes in the federal Medicaid match, and other factors.

(g) The payments in paragraphs (a) to (e) shall be implemented independently of each other, subject to federal approval and to the receipt of transfers under subdivision 3.

(h) All of the data and funding transactions related to the payments in paragraphs (a) to (e) shall be between the commissioner and the governmental entities.

(i) For purposes of this subdivision, billing professionals are limited to physicians, nurse practitioners, nurse midwives, clinical nurse specialists, physician assistants, anesthesiologists, certified registered nurse anesthetists, dentists, dental hygienists, and dental therapists.

EFFECTIVE DATE. This section is effective January 1, 2022, or upon federal approval of both this section and Minnesota Statutes, section 256B.1973, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 41. **[256B.1973] DIRECTED PAYMENT ARRANGEMENTS.**

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

(b) "Billing professionals" means physicians, nurse practitioners, nurse midwives, clinical nurse specialists, physician assistants, anesthesiologists, and certified registered anesthetists, and may include dentists, individually enrolled dental hygienists, and dental therapists.

(c) "Health plan" means a managed care or county-based purchasing plan that is under contract with the commissioner to deliver services to medical assistance enrollees under section 256B.69.

(d) "High medical assistance utilization" means a medical assistance utilization rate equal to the standard established in section 256.969, subdivision 9, paragraph (d), clause (6).

Subd. 2. **Federal approval required.** Each directed payment arrangement under this section is contingent on federal approval and must conform with the requirements for permissible directed managed care organization expenditures under section 256B.6928, subdivision 5.

Subd. 3. **Eligible providers.** Eligible providers under this section are nonstate government teaching hospitals with high medical assistance utilization and a level 1 trauma center and the hospital's affiliated billing professionals, ambulance services, and clinics.

Subd. 4. **Voluntary intergovernmental transfers.** A nonstate governmental entity that is eligible to perform intergovernmental transfers may make voluntary intergovernmental transfers to the commissioner. The commissioner shall inform the nonstate governmental entity of the intergovernmental transfers necessary to maximize the allowable directed payments.

Subd. 5. **Commissioner's duties; state-directed fee schedule requirement.** (a) For each federally approved directed payment arrangement that is a state-directed fee schedule requirement, the commissioner shall determine a uniform adjustment factor to be applied to each claim submitted by an eligible provider to a health plan. The uniform adjustment factor shall be determined using the average commercial payer rate or using another method acceptable to the Centers for Medicare and Medicaid Services if the average commercial payer rate is not approved, minus the amount necessary for the plan to satisfy tax liabilities under sections 256.9657 and 297I.05 attributable to the directed payment arrangement. The commissioner shall ensure that the application of the uniform adjustment factor maximizes the allowable directed payments and does not result in payments exceeding federal limits, and may use an annual settle-up process. The directed payment shall be specific to each health plan and prospectively incorporated into capitation payments for that plan.

(b) For each federally approved directed payment arrangement that is a state-directed fee schedule requirement, the commissioner shall develop a plan for the initial implementation of the state-directed fee schedule requirement to ensure that the eligible provider receives the entire permissible value of the federally approved directed payment arrangement. If federal approval of a directed payment arrangement under this subdivision is retroactive, the commissioner shall make a onetime pro rata increase to the uniform adjustment factor and the initial payments in order to include claims submitted between the retroactive federal approval date and the period captured by the initial payments.

Subd. 6. **Health plan duties; submission of claims.** In accordance with its contract, each health plan shall submit to the commissioner payment information for each claim paid to an eligible provider for services provided to a medical assistance enrollee.

Subd. 7. **Health plan duties; directed payments.** In accordance with its contract, each health plan shall make directed payments to the eligible provider in an amount equal to the payment amounts the plan received from the commissioner.

Subd. 8. **State quality goals.** The directed payment arrangement and state-directed fee schedule requirement must align the state quality goals to Hennepin Healthcare medical assistance patients, including unstably housed individuals, those with higher levels of social and clinical risk, limited English proficiency (LEP) patients, adults with serious chronic conditions, and individuals of color. The directed payment arrangement must maintain quality and access to a full range of health care delivery mechanisms for these patients that may include behavioral health, emergent care, preventive care, hospitalization, transportation, interpreter services, and pharmaceutical services. The commissioner, in consultation with Hennepin Healthcare, shall submit to the Centers for Medicare and Medicaid Services a methodology to measure access to care and the achievement of state quality goals.

EFFECTIVE DATE. This section is effective January 1, 2022, or upon federal approval, whichever is later, unless the federal approval provides for an effective date that is before the date the federal approval was issued, including a retroactive effective date, in which case this section is effective retroactively from the federally approved effective date. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 42. Minnesota Statutes 2020, section 256B.69, subdivision 6d, is amended to read:

Subd. 6d. **Prescription drugs.** The commissioner ~~may~~ shall exclude ~~or modify~~ coverage for outpatient prescription drugs dispensed by a pharmacy to a member eligible for medical assistance under this chapter from the prepaid managed care contracts entered into under this section ~~in order to increase savings to the state by collecting additional prescription drug rebates. The contracts must maintain incentives for the managed care plan to manage drug costs and utilization and may require that the managed care plans maintain an open drug formulary. In order to manage drug costs and utilization, the contracts may authorize the managed care plans to use preferred drug lists and prior authorization. This subdivision is contingent on federal approval of the managed care contract changes and the collection of additional prescription drug rebates~~.

EFFECTIVE DATE. This section is effective January 1, 2023, or upon completion of the Medicaid Management Information System pharmacy module modernization project, whichever is later. The commissioner shall notify the revisor of statutes when the project is completed.

Sec. 43. Minnesota Statutes 2020, section 256B.69, is amended by adding a subdivision to read:

Subd. 9f. **Annual report on provider reimbursement rates.** (a) The commissioner, by December 15 of each year, shall submit to the chairs and ranking minority members of the legislative committees with jurisdiction over health care policy and finance a report on managed care and county-based purchasing plan provider reimbursement rates. The report must comply with sections 3.195 and 3.197.

(b) The report must include, for each managed care and county-based purchasing plan, the mean and median provider reimbursement rates by county for the calendar year preceding the reporting year, for the five most common billing codes statewide across all plans, in each of the following provider service categories:

(1) physician services - prenatal and preventive;

(2) physician services - nonprenatal and nonpreventive;

(3) dental services;

(4) inpatient hospital services;

(5) outpatient hospital services; and

(6) mental health services.

(c) The commissioner shall also include in the report:

(1) the mean and median reimbursement rates across all plans by county for the calendar year preceding the reporting year for the billing codes and provider service categories described in paragraph (b); and

(2) the mean and median fee-for-service reimbursement rates by county for the calendar year preceding the reporting year for the billing codes and provider service categories described in paragraph (b).

Sec. 44. Minnesota Statutes 2020, section 256B.69, is amended by adding a subdivision to read:

Subd. 9g. **Annual report on prepaid health plan reimbursement to 340B covered entities.** (a) By March 1 of each year, each managed care and county-based purchasing plan shall report to the commissioner its reimbursement to 340B covered entities for the previous calendar year. The report must include:

(1) the National Provider Identification (NPI) number for each 340B covered entity;

(2) the name of each 340B covered entity;

(3) the servicing address of each 340B covered entity; and

(4) either: (i) the number of outpatient 340B pharmacy claims and reimbursement amounts; or (ii) the number of professional or facility 340B claim lines and reimbursement amounts.

(b) The commissioner shall submit a copy of the reports to the chairs and ranking minority members of the legislative committees with jurisdiction over health care policy and finance by April 1 of each year.

Sec. 45. Minnesota Statutes 2020, section 256B.6928, subdivision 5, is amended to read:

Subd. 5. **Direction of managed care organization expenditures.** (a) The commissioner shall not direct managed care organizations expenditures under the managed care contract, except ~~in~~ as permitted under Code of Federal Regulations, part 42, section 438.6(c). The exception under this paragraph includes the following situations:

(1) implementation of a value-based purchasing model for provider reimbursement, including pay-for-performance arrangements, bundled payments, or other service payments intended to recognize value or outcomes over volume of services;

(2) participation in a multipayer or medical assistance-specific delivery system reform or performance improvement initiative; or

(3) implementation of a minimum or maximum fee schedule, or a uniform dollar or percentage increase for network providers that provide a particular service. The maximum fee schedule must allow the managed care organization the ability to reasonably manage risk and provide discretion in accomplishing the goals of the contract.

(b) Any managed care contract that directs managed care organization expenditures as permitted under paragraph (a), clauses (1) to (3), must be developed in accordance with Code of Federal Regulations, part 42, sections 438.4 and 438.5; comply with actuarial soundness and generally accepted actuarial principles and practices; and have written approval from the Centers for Medicare and Medicaid Services before implementation. To obtain approval, the commissioner shall demonstrate in writing that the contract arrangement:

(1) is based on the utilization and delivery of services;

(2) directs expenditures equally, using the same terms of performance for a class of providers providing service under the contract;

(3) is intended to advance at least one of the goals and objectives in the commissioner's quality strategy;

(4) has an evaluation plan that measures the degree to which the arrangement advances at least one of the goals in the commissioner's quality strategy;

(5) does not condition network provider participation on the network provider entering into or adhering to an intergovernmental transfer agreement; and

(6) is not renewed automatically.

(c) For contract arrangements identified in paragraph (a), clauses (1) and (2), the commissioner shall:

(1) make participation in the value-based purchasing model, special delivery system reform, or performance improvement initiative available, using the same terms of performance, to a class of providers providing services under the contract related to the model, reform, or initiative; and

(2) use a common set of performance measures across all payers and providers.

(d) The commissioner shall not set the amount or frequency of the expenditures or recoup from the managed care organization any unspent funds allocated for these arrangements.

Sec. 46. Minnesota Statutes 2020, section 256B.75, is amended to read:

256B.75 HOSPITAL OUTPATIENT REIMBURSEMENT.

(a) For outpatient hospital facility fee payments for services rendered on or after October 1, 1992, the commissioner of human services shall pay the lower of (1) submitted charge, or (2) 32 percent above the rate in effect on June 30, 1992, except for those services for which there is a federal maximum allowable payment. Effective for services rendered on or after January 1, 2000, payment rates for nonsurgical outpatient hospital facility fees and emergency room facility fees shall be increased by eight percent over the rates in effect on December 31, 1999, except for those services for which there is a federal maximum allowable payment. Services for which there is a federal maximum allowable payment shall be paid at the lower of (1) submitted charge, or (2) the federal maximum allowable payment. Total aggregate payment for outpatient hospital facility fee services shall not exceed the Medicare upper limit. If it is determined that a provision of this section conflicts with existing or future requirements of the United States government with respect to federal financial participation in medical assistance, the federal requirements prevail. The commissioner may, in the aggregate, prospectively reduce payment rates to avoid reduced federal financial participation resulting from rates that are in excess of the Medicare upper limitations.

(b) (1) Notwithstanding paragraph (a), payment for outpatient, emergency, and ambulatory surgery hospital facility fee services for critical access hospitals designated under section 144.1483, clause (9), shall be paid on a cost-based payment system that is based on the cost-finding methods and allowable costs of the Medicare program. Effective for services provided on or after July 1, 2015, rates established for critical access hospitals under this paragraph for the applicable payment year shall be the final payment and shall not be settled to actual costs. Effective for services delivered on or after the first day of the hospital's fiscal year ending in 2017, the rate for outpatient hospital services shall be computed using information from each hospital's Medicare cost report as filed with Medicare for the year that is two years before the year that the rate is being computed. Rates shall be computed using information from Worksheet C series until the department finalizes the medical assistance cost reporting process for critical access hospitals. After the cost reporting process is finalized, rates shall be computed using information from Title XIX Worksheet D series. The outpatient rate shall be equal to ancillary cost plus outpatient cost, excluding costs related to rural health clinics and federally qualified health clinics, divided by ancillary charges plus outpatient charges, excluding charges related to rural health clinics and federally qualified health clinics.

(2) Effective for services provided on or after January 1, 2023, the rate described in clause (1) shall be increased for hospitals providing high levels of high-cost drugs or 340B drugs. The rate adjustment shall be based on each hospital's share of the total reimbursement for 340B drugs to all critical access hospitals, but shall not exceed three percentage points.

(c) Effective for services provided on or after July 1, 2003, rates that are based on the Medicare outpatient prospective payment system shall be replaced by a budget neutral prospective payment system that is derived using medical assistance data. The commissioner shall provide a proposal to the 2003 legislature to define and implement this provision. When implementing prospective payment methodologies, the commissioner shall use general methods and rate calculation parameters similar to the applicable Medicare prospective payment systems for services delivered in outpatient hospital and ambulatory surgical center settings unless other payment methodologies for these services are specified in this chapter.

(d) For fee-for-service services provided on or after July 1, 2002, the total payment, before third-party liability and spenddown, made to hospitals for outpatient hospital facility services is reduced by .5 percent from the current statutory rate.

(e) In addition to the reduction in paragraph (d), the total payment for fee-for-service services provided on or after July 1, 2003, made to hospitals for outpatient hospital facility services before third-party liability and spenddown, is reduced five percent from the current statutory rates. Facilities defined under section 256.969, subdivision 16, are excluded from this paragraph.

(f) In addition to the reductions in paragraphs (d) and (e), the total payment for fee-for-service services provided on or after July 1, 2008, made to hospitals for outpatient hospital facility services before third-party liability and spenddown, is reduced three percent from the current statutory rates. Mental health services and facilities defined under section 256.969, subdivision 16, are excluded from this paragraph.

Sec. 47. Minnesota Statutes 2020, section 256B.76, subdivision 2, is amended to read:

Subd. 2. **Dental reimbursement.** (a) Effective for services rendered on or after October 1, 1992, through December 31, 2022, the commissioner shall make payments for dental services as follows:

(1) dental services shall be paid at the lower of (i) submitted charges, or (ii) 25 percent above the rate in effect on June 30, 1992; and

(2) dental rates shall be converted from the 50th percentile of 1982 to the 50th percentile of 1989, less the percent in aggregate necessary to equal the above increases.

(b) Beginning October 1, 1999, through December 31, 2022, the payment for tooth sealants and fluoride treatments shall be the lower of (1) submitted charge, or (2) 80 percent of median 1997 charges.

(c) Effective for services rendered on or after January 1, 2000, through December 31, 2022, payment rates for dental services shall be increased by three percent over the rates in effect on December 31, 1999.

(d) Effective for services provided on or after January 1, 2002, through December 31, 2022, payment for diagnostic examinations and dental x-rays provided to children under age 21 shall be the lower of (1) the submitted charge, or (2) 85 percent of median 1999 charges.

(e) The increases listed in paragraphs (b) and (c) shall be implemented January 1, 2000, for managed care.

(f) Effective for dental services rendered on or after October 1, 2010, by a state-operated dental clinic, payment shall be paid on a reasonable cost basis that is based on the Medicare principles of reimbursement. This payment shall be effective for services rendered on or after January 1, 2011, to recipients enrolled in managed care plans or county-based purchasing plans.

(g) Beginning in fiscal year 2011, if the payments to state-operated dental clinics in paragraph (f), including state and federal shares, are less than $1,850,000 per fiscal year, a supplemental state payment equal to the difference between the total payments in paragraph (f) and $1,850,000 shall be paid from the general fund to state-operated services for the operation of the dental clinics.

(h) If the cost-based payment system for state-operated dental clinics described in paragraph (f) does not receive federal approval, then state-operated dental clinics shall be designated as critical access dental providers under subdivision 4, paragraph (b), and shall receive the critical access dental reimbursement rate as described under subdivision 4, paragraph (a).

~~(i) Effective for services rendered on or after September 1, 2011, through June 30, 2013, payment rates for dental services shall be reduced by three percent. This reduction does not apply to state-operated dental clinics in paragraph (f).~~

~~(j)~~ (i) Effective for services rendered on or after January 1, 2014, through December 31, 2022, payment rates for dental services shall be increased by five percent from the rates in effect on December 31, 2013. This increase does not apply to state-operated dental clinics in paragraph (f), federally qualified health centers, rural health centers, and Indian health services. Effective January 1, 2014, payments made to managed care plans and county-based purchasing plans under sections 256B.69, 256B.692, and 256L.12 shall reflect the payment increase described in this paragraph.

~~(k) Effective for services rendered on or after July 1, 2015, through December 31, 2016, the commissioner shall increase payment rates for services furnished by dental providers located outside of the seven-county metropolitan area by the maximum percentage possible above the rates in effect on June 30, 2015, while remaining within the limits of funding appropriated for this purpose. This increase does not apply to state-operated dental clinics in paragraph (f), federally qualified health centers, rural health centers, and Indian health services. Effective January 1, 2016, through December 31, 2016, payments to managed care plans and county-based purchasing plans under sections 256B.69 and 256B.692 shall reflect the payment increase described in this paragraph. The commissioner shall require managed care and county-based purchasing plans to pass on the full amount of the increase, in the form of higher payment rates to dental providers located outside of the seven-county metropolitan area.~~

~~(l)~~ (j) Effective for services provided on or after January 1, 2017, through December 31, 2022, the commissioner shall increase payment rates by 9.65 percent for dental services provided outside of the seven-county metropolitan area. This increase does not apply to state-operated dental clinics in paragraph (f), federally qualified health centers, rural health centers, or Indian health services. Effective January 1, 2017, payments to managed care plans and county-based purchasing plans under sections 256B.69 and 256B.692 shall reflect the payment increase described in this paragraph.

~~(m)~~ (k) Effective for services provided on or after July 1, 2017, through December 31, 2022, the commissioner shall increase payment rates by 23.8 percent for dental services provided to enrollees under the age of 21. This rate increase does not apply to state-operated dental clinics in paragraph (f), federally qualified health centers, rural health centers, or Indian health centers. This rate increase does not apply to managed care plans and county-based purchasing plans.

(l) Effective for services provided on or after January 1, 2023, payment for dental services shall be the lower of the submitted charge, or the ..... percentile of 2018 submitted charges from claims paid by the commissioner. This paragraph does not apply to federally qualified health centers, rural health centers, state-operated dental clinics, or Indian health centers.

(m) Beginning January 1, 2026, and every four years thereafter, the commissioner shall rebase payment rates for dental services to the first percentile of submitted charges for the applicable base year using charge data from paid claims submitted by providers. The commissioner shall increase this payment amount by 20 percent for providers designated as critical access dental providers under medical assistance and MinnesotaCare. The critical access dental provider payment add-on shall be calculated to be specific to each individual clinic location within a larger system. The base year used for each rebasing shall be the calendar year that is two years prior to the effective date of the rebasing.

Sec. 48. Minnesota Statutes 2020, section 256B.76, subdivision 4, is amended to read:

Subd. 4. **Critical access dental providers.** (a) The commissioner shall increase reimbursements to dentists and dental clinics deemed by the commissioner to be critical access dental providers. For dental services rendered on or after July 1, 2016, through December 31, 2022, the commissioner shall increase reimbursement by 37.5 percent

above the reimbursement rate that would otherwise be paid to the critical access dental provider, except as specified under paragraph (b). The commissioner shall pay the managed care plans and county-based purchasing plans in amounts sufficient to reflect increased reimbursements to critical access dental providers as approved by the commissioner.

(b) For dental services rendered on or after July 1, 2016, through December 31, 2022, by a dental clinic or dental group that meets the critical access dental provider designation under paragraph (d), clause (4), and is owned and operated by a health maintenance organization licensed under chapter 62D, the commissioner shall increase reimbursement by 35 percent above the reimbursement rate that would otherwise be paid to the critical access provider.

(c) Critical access dental payments made under paragraph (a) or (b) for dental services provided by a critical access dental provider to an enrollee of a managed care plan or county-based purchasing plan must not reflect any capitated payments or cost-based payments from the managed care plan or county-based purchasing plan. The managed care plan or county-based purchasing plan must base the additional critical access dental payment on the amount that would have been paid for that service had the dental provider been paid according to the managed care plan or county-based purchasing plan's fee schedule that applies to dental providers that are not paid under a capitated payment or cost-based payment.

(d) The commissioner shall designate the following dentists and dental clinics as critical access dental providers:

(1) nonprofit community clinics that:

(i) have nonprofit status in accordance with chapter 317A;

(ii) have tax exempt status in accordance with the Internal Revenue Code, section 501(c)(3);

(iii) are established to provide oral health services to patients who are low income, uninsured, have special needs, and are underserved;

(iv) have professional staff familiar with the cultural background of the clinic's patients;

(v) charge for services on a sliding fee scale designed to provide assistance to low-income patients based on current poverty income guidelines and family size;

(vi) do not restrict access or services because of a patient's financial limitations or public assistance status; and

(vii) have free care available as needed;

(2) federally qualified health centers, rural health clinics, and public health clinics;

(3) hospital-based dental clinics owned and operated by a city, county, or former state hospital as defined in section 62Q.19, subdivision 1, paragraph (a), clause (4);

(4) a dental clinic or dental group owned and operated by a nonprofit corporation in accordance with chapter 317A with more than 10,000 patient encounters per year with patients who are uninsured or covered by medical assistance or MinnesotaCare;

(5) a dental clinic owned and operated by the University of Minnesota or the Minnesota State Colleges and Universities system; and

(6) private practicing dentists if:

(i) the dentist's office is located within the seven-county metropolitan area and more than 50 percent of the dentist's patient encounters per year are with patients who are uninsured or covered by medical assistance or MinnesotaCare; or

(ii) the dentist's office is located outside the seven-county metropolitan area and more than 25 percent of the dentist's patient encounters per year are with patients who are uninsured or covered by medical assistance or MinnesotaCare.

Sec. 49. Minnesota Statutes 2020, section 256B.766, is amended to read:

256B.766 REIMBURSEMENT FOR BASIC CARE SERVICES.

(a) Effective for services provided on or after July 1, 2009, total payments for basic care services, shall be reduced by three percent, except that for the period July 1, 2009, through June 30, 2011, total payments shall be reduced by 4.5 percent for the medical assistance and general assistance medical care programs, prior to third-party liability and spenddown calculation. Effective July 1, 2010, the commissioner shall classify physical therapy services, occupational therapy services, and speech-language pathology and related services as basic care services. The reduction in this paragraph shall apply to physical therapy services, occupational therapy services, and speech-language pathology and related services provided on or after July 1, 2010.

(b) Payments made to managed care plans and county-based purchasing plans shall be reduced for services provided on or after October 1, 2009, to reflect the reduction effective July 1, 2009, and payments made to the plans shall be reduced effective October 1, 2010, to reflect the reduction effective July 1, 2010.

(c) Effective for services provided on or after September 1, 2011, through June 30, 2013, total payments for outpatient hospital facility fees shall be reduced by five percent from the rates in effect on August 31, 2011.

(d) Effective for services provided on or after September 1, 2011, through June 30, 2013, total payments for ambulatory surgery centers facility fees, medical supplies and durable medical equipment not subject to a volume purchase contract, prosthetics and orthotics, renal dialysis services, laboratory services, public health nursing services, physical therapy services, occupational therapy services, speech therapy services, eyeglasses not subject to a volume purchase contract, hearing aids not subject to a volume purchase contract, and anesthesia services shall be reduced by three percent from the rates in effect on August 31, 2011.

(e) Effective for services provided on or after September 1, 2014, payments for ambulatory surgery centers facility fees, hospice services, renal dialysis services, laboratory services, public health nursing services, eyeglasses not subject to a volume purchase contract, and hearing aids not subject to a volume purchase contract shall be increased by three percent and payments for outpatient hospital facility fees shall be increased by three percent. Payments made to managed care plans and county-based purchasing plans shall not be adjusted to reflect payments under this paragraph.

(f) Payments for medical supplies and durable medical equipment not subject to a volume purchase contract, and prosthetics and orthotics, provided on or after July 1, 2014, through June 30, 2015, shall be decreased by .33 percent. Payments for medical supplies and durable medical equipment not subject to a volume purchase contract, and prosthetics and orthotics, provided on or after July 1, 2015, shall be increased by three percent from the rates as determined under paragraphs (i) and (j).

(g) Effective for services provided on or after July 1, 2015, payments for outpatient hospital facility fees, medical supplies and durable medical equipment not subject to a volume purchase contract, prosthetics, and orthotics to a hospital meeting the criteria specified in section 62Q.19, subdivision 1, paragraph (a), clause (4), shall be increased by 90 percent from the rates in effect on June 30, 2015. Payments made to managed care plans and county-based purchasing plans shall not be adjusted to reflect payments under this paragraph.

(h) This section does not apply to physician and professional services, inpatient hospital services, family planning services, mental health services, dental services, prescription drugs, medical transportation, federally qualified health centers, rural health centers, Indian health services, and Medicare cost-sharing.

(i) Effective for services provided on or after July 1, 2015, through June 30, 2021, the following categories of medical supplies and durable medical equipment shall be individually priced items: enteral nutrition and supplies, customized and other specialized tracheostomy tubes and supplies, electric patient lifts, and durable medical equipment repair and service. This paragraph does not apply to medical supplies and durable medical equipment subject to a volume purchase contract, products subject to the preferred diabetic testing supply program, and items provided to dually eligible recipients when Medicare is the primary payer for the item. The commissioner shall not apply any medical assistance rate reductions to durable medical equipment as a result of Medicare competitive bidding through June 30, 2021.

(j) Effective for services provided on or after July 1, 2015, through June 30, 2021, medical assistance payment rates for durable medical equipment, prosthetics, orthotics, or supplies shall be increased as follows:

(1) payment rates for durable medical equipment, prosthetics, orthotics, or supplies that were subject to the Medicare competitive bid that took effect in January of 2009 shall be increased by 9.5 percent; and

(2) payment rates for durable medical equipment, prosthetics, orthotics, or supplies on the medical assistance fee schedule, whether or not subject to the Medicare competitive bid that took effect in January of 2009, shall be increased by 2.94 percent, with this increase being applied after calculation of any increased payment rate under clause (1).

This paragraph does not apply to medical supplies and durable medical equipment subject to a volume purchase contract, products subject to the preferred diabetic testing supply program, items provided to dually eligible recipients when Medicare is the primary payer for the item, and individually priced items identified in paragraph (i). Payments made to managed care plans and county-based purchasing plans shall not be adjusted to reflect the rate increases in this paragraph.

(k) Effective for nonpressure support ventilators provided on or after January 1, 2016, through June 30, 2021, the rate shall be the lower of the submitted charge or the Medicare fee schedule rate. Effective for pressure support ventilators provided on or after January 1, 2016, through June 30, 2021, the rate shall be the lower of the submitted charge or 47 percent above the Medicare fee schedule rate. For payments made in accordance with this paragraph, if, and to the extent that, the commissioner identifies that the state has received federal financial participation for ventilators in excess of the amount allowed effective January 1, 2018, under United States Code, title 42, section 1396b(i)(27), the state shall repay the excess amount to the Centers for Medicare and Medicaid Services with state funds and maintain the full payment rate under this paragraph.

(l) Payment rates for durable medical equipment, prosthetics, orthotics or supplies, that are subject to the upper payment limit in accordance with section 1903(i)(27) of the Social Security Act, shall be paid the Medicare rate. Rate increases provided in this chapter shall not be applied to the items listed in this paragraph.

(m) Effective July 1, 2021, the payment rates for all durable medical equipment, prosthetics, orthotics, or supplies, except pressure support ventilators, shall be the lesser of the provider's submitted charges or the Medicare fee schedule amount, with no increases or decreases described in paragraphs (a) to (k) applied. Pressure support ventilators shall be paid the Medicare rate plus 47 percent.

(n) Effective July 1, 2021, the payment rates for durable medical equipment, prosthetics, orthotics, or supplies for which Medicare has not established a payment amount shall be the lesser of the provider's submitted charges, or the alternative payment methodology rate described in clauses (1) to (4) with no increases or decreases described in paragraphs (a) to (k) applied.

(1) The alternate payment methodology rate is calculated from either:

(i) at least 100 paid claim lines, as priced under paragraph (o), submitted by at least ten different providers within one calendar month; or

(ii) at least 20 paid claim lines, as priced under paragraph (o), submitted by at least five different providers within two consecutive quarters for services that are not paid 100 times in a calendar month.

(2) The alternate payment methodology rate is the mean of the payment per unit of the claim lines, with the top and bottom ten percent of claim lines, by payment per unit, excluded from the calculation of the mean.

(3) The alternate payment methodology rate for the rate period will be added to the fee schedule on the first day of a calendar month or the first day of a calendar quarter if claims from more than one month were used to determine the rate. The alternate payment methodology rates will be subject to Medicare's inflation or deflation factor on January 1 of each year unless the rate was calculated and posted to the fee schedule after July 1 of the previous year.

(4) Not more than once every three years, the alternate payment methodology rates must be evaluated by the commissioner for reasonableness by reviewing invoices from at least 20 paid claim lines and five different providers for claims paid during one calendar month or one quarter if necessary to obtain the required sample. If the evaluation identifies that the alternate payment methodology rate is more than five percent higher or lower than the provider's actual acquisition cost plus 20 percent, then the commissioner shall recalculate and update the fee schedule according to clauses (1) to (3). If the evaluation does not show that the alternate payment methodology fee schedule rate is five percent higher or lower than the provider's actual acquisition cost plus 20 percent or a sufficient sample cannot be collected due to low utilization as defined in clause (1), then the commissioner shall maintain the previously calculated alternate payment methodology rate on the fee schedule.

(o) Until sufficient data is available to calculate the alternative payment methodology, the payment shall be based on the provider's actual acquisition cost plus 20 percent as documented on an invoice submitted by the provider. The payment may be based on a quote the provider received from a vendor showing the provider's actual acquisition cost only if the durable medical equipment, prosthetic, orthotic, or supply requires authorization and the rate is required to complete the authorization.

(p) Notwithstanding paragraph (n), durable medical equipment and supplies billed using miscellaneous codes, and for which no Medicare rate is available, shall be paid the provider's actual acquisition cost plus ten percent.

Sec. 50. Minnesota Statutes 2020, section 256B.767, is amended to read:

256B.767 MEDICARE PAYMENT LIMIT.

(a) Effective for services rendered on or after July 1, 2010, fee-for-service payment rates for physician and professional services under section 256B.76, subdivision 1, and basic care services subject to the rate reduction specified in section 256B.766, shall not exceed the Medicare payment rate for the applicable service, as adjusted for any changes in Medicare payment rates after July 1, 2010. The commissioner shall implement this section after any other rate adjustment that is effective July 1, 2010, and shall reduce rates under this section by first reducing or eliminating provider rate add-ons.

(b) This section does not apply to services provided by advanced practice certified nurse midwives licensed under chapter 148 or traditional midwives licensed under chapter 147D. Notwithstanding this exemption, medical assistance fee-for-service payment rates for advanced practice certified nurse midwives and licensed traditional midwives shall equal and shall not exceed the medical assistance payment rate to physicians for the applicable service.

(c) This section does not apply to mental health services or physician services billed by a psychiatrist or an advanced practice registered nurse with a specialty in mental health.

~~(d) Effective July 1, 2015, this section shall not apply to durable medical equipment, prosthetics, orthotics, or supplies.~~

~~(e)~~ (d) This section does not apply to physical therapy, occupational therapy, speech pathology and related services, and basic care services provided by a hospital meeting the criteria specified in section 62Q.19, subdivision 1, paragraph (a), clause (4).

Sec. 51. Minnesota Statutes 2020, section 256B.79, subdivision 1, is amended to read:

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

(b) "Adverse outcomes" means maternal opiate addiction, other reportable prenatal substance abuse, low birth weight, or preterm birth.

(c) "Qualified integrated perinatal care collaborative" or "collaborative" means a combination of (1) members of community-based organizations that represent communities within the identified targeted populations, and (2) local or tribally based service entities, including health care, public health, social services, mental health, chemical dependency treatment, and community-based providers, determined by the commissioner to meet the criteria for the provision of integrated care and enhanced services for enrollees within targeted populations.

(d) "Targeted populations" means pregnant medical assistance enrollees residing in ~~geographic areas~~ communities identified by the commissioner as being at above-average risk for adverse outcomes.

Sec. 52. Minnesota Statutes 2020, section 256B.79, subdivision 3, is amended to read:

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

Sec. 53. Minnesota Statutes 2020, section 256L.01, subdivision 5, is amended to read:

Subd. 5. **Income.** "Income" has the meaning given for modified adjusted gross income, as defined in Code of Federal Regulations, title 26, section 1.36B-1, and means a household's ~~current income, or if income fluctuates month to month, the income for the 12-month eligibility period~~ projected annual income for the applicable tax year.

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

Sec. 54. Minnesota Statutes 2020, section 256L.03, subdivision 5, is amended to read:

Subd. 5. **Cost-sharing.** (a) Co-payments, coinsurance, and deductibles do not apply to children under the age of 21 ~~and~~, to American Indians as defined in Code of Federal Regulations, title 42, section 600.5, or to pre-exposure prophylaxis (PrEP) and postexposure prophylaxis (PEP) medications when used for the prevention or treatment of the human immunodeficiency virus (HIV).

(b) The commissioner shall adjust co-payments, coinsurance, and deductibles for covered services in a manner sufficient to maintain the actuarial value of the benefit to 94 percent. The cost-sharing changes described in this paragraph do not apply to eligible recipients or services exempt from cost-sharing under state law. The cost-sharing changes described in this paragraph shall not be implemented prior to January 1, 2016.

(c) The cost-sharing changes authorized under paragraph (b) must satisfy the requirements for cost-sharing under the Basic Health Program as set forth in Code of Federal Regulations, title 42, sections 600.510 and 600.520.

EFFECTIVE DATE. This section is effective January 1, 2022, subject to federal approval. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 55. Minnesota Statutes 2020, section 256L.04, subdivision 7b, is amended to read:

Subd. 7b. **Annual income limits adjustment.** The commissioner shall adjust the income limits under this section annually ~~each July 1~~ on January 1 as ~~described in section 256B.056, subdivision 1c~~ provided in Code of Federal Regulations, title 26, section 1.36B-1(h).

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

Sec. 56. Minnesota Statutes 2020, section 256L.05, subdivision 3a, is amended to read:

Subd. 3a. **Redetermination of eligibility.** (a) An enrollee's eligibility must be redetermined on an annual basis~~,~~ ~~in accordance with Code of Federal Regulations, title 42, section 435.916(a). The 12-month eligibility period begins the month of application. Beginning July 1, 2017, the commissioner shall adjust the eligibility period for enrollees to implement renewals throughout the year according to guidance from the Centers for Medicare and Medicaid Services~~. The period of eligibility is the entire calendar year following the year in which eligibility is redetermined. Eligibility redeterminations shall occur during the open enrollment period for qualified health plans as specified in Code of Federal Regulations, title 45, section 155.410(e)(3).

(b) Each new period of eligibility must take into account any changes in circumstances that impact eligibility and premium amount. Coverage begins as provided in section 256L.06.

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

Sec. 57. Minnesota Statutes 2020, section 256L.11, subdivision 6a, is amended to read:

Subd. 6a. **Dental providers.** Effective for dental services provided to MinnesotaCare enrollees on or after January 1, 2018, through December 31, 2022, the commissioner shall increase payment rates to dental providers by 54 percent. Payments made to prepaid health plans under section 256L.12 shall reflect the payment increase described in this subdivision. The prepaid health plans under contract with the commissioner shall provide payments to dental providers that are at least equal to a rate that includes the payment rate specified in this subdivision, and if applicable to the provider, the rates described under subdivision 7.

Sec. 58. Minnesota Statutes 2020, section 256L.11, subdivision 7, is amended to read:

Subd. 7. **Critical access dental providers.** Effective for dental services provided to MinnesotaCare enrollees on or after July 1, 2017, through December 31, 2022, the commissioner shall increase payment rates to dentists and dental clinics deemed by the commissioner to be critical access providers under section 256B.76, subdivision 4, by 20 percent above the payment rate that would otherwise be paid to the provider. The commissioner shall pay the prepaid health plans under contract with the commissioner amounts sufficient to reflect this rate increase. The prepaid health plan must pass this rate increase to providers who have been identified by the commissioner as critical access dental providers under section 256B.76, subdivision 4.

Sec. 59. Minnesota Statutes 2020, section 295.53, subdivision 1, is amended to read:

Subdivision 1. **Exclusions and exemptions.** (a) The following payments are excluded from the gross revenues subject to the hospital, surgical center, or health care provider taxes under sections 295.50 to 295.59:

(1) payments received by a health care provider or the wholly owned subsidiary of a health care provider for care provided outside Minnesota;

(2) government payments received by the commissioner of human services for state-operated services;

(3) payments received by a health care provider for hearing aids and related equipment or prescription eyewear delivered outside of Minnesota; and

(4) payments received by an educational institution from student tuition, student activity fees, health care service fees, government appropriations, donations, or grants, and for services identified in and provided under an individualized education program as defined in section 256B.0625 or Code of Federal Regulations, chapter 34, section 300.340(a). Fee for service payments and payments for extended coverage are taxable.

(b) The following payments are exempted from the gross revenues subject to hospital, surgical center, or health care provider taxes under sections 295.50 to 295.59:

(1) payments received for services provided under the Medicare program, including payments received from the government and organizations governed by sections 1833, 1853, and 1876 of title XVIII of the federal Social Security Act, United States Code, title 42, section 1395; and enrollee deductibles, co-insurance, and co-payments, whether paid by the Medicare enrollee, by Medicare supplemental coverage as described in section 62A.011, subdivision 3, clause (10), or by Medicaid payments under title XIX of the federal Social Security Act. Payments for services not covered by Medicare are taxable;

(2) payments received for home health care services;

(3) payments received from hospitals or surgical centers for goods and services on which liability for tax is imposed under section 295.52 or the source of funds for the payment is exempt under clause (1), (6), (9), (10), or (11);

(4) payments received from the health care providers for goods and services on which liability for tax is imposed under this chapter or the source of funds for the payment is exempt under clause (1), (6), (9), (10), or (11);

(5) amounts paid for legend drugs to a wholesale drug distributor who is subject to tax under section 295.52, subdivision 3, reduced by reimbursement received for legend drugs otherwise exempt under this chapter;

(6) payments received from the chemical dependency fund under chapter 254B;

(7) payments received in the nature of charitable donations that are not designated for providing patient services to a specific individual or group;

(8) payments received for providing patient services incurred through a formal program of health care research conducted in conformity with federal regulations governing research on human subjects. Payments received from patients or from other persons paying on behalf of the patients are subject to tax;

(9) payments received from any governmental agency for services benefiting the public, not including payments made by the government in its capacity as an employer or insurer or payments made by the government for services provided under the MinnesotaCare program or the medical assistance program governed by title XIX of the federal Social Security Act, United States Code, title 42, sections 1396 to 1396v;

(10) payments received under the federal Employees Health Benefits Act, United States Code, title 5, section 8909(f), as amended by the Omnibus Reconciliation Act of 1990. Enrollee deductibles, co-insurance, and co-payments are subject to tax;

(11) payments received under the federal Tricare program, Code of Federal Regulations, title 32, section 199.17(a)(7). Enrollee deductibles, co-insurance, and co-payments are subject to tax; and

(12) supplemental ~~or,~~ enhanced, or uniform adjustment factor payments authorized under section 256B.196 ~~or,~~ 256B.197, or 256B.1973.

(c) Payments received by wholesale drug distributors for legend drugs sold directly to veterinarians or veterinary bulk purchasing organizations are excluded from the gross revenues subject to the wholesale drug distributor tax under sections 295.50 to 295.59.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2021.

Sec. 60. **COURT RULING ON AFFORDABLE CARE ACT.**

In the event the United States Supreme Court reverses, in whole or in part, Public Law 111-148, as amended by Public Law 111-152, the commissioner of human services shall take all actions necessary to maintain the current policies of the medical assistance and MinnesotaCare programs, including but not limited to pursuing federal funds, or if federal funding is not available, operating programs with state funding for at least one year following the date of the Supreme Court decision or until the conclusion of the next regular legislative session, whichever is later. Nothing in this section prohibits the commissioner from making changes necessary to comply with federal or state requirements for the medical assistance or MinnesotaCare programs that were not affected by the Supreme Court decision.

Sec. 61. **DELIVERY REFORM ANALYSIS REPORT.**

(a) The commissioner of human services shall present to the chairs and ranking minority members of the legislative committees with jurisdiction over health care policy and finance, by January 15, 2023, a report comparing service delivery and payment system models for delivering services to Medical Assistance enrollees for whom income eligibility is determined using the modified adjusted gross income methodology under Minnesota Statutes, section 256B.056, subdivision 1a, paragraph (b), clause (1), and MinnesotaCare enrollees eligible under Minnesota Statutes, chapter 256L. The report must compare the current delivery model with at least two alternative models. The alternative models must include a state-based model in which the state holds the plan risk as the insurer and may contract with a third-party administrator for claims processing and plan administration. The alternative models may include but are not limited to:

(1) expanding the use of integrated health partnerships under Minnesota Statutes, section 256B.0755;

(2) delivering care under fee-for-service through a primary care case management system; and

(3) continuing to contract with managed care and county-based purchasing plans for some or all enrollees under modified contracts.

(b) The report must include:

(1) a description of how each model would address:

(i) racial and other inequities in the delivery of health care and health care outcomes;

(ii) geographic inequities in the delivery of health care;

(iii) the provision of incentives for preventive care and other best practices;

(iv) reimbursing providers for high-quality, value-based care at levels sufficient to sustain or increase enrollee access to care; and

(v) transparency and simplicity for enrollees, health care providers, and policymakers;

(2) a comparison of the projected cost of each model; and

(3) an implementation timeline for each model, that includes the earliest date by which each model could be implemented if authorized during the 2023 legislative session, and a discussion of barriers to implementation.

Sec. 62. **DENTAL HOME DEMONSTRATION PROJECT.**

(a) The Dental Services Advisory Committee, in collaboration with stakeholders, shall design a dental home demonstration project and present recommendations by February 1, 2022, to the commissioner and the chairs and ranking minority members of the legislative committees with jurisdiction over health finance and policy.

(b) The Dental Services Advisory Committee, at a minimum, shall engage with the following stakeholders: the Minnesota Department of Health, the Minnesota Dental Association, the Minnesota Dental Hygienists' Association, the University of Minnesota School of Dentistry, dental programs operated by the Minnesota State Colleges and Universities system, and representatives of each of the following dental provider types serving medical assistance and MinnesotaCare enrollees:

(1) private practice dental clinics for which medical assistance and MinnesotaCare enrollees comprise more than 25 percent of the clinic's patient load;

(2) private practice dental clinics for which medical assistance and MinnesotaCare enrollees comprise 25 percent or less of the clinic's patient load;

(3) nonprofit dental clinics with a primary focus on serving Indigenous communities and other communities of color;

(4) nonprofit dental clinics with a primary focus on providing eldercare;

(5) nonprofit dental clinics with a primary focus on serving children;

(6) nonprofit dental clinics providing services within the seven-county metropolitan area;

(7) nonprofit dental clinics providing services outside of the seven-county metropolitan area; and

(8) multispecialty hospital-based dental clinics.

(c) The dental home demonstration project shall give incentives for qualified providers that provide high-quality, patient-centered, comprehensive, and coordinated oral health services. The demonstration project shall seek to increase the number of new dental providers serving medical assistance and MinnesotaCare enrollees and increase the capacity of existing providers. The demonstration project must test payment methods that establish value-based incentives to:

(1) increase the extent to which current dental providers serve medical assistance and MinnesotaCare enrollees across their lifespan;

(2) develop service models that create equity and reduce disparities in access to dental services for high-risk and medically and socially complex enrollees;

(3) advance alternative delivery models of care within community settings using evidence-based approaches and innovative workforce teams; and

(4) improve the quality of dental care by meeting dental home goals.

Sec. 63. **DIRECTION TO COMMISSIONER; INCOME AND ASSET EXCLUSION FOR ST. PAUL GUARANTEED INCOME DEMONSTRATION PROJECT.**

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

(b) "Commissioner" means the commissioner of human services unless specified otherwise.

(c) "Guaranteed income demonstration project" means a demonstration project in St. Paul to evaluate how unconditional cash payments have a causal effect on income volatility, financial well-being, and early childhood development in infants and toddlers.

Subd. 2. **Commissioner; income and asset exclusion.** (a) During the duration of the guaranteed income demonstration project, the commissioner shall not count payments made to families by the guaranteed income demonstration project as income or assets for purposes of determining or redetermining eligibility for the following programs:

(1) child care assistance programs under Minnesota Statutes, chapter 119B; and

(2) the Minnesota family investment program, work benefit program, or diversionary work program under Minnesota Statutes, chapter 256J.

(b) During the duration of the guaranteed income demonstration project, the commissioner shall not count payments made to families by the guaranteed income demonstration project as income or assets for purposes of determining or redetermining eligibility for the following programs:

(1) medical assistance under Minnesota Statutes, chapter 256B; and

(2) MinnesotaCare under Minnesota Statutes, chapter 256L.

Subd. 3. **Report.** The city of St. Paul shall provide a report to the chairs and ranking minority members of the legislative committees with jurisdiction over human services policy and finance by February 15, 2023, with information on the progress and outcomes of the guaranteed income demonstration project under this section.

Subd. 4. **Expiration.** This section expires June 30, 2023.

EFFECTIVE DATE. This section is effective July 1, 2021, except for subdivision 2, paragraph (b), which is effective July 1, 2021, or upon federal approval, whichever is later.

Sec. 64. **EXPANSION OF OUTPATIENT DRUG CARVE OUT; PRESCRIPTION DRUG PURCHASING PROGRAM.**

The commissioner of human services, in consultation with the commissioners of commerce and health, shall assess the feasibility of, and develop recommendations for: (1) expanding the outpatient prescription drug carve out under Minnesota Statutes, section 256B.69, subdivision 6d, to include MinnesotaCare enrollees; and (2) establishing a prescription drug purchasing program to serve nonpublic program enrollees of health plan companies. The recommendations must address the process and terms by which the commissioner would contract with health plan companies to administer prescription drug benefits for the companies' enrollees and develop and manage a formulary. The commissioner shall present recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over commerce and health and human services policy and finance by December 15, 2023.

Sec. 65. **FEDERAL APPROVAL; EXTENSION OF POSTPARTUM COVERAGE.**

The commissioner of human services shall seek all federal waivers and approvals necessary to extend medical assistance postpartum coverage, as provided in Minnesota Statutes, section 256B.055, subdivision 6.

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

Sec. 66. **PROPOSAL FOR A PUBLIC OPTION.**

(a) The commissioner of human services shall consult with the Centers for Medicare and Medicaid Services, the Internal Revenue Service, and other relevant federal agencies to develop a proposal for a public option program. The proposal may consider multiple public option structures, at least one of which must be through expanded enrollment into MinnesotaCare. Each option must:

(1) allow individuals with incomes above the maximum income eligibility limit under Minnesota Statutes, section 256L.04, subdivision 1 or 7, the option of purchasing coverage through the public option;

(2) allow undocumented noncitizens, and individuals with access to subsidized employer health coverage who are subject to the family glitch, the option of purchasing through the public option;

(3) establish a small employer public option that allows employers with 50 or fewer employees to offer the public option to the employer's employees and contribute to the employees' premiums;

(4) allow the state to:

(i) receive the maximum pass through of federal dollars that would otherwise be used to provide coverage for eligible public option enrollees if the enrollees were instead covered through qualified health plans with premium tax credits, emergency medical assistance, or other relevant programs; and

(ii) continue to receive basic health program payments for eligible MinnesotaCare enrollees; and

(5) be administered in coordination with the existing MinnesotaCare program to maximize efficiency and improve continuity of care, consistent with the requirements of Minnesota Statutes, sections 256L.06, 256L.10, and 256L.11.

(b) Each public option proposal must include:

(1) a premium scale for public option enrollees that at least meets the Affordable Care Act affordability standard for each income level;

(2) an analysis of the impact of the public option on MNsure enrollment and the consumer assistance program and, if necessary, a proposal to ensure that the public option has an adequate enrollment infrastructure and consumer assistance capacity;

(3) actuarial and financial analyses necessary to project program enrollment and costs; and

(4) an analysis of the cost of implementing the public option using current eligibility and enrollment technology systems, and at the option of the commissioner, an analysis of alternative eligibility and enrollment systems that may reduce initial and ongoing costs and improve functionality and accessibility.

(c) The commissioner shall incorporate into the design of the public option mechanisms to ensure the long-term financial sustainability of MinnesotaCare and mitigate any adverse financial impacts to MNsure. These mechanisms must minimize: (i) adverse selection; (ii) state financial risk and expenditures; and (iii) potential impacts on premiums in the individual and group insurance markets.

(d) The commissioner shall present the proposal to the chairs and ranking minority members of the legislative committees with jurisdiction over health care policy and finance by December 15, 2021. The proposal must include recommendations on any legislative changes necessary to implement the public option. Any implementation of the proposal that requires a state financial contribution must be contingent on legislative approval.

Sec. 67. **RESPONSE TO COVID-19 PUBLIC HEALTH EMERGENCY.**

(a) Notwithstanding Minnesota Statutes, section 256B.057, subdivision 9, 256L.06, subdivision 3, or any other provision to the contrary, the commissioner shall not collect any unpaid premium for a coverage month that occurred during the COVID-19 public health emergency declared by the United States Secretary of Health and Human Services.

(b) Notwithstanding any provision to the contrary, periodic data matching under Minnesota Statutes, section 256B.0561, subdivision 2, may be suspended for up to six months following the last day of the COVID-19 public health emergency declared by the United States Secretary of Health and Human Services.

(c) Notwithstanding any provision to the contrary, the requirement for the commissioner of human services to issue an annual report on periodic data matching under Minnesota Statutes, section 256B.0561, is suspended for one year following the last day of the COVID-19 public health emergency declared by the United States Secretary of Health and Human Services.

EFFECTIVE DATE. This section is effective the day following final enactment, except paragraph (a) related to MinnesotaCare premiums is effective upon federal approval. The commissioner shall notify the revisor of statutes when federal approval is received.

Sec. 68. **REVISOR INSTRUCTION.**

The revisor of statutes must change the term "Health Services Policy Committee" to "Health Services Advisory Council" wherever the term appears in Minnesota Statutes and may make any necessary changes to grammar or sentence structure to preserve the meaning of the text.

Sec. 69. **REPEALER.**

(a) Minnesota Rules, parts 9505.0275; 9505.1693; 9505.1696, subparts 1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, and 22; 9505.1699; 9505.1701; 9505.1703; 9505.1706; 9505.1712; 9505.1715; 9505.1718; 9505.1724; 9505.1727; 9505.1730; 9505.1733; 9505.1736; 9505.1739; 9505.1742; 9505.1745; and 9505.1748, are repealed.

(b) Minnesota Statutes 2020, section 256B.0625, subdivisions 18c, 18d, 18e, and 18h, are repealed.

EFFECTIVE DATE. Paragraph (a) is effective July 1, 2021, and paragraph (b) is effective January 1, 2023.

ARTICLE 2
DHS LICENSING AND BACKGROUND STUDIES

Section 1. Minnesota Statutes 2020, section 62V.05, is amended by adding a subdivision to read:

Subd. 4a. **Background study required.** (a) The board must initiate background studies under section 245C.031 of:

(1) each navigator;

(2) each in-person assister; and

(3) each certified application counselor.

(b) The board may initiate the background studies required by paragraph (a) using the online NETStudy 2.0 system operated by the commissioner of human services.

(c) The board shall not permit any individual to provide any service or function listed in paragraph (a) until the board has received notification from the commissioner of human services indicating that the individual:

(1) is not disqualified under chapter 245C; or

(2) is disqualified, but has received a set aside from the board of that disqualification according to sections 245C.22 and 245C.23.

(d) The board or its delegate shall review a reconsideration request of an individual in paragraph (a), including granting a set aside, according to the procedures and criteria in chapter 245C. The board shall notify the individual and the Department of Human Services of the board's decision.

Sec. 2. Minnesota Statutes 2020, section 122A.18, subdivision 8, is amended to read:

Subd. 8. **Background ~~checks~~ studies.** (a) The Professional Educator Licensing and Standards Board and the Board of School Administrators must ~~obtain a~~ initiate criminal history background ~~check on~~ studies of all first-time ~~teaching~~ applicants for educator licenses under their jurisdiction. Applicants must include with their licensure applications:

(1) an executed criminal history consent form, including fingerprints; and

(2) payment to conduct the background ~~check~~ study. The Professional Educator Licensing and Standards Board must deposit payments received under this subdivision in an account in the special revenue fund. Amounts in the account are annually appropriated to the Professional Educator Licensing and Standards Board to pay for the costs of background ~~checks~~ studies on applicants for licensure.

(b) The background ~~check~~ study for all first-time teaching applicants for licenses must include a review of information from the Bureau of Criminal Apprehension, including criminal history data as defined in section 13.87, and must also include a review of the national criminal records repository. The superintendent of the Bureau of Criminal Apprehension is authorized to exchange fingerprints with the Federal Bureau of Investigation for purposes of the criminal history check. ~~The superintendent shall recover the cost to the bureau of a background check through the fee charged to the applicant under paragraph (a).~~

(c) The Professional Educator Licensing and Standards Board ~~must contract with~~ may initiate criminal history background studies through the commissioner of human services according to section 245C.031 to ~~conduct background checks and~~ obtain background ~~check~~ study data required under this chapter.

Sec. 3. Minnesota Statutes 2020, section 245A.05, is amended to read:

245A.05 DENIAL OF APPLICATION.

(a) The commissioner may deny a license if an applicant or controlling individual:

(1) fails to submit a substantially complete application after receiving notice from the commissioner under section 245A.04, subdivision 1;

(2) fails to comply with applicable laws or rules;

(3) knowingly withholds relevant information from or gives false or misleading information to the commissioner in connection with an application for a license or during an investigation;

(4) has a disqualification that has not been set aside under section 245C.22 and no variance has been granted;

(5) has an individual living in the household who received a background study under section 245C.03, subdivision 1, paragraph (a), clause (2), who has a disqualification that has not been set aside under section 245C.22, and no variance has been granted;

(6) is associated with an individual who received a background study under section 245C.03, subdivision 1, paragraph (a), clause (6), who may have unsupervised access to children or vulnerable adults, and who has a disqualification that has not been set aside under section 245C.22, and no variance has been granted;

(7) fails to comply with section 245A.04, subdivision 1, paragraph (f) or (g);

(8) fails to demonstrate competent knowledge as required by section 245A.04, subdivision 6;

(9) has a history of noncompliance as a license holder or controlling individual with applicable laws or rules, including but not limited to this chapter and chapters 119B and 245C; ~~or~~

(10) is prohibited from holding a license according to section 245.095~~.~~; or

(11) for a family foster setting, has nondisqualifying background study information, as described in section 245C.05, subdivision 4, that reflects on the individual's ability to safely provide care to foster children.

(b) An applicant whose application has been denied by the commissioner must be given notice of the denial, which must state the reasons for the denial in plain language. Notice must be given by certified mail or personal service. The notice must state the reasons the application was denied and must inform the applicant of the right to a contested case hearing under chapter 14 and Minnesota Rules, parts 1400.8505 to 1400.8612. The applicant may appeal the denial by notifying the commissioner in writing by certified mail or personal service. If mailed, the appeal must be postmarked and sent to the commissioner within 20 calendar days after the applicant received the notice of denial. If an appeal request is made by personal service, it must be received by the commissioner within 20 calendar days after the applicant received the notice of denial. Section 245A.08 applies to hearings held to appeal the commissioner's denial of an application.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 4. Minnesota Statutes 2020, section 245A.07, subdivision 1, is amended to read:

Subdivision 1. **Sanctions; appeals; license.** (a) In addition to making a license conditional under section 245A.06, the commissioner may suspend or revoke the license, impose a fine, or secure an injunction against the continuing operation of the program of a license holder who does not comply with applicable law or rule, or who has nondisqualifying background study information, as described in section 245C.05, subdivision 4, that reflects on the license holder's ability to safely provide care to foster children. When applying sanctions authorized under this section, the commissioner shall consider the nature, chronicity, or severity of the violation of law or rule and the effect of the violation on the health, safety, or rights of persons served by the program.

(b) If a license holder appeals the suspension or revocation of a license and the license holder continues to operate the program pending a final order on the appeal, the commissioner shall issue the license holder a temporary provisional license. Unless otherwise specified by the commissioner, variances in effect on the date of the license sanction under appeal continue under the temporary provisional license. If a license holder fails to comply with applicable law or rule while operating under a temporary provisional license, the commissioner may impose additional sanctions under this section and section 245A.06, and may terminate any prior variance. If a temporary provisional license is set to expire, a new temporary provisional license shall be issued to the license holder upon payment of any fee required under section 245A.10. The temporary provisional license shall expire on the date the final order is issued. If the license holder prevails on the appeal, a new nonprovisional license shall be issued for the remainder of the current license period.

(c) If a license holder is under investigation and the license issued under this chapter is due to expire before completion of the investigation, the program shall be issued a new license upon completion of the reapplication requirements and payment of any applicable license fee. Upon completion of the investigation, a licensing sanction may be imposed against the new license under this section, section 245A.06, or 245A.08.

(d) Failure to reapply or closure of a license issued under this chapter by the license holder prior to the completion of any investigation shall not preclude the commissioner from issuing a licensing sanction under this section or section 245A.06 at the conclusion of the investigation.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 5. Minnesota Statutes 2020, section 245A.10, subdivision 4, is amended to read:

Subd. 4. **License or certification fee for certain programs.** (a) Child care centers shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	Child Care Center License Fee
1 to 24 persons	$200
25 to 49 persons	$300
50 to 74 persons	$400
75 to 99 persons	$500
100 to 124 persons	$600
125 to 149 persons	$700
150 to 174 persons	$800
175 to 199 persons	$900
200 to 224 persons	$1,000
225 or more persons	$1,100

(b)(1) A program licensed to provide one or more of the home and community-based services and supports identified under chapter 245D to persons with disabilities or age 65 and older, shall pay an annual nonrefundable license fee based on revenues derived from the provision of services that would require licensure under chapter 245D during the calendar year immediately preceding the year in which the license fee is paid, according to the following schedule:

License Holder Annual Revenue	License Fee
less than or equal to $10,000	$200
greater than $10,000 but less than or equal to $25,000	$300
greater than $25,000 but less than or equal to $50,000	$400
greater than $50,000 but less than or equal to $100,000	$500
greater than $100,000 but less than or equal to $150,000	$600
greater than $150,000 but less than or equal to $200,000	$800
greater than $200,000 but less than or equal to $250,000	$1,000
greater than $250,000 but less than or equal to $300,000	$1,200
greater than $300,000 but less than or equal to $350,000	$1,400
greater than $350,000 but less than or equal to $400,000	$1,600
greater than $400,000 but less than or equal to $450,000	$1,800
greater than $450,000 but less than or equal to $500,000	$2,000
greater than $500,000 but less than or equal to $600,000	$2,250
greater than $600,000 but less than or equal to $700,000	$2,500
greater than $700,000 but less than or equal to $800,000	$2,750
greater than $800,000 but less than or equal to $900,000	$3,000
greater than $900,000 but less than or equal to $1,000,000	$3,250
greater than $1,000,000 but less than or equal to $1,250,000	$3,500
greater than $1,250,000 but less than or equal to $1,500,000	$3,750
greater than $1,500,000 but less than or equal to $1,750,000	$4,000
greater than $1,750,000 but less than or equal to $2,000,000	$4,250
greater than $2,000,000 but less than or equal to $2,500,000	$4,500
greater than $2,500,000 but less than or equal to $3,000,000	$4,750
greater than $3,000,000 but less than or equal to $3,500,000	$5,000
greater than $3,500,000 but less than or equal to $4,000,000	$5,500
greater than $4,000,000 but less than or equal to $4,500,000	$6,000
greater than $4,500,000 but less than or equal to $5,000,000	$6,500
greater than $5,000,000 but less than or equal to $7,500,000	$7,000
greater than $7,500,000 but less than or equal to $10,000,000	$8,500
greater than $10,000,000 but less than or equal to	

$12,500,000	$10,000
greater than $12,500,000 but less than or equal to $15,000,000	$14,000
greater than $15,000,000	$18,000

(2) If requested, the license holder shall provide the commissioner information to verify the license holder's annual revenues or other information as needed, including copies of documents submitted to the Department of Revenue.

(3) At each annual renewal, a license holder may elect to pay the highest renewal fee, and not provide annual revenue information to the commissioner.

(4) A license holder that knowingly provides the commissioner incorrect revenue amounts for the purpose of paying a lower license fee shall be subject to a civil penalty in the amount of double the fee the provider should have paid.

(5) Notwithstanding clause (1), a license holder providing services under one or more licenses under chapter 245B that are in effect on May 15, 2013, shall pay an annual license fee for calendar years 2014, 2015, and 2016, equal to the total license fees paid by the license holder for all licenses held under chapter 245B for calendar year 2013. For calendar year 2017 and thereafter, the license holder shall pay an annual license fee according to clause (1).

(c) A chemical dependency treatment program licensed under chapter 245G, to provide chemical dependency treatment shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$600
25 to 49 persons	$800
50 to 74 persons	$1,000
75 to 99 persons	$1,200
100 or more persons	$1,400

(d) A ~~chemical dependency~~ detoxification program licensed under Minnesota Rules, parts 9530.6510 to 9530.6590, ~~to provide detoxification services~~ or a withdrawal management program licensed under chapter 245F shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$760
25 to 49 persons	$960
50 or more persons	$1,160

A detoxification program that also operates a withdrawal management program at the same location shall only pay one fee based upon the licensed capacity of the program with the higher overall capacity.

(e) Except for child foster care, a residential facility licensed under Minnesota Rules, chapter 2960, to serve children shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$1,000
25 to 49 persons	$1,100
50 to 74 persons	$1,200
75 to 99 persons	$1,300
100 or more persons	$1,400

(f) A residential facility licensed under Minnesota Rules, parts 9520.0500 to 9520.0670, to serve persons with mental illness shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$2,525
25 or more persons	$2,725

(g) A residential facility licensed under Minnesota Rules, parts 9570.2000 to 9570.3400, to serve persons with physical disabilities shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$450
25 to 49 persons	$650
50 to 74 persons	$850
75 to 99 persons	$1,050
100 or more persons	$1,250

(h) A program licensed to provide independent living assistance for youth under section 245A.22 shall pay an annual nonrefundable license fee of $1,500.

(i) A private agency licensed to provide foster care and adoption services under Minnesota Rules, parts 9545.0755 to 9545.0845, shall pay an annual nonrefundable license fee of $875.

(j) A program licensed as an adult day care center licensed under Minnesota Rules, parts 9555.9600 to 9555.9730, shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$500
25 to 49 persons	$700
50 to 74 persons	$900
75 to 99 persons	$1,100
100 or more persons	$1,300

(k) A program licensed to provide treatment services to persons with sexual psychopathic personalities or sexually dangerous persons under Minnesota Rules, parts 9515.3000 to 9515.3110, shall pay an annual nonrefundable license fee of $20,000.

(l) A mental health center or mental health clinic requesting certification for purposes of insurance and subscriber contract reimbursement under Minnesota Rules, parts 9520.0750 to 9520.0870, shall pay a certification fee of $1,550 per year. If the mental health center or mental health clinic provides services at a primary location with satellite facilities, the satellite facilities shall be certified with the primary location without an additional charge.

Sec. 6. Minnesota Statutes 2020, section 245A.16, is amended by adding a subdivision to read:

Subd. 9. **Licensed family foster settings.** (a) Before recommending to grant a license, deny a license under section 245A.05, or revoke a license under section 245A.07 for nondisqualifying background study information received under section 245C.05, subdivision 4, paragraph (a), clause (3), for a licensed family foster setting, a county agency or private agency that has been designated or licensed by the commissioner must review the following:

(1) the type of offenses;

(2) the number of offenses;

(3) the nature of the offenses;

(4) the age of the individual at the time of the offenses;

(5) the length of time that has elapsed since the last offense;

(6) the relationship of the offenses and the capacity to care for a child;

(7) evidence of rehabilitation;

(8) information or knowledge from community members regarding the individual's capacity to provide foster care;

(9) any available information regarding child maltreatment reports or child in need of protection or services petitions, or related cases, in which the individual has been involved or implicated, and documentation that the individual has remedied issues or conditions identified in child protection or court records that are relevant to safely caring for a child;

(10) a statement from the study subject;

(11) a statement from the license holder; and

(12) other aggravating and mitigating factors.

(b) For purposes of this section, "evidence of rehabilitation" includes but is not limited to the following:

(1) maintaining a safe and stable residence;

(2) continuous, regular, or stable employment;

(3) successful participation in an education or job training program;

(4) positive involvement with the community or extended family;

(5) compliance with the terms and conditions of probation or parole following the individual's most recent conviction;

(6) if the individual has had a substance use disorder, successful completion of a substance use disorder assessment, substance use disorder treatment, and recommended continuing care, if applicable, demonstrated abstinence from controlled substances, as defined in section 152.01, subdivision 4, or the establishment of a sober network;

(7) if the individual has had a mental illness or documented mental health issues, demonstrated completion of a mental health evaluation, participation in therapy or other recommended mental health treatment, or appropriate medication management, if applicable;

(8) if the individual's offense or conduct involved domestic violence, demonstrated completion of a domestic violence or anger management program, and the absence of any orders for protection or harassment restraining orders against the individual since the previous offense or conduct;

(9) written letters of support from individuals of good repute, including but not limited to employers, members of the clergy, probation or parole officers, volunteer supervisors, or social services workers;

(10) demonstrated remorse for convictions or conduct, or demonstrated positive behavior changes; and

(11) absence of convictions or arrests since the previous offense or conduct, including any convictions that were expunged or pardoned.

(c) An applicant for a family foster setting license must sign all releases of information requested by the county or private licensing agency.

(d) When licensing a relative for a family foster setting, the commissioner shall also consider the importance of maintaining the child's relationship with relatives as an additional significant factor in determining whether an application will be denied.

(e) When recommending that the commissioner deny or revoke a license, the county or private licensing agency must send a summary of the review completed according to paragraph (a), on a form developed by the commissioner, to the commissioner and include any recommendation for licensing action.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 7. Minnesota Statutes 2020, section 245C.02, subdivision 4a, is amended to read:

Subd. 4a. **Authorized fingerprint collection vendor.** "Authorized fingerprint collection vendor" means a qualified organization under a written contract with the commissioner to provide services in accordance with section 245C.05, subdivision 5, paragraph (b). The commissioner may retain the services of more than one authorized fingerprint collection vendor.

Sec. 8. Minnesota Statutes 2020, section 245C.02, subdivision 5, is amended to read:

Subd. 5. **Background study.** "Background study" means:

(1) the collection and processing of a background study subject's fingerprints, including the process of obtaining a background study subject's classifiable fingerprints and photograph as required by section 245C.05, subdivision 5, paragraph (b); and

(2) the review of records conducted by the commissioner to determine whether a subject is disqualified from direct contact with persons served by a program and, where specifically provided in statutes, whether a subject is disqualified from having access to persons served by a program and from working in a children's residential facility or foster residence setting.

Sec. 9. Minnesota Statutes 2020, section 245C.02, is amended by adding a subdivision to read:

Subd. 5b. **Alternative background study.** "Alternative background study" means:

(1) the collection and processing of a background study subject's fingerprints, including the process of obtaining a background study subject's classifiable fingerprints and photograph as required by section 245C.05, subdivision 5, paragraph (b); and

(2) a review of records conducted by the commissioner pursuant to section 245C.08 in order to forward the background study investigating information to the entity that submitted the alternative background study request under section 245C.031, subdivision 2. The commissioner shall not make any eligibility determinations on background studies conducted under section 245C.031.

Sec. 10. Minnesota Statutes 2020, section 245C.02, is amended by adding a subdivision to read:

Subd. 11c. **Entity.** "Entity" means any program, organization, or agency initiating a background study.

Sec. 11. Minnesota Statutes 2020, section 245C.02, is amended by adding a subdivision to read:

Subd. 16a. **Results.** "Results" means a determination that a study subject is eligible, disqualified, set aside, granted a variance, or that more time is needed to complete the background study.

Sec. 12. Minnesota Statutes 2020, section 245C.03, is amended to read:

245C.03 BACKGROUND STUDY; INDIVIDUALS TO BE STUDIED.

Subdivision 1. **Licensed programs.** (a) The commissioner shall conduct a background study on:

(1) the person or persons applying for a license;

(2) an individual age 13 and over living in the household where the licensed program will be provided who is not receiving licensed services from the program;

(3) current or prospective employees or contractors of the applicant who will have direct contact with persons served by the facility, agency, or program;

(4) volunteers or student volunteers who will have direct contact with persons served by the program to provide program services if the contact is not under the continuous, direct supervision by an individual listed in clause (1) or (3);

(5) an individual age ten to 12 living in the household where the licensed services will be provided when the commissioner has reasonable cause as defined in section 245C.02, subdivision 15;

(6) an individual who, without providing direct contact services at a licensed program, may have unsupervised access to children or vulnerable adults receiving services from a program, when the commissioner has reasonable cause as defined in section 245C.02, subdivision 15;

(7) all controlling individuals as defined in section 245A.02, subdivision 5a;

(8) notwithstanding the other requirements in this subdivision, child care background study subjects as defined in section 245C.02, subdivision 6a; and

(9) notwithstanding clause (3), for children's residential facilities and foster residence settings, any adult working in the facility, whether or not the individual will have direct contact with persons served by the facility.

(b) For child foster care when the license holder resides in the home where foster care services are provided, a short-term substitute caregiver providing direct contact services for a child for less than 72 hours of continuous care is not required to receive a background study under this chapter.

(c) This subdivision applies to the following programs that must be licensed under chapter 245A:

(1) adult foster care;

(2) child foster care;

(3) children's residential facilities;

(4) family child care;

(5) licensed child care centers;

(6) licensed home and community-based services under chapter 245D;

(7) residential mental health programs for adults;

(8) substance use disorder treatment programs under chapter 245G;

(9) withdrawal management programs under chapter 245F;

(10) programs that provide treatment services to persons with sexual psychopathic personalities or sexually dangerous persons;

(11) adult day care centers;

(12) family adult day services;

(13) independent living assistance for youth;

(14) detoxification programs;

(15) community residential settings; and

(16) intensive residential treatment services and residential crisis stabilization under chapter 245I.

Subd. 1a. **Procedure.** (a) Individuals and organizations that are required under this section to have or initiate background studies shall comply with the requirements of this chapter.

(b) All studies conducted under this section shall be conducted according to sections 299C.60 to 299C.64. This requirement does not apply to subdivisions 1, paragraph (c), clauses (2) to (5), and 6a.

Subd. 2. **Personal care provider organizations.** The commissioner shall conduct background studies on any individual required under sections 256B.0651 to 256B.0654 and 256B.0659 to have a background study completed under this chapter.

Subd. 3. **Supplemental nursing services agencies.** The commissioner shall conduct all background studies required under this chapter and initiated by supplemental nursing services agencies registered under section 144A.71, subdivision 1.

Subd. 3a. **Personal care assistance provider agency; background studies.** Personal care assistance provider agencies enrolled to provide personal care assistance services under the medical assistance program must meet the following requirements:

(1) owners who have a five percent interest or more and all managing employees are subject to a background study as provided in this chapter. This requirement applies to currently enrolled personal care assistance provider agencies and agencies seeking enrollment as a personal care assistance provider agency. "Managing employee" has the same meaning as Code of Federal Regulations, title 42, section 455.101. An organization is barred from enrollment if:

(i) the organization has not initiated background studies of owners and managing employees; or

(ii) the organization has initiated background studies of owners and managing employees and the commissioner has sent the organization a notice that an owner or managing employee of the organization has been disqualified under section 245C.14, and the owner or managing employee has not received a set aside of the disqualification under section 245C.22; and

(2) a background study must be initiated and completed for all qualified professionals.

Subd. 3b. **Exception to personal care assistant; requirements.** The personal care assistant for a recipient may be allowed to enroll with a different personal care assistance provider agency upon initiation of a new background study according to this chapter if:

(1) the commissioner determines that a change in enrollment or affiliation of the personal care assistant is needed in order to ensure continuity of services and protect the health and safety of the recipient;

(2) the chosen agency has been continuously enrolled as a personal care assistance provider agency for at least two years;

(3) the recipient chooses to transfer to the personal care assistance provider agency;

(4) the personal care assistant has been continuously enrolled with the former personal care assistance provider agency since the last background study was completed; and

(5) the personal care assistant continues to meet requirements of section 256B.0659, subdivision 11, notwithstanding paragraph (a), clause (3).

Subd. 4. **Personnel agencies; educational programs; professional services agencies.** The commissioner also may conduct studies on individuals specified in subdivision 1, paragraph (a), clauses (3) and (4), when the studies are initiated by:

(1) personnel pool agencies;

(2) temporary personnel agencies;

(3) educational programs that train individuals by providing direct contact services in licensed programs; and

(4) professional services agencies that are not licensed and which contract with licensed programs to provide direct contact services or individuals who provide direct contact services.

Subd. 5. **Other state agencies.** The commissioner shall conduct background studies on applicants and license holders under the jurisdiction of other state agencies who are required in other statutory sections to initiate background studies under this chapter, including the applicant's or license holder's employees, contractors, and volunteers when required under other statutory sections.

Subd. 5a. **Facilities serving children or adults licensed or regulated by the Department of Health.** (a) The commissioner shall conduct background studies of:

(1) individuals providing services who have direct contact, as defined under section 245C.02, subdivision 11, with patients and residents in hospitals, boarding care homes, outpatient surgical centers licensed under sections 144.50 to 144.58; nursing homes and home care agencies licensed under chapter 144A; assisted living facilities and assisted living facilities with dementia care licensed under chapter 144G; and board and lodging establishments that are registered to provide supportive or health supervision services under section 157.17;

(2) individuals specified in subdivision 2 who provide direct contact services in a nursing home or a home care agency licensed under chapter 144A; an assisted living facility or assisted living facility with dementia care licensed under chapter 144G; or a boarding care home licensed under sections 144.50 to 144.58. If the individual undergoing a study resides outside of Minnesota, the study must include a check for substantiated findings of maltreatment of adults and children in the individual's state of residence when the state makes the information available;

(3) all other employees in assisted living facilities or assisted living facilities with dementia care licensed under chapter 144G, nursing homes licensed under chapter 144A, and boarding care homes licensed under sections 144.50 to 144.58. A disqualification of an individual in this section shall disqualify the individual from positions allowing direct contact with or access to patients or residents receiving services. "Access" means physical access to a client or the client's personal property without continuous, direct supervision as defined in section 245C.02, subdivision 8, when the employee's employment responsibilities do not include providing direct contact services;

(4) individuals employed by a supplemental nursing services agency, as defined under section 144A.70, who are providing services in health care facilities; and

(5) controlling persons of a supplemental nursing services agency, as defined by section 144A.70.

(b) If a facility or program is licensed by the Department of Human Services and the Department of Health and is subject to the background study provisions of this chapter, the Department of Human Services is solely responsible for the background studies of individuals in the jointly licensed program.

(c) The commissioner of health shall review and make decisions regarding reconsideration requests, including whether to grant variances, according to the procedures and criteria in this chapter. The commissioner of health shall inform the requesting individual and the Department of Human Services of the commissioner of health's decision regarding the reconsideration. The commissioner of health's decision to grant or deny a reconsideration of a disqualification is a final administrative agency action.

Subd. 5b. **Facilities serving children or youth licensed by the Department of Corrections.** (a) The commissioner shall conduct background studies of individuals working in secure and nonsecure children's residential facilities, juvenile detention facilities, and foster residence settings, whether or not the individual will have direct contact, as defined under section 245C.02, subdivision 11, with persons served in the facilities or settings.

(b) A clerk or administrator of any court, the Bureau of Criminal Apprehension, a prosecuting attorney, a county sheriff, or a chief of a local police department shall assist in conducting background studies by providing the commissioner of human services or the commissioner's representative all criminal conviction data available from local and state criminal history record repositories related to applicants, operators, all persons living in a household, and all staff of any facility subject to background studies under this subdivision.

(c) For the purpose of this subdivision, the term "secure and nonsecure residential facility and detention facility" includes programs licensed or certified under section 241.021, subdivision 2.

(d) If an individual is disqualified, the Department of Human Services shall notify the disqualified individual and the facility in which the disqualified individual provides services of the disqualification and shall inform the disqualified individual of the right to request a reconsideration of the disqualification by submitting the request to the Department of Corrections.

(e) The commissioner of corrections shall review and make decisions regarding reconsideration requests, including whether to grant variances, according to the procedures and criteria in this chapter. The commissioner of corrections shall inform the requesting individual and the Department of Human Services of the commissioner of corrections' decision regarding the reconsideration. The commissioner of corrections' decision to grant or deny a reconsideration of a disqualification is the final administrative agency action.

Subd. 6. **Unlicensed home and community-based waiver providers of service to seniors and individuals with disabilities.** (a) The commissioner shall conduct background studies ~~on~~ of any individual ~~required under section 256B.4912 to have a background study completed under this chapter~~ who provides direct contact, as defined in section 245C.02, subdivision 11, for services specified in the federally approved home and community-based waiver plans under section 256B.4912. The individual studied must meet the requirements of this chapter prior to providing waiver services and as part of ongoing enrollment.

(b) The requirements in paragraph (a) apply to consumer-directed community supports under section 256B.4911.

Subd. 6a. **Legal nonlicensed and certified child care programs.** The commissioner shall conduct background studies ~~on an individual~~ of the following individuals as required ~~under~~ by sections 119B.125 and 245H.10 ~~to complete a background study under this chapter.~~:

(1) every individual who applies for certification;

(2) every member of a provider's household who is age 13 and older and lives in the household where nonlicensed child care is provided; and

(3) an individual who is at least ten years of age and under 13 years of age and lives in the household where the nonlicensed child care will be provided when the county has reasonable cause as defined under section 245C.02, subdivision 15.

Subd. 7. **Children's therapeutic services and supports providers.** The commissioner shall conduct background studies ~~according to this chapter when initiated by a children's therapeutic services and supports provider~~ of all direct service providers and volunteers for children's therapeutic services and supports providers under section 256B.0943.

~~Subd. 8. **Self-initiated background studies.** Upon implementation of NETStudy 2.0, the commissioner shall conduct background studies according to this chapter when initiated by an individual who is not on the master roster. A subject under this subdivision who is not disqualified must be placed on the inactive roster.~~

Subd. 9. **Community first services and supports and financial management services organizations.** ~~The commissioner shall conduct background studies on any individual required under section 256B.85 to have a background study completed under this chapter.~~ Individuals affiliated with Community First Services and Supports (CFSS) agency-providers and Financial Management Services (FMS) providers enrolled to provide CFSS services under the medical assistance program must meet the following requirements:

(1) owners who have a five percent interest or more and all managing employees are subject to a background study under this chapter. This requirement applies to currently enrolled providers and agencies seeking enrollment. "Managing employee" has the meaning given in Code of Federal Regulations, title 42, section 455.101. An organization is barred from enrollment if:

(i) the organization has not initiated background studies of owners and managing employees; or

(ii) the organization has initiated background studies of owners and managing employees and the commissioner has sent the organization a notice that an owner or managing employee of the organization has been disqualified under section 245C.14 and the owner or managing employee has not received a set aside of the disqualification under section 245C.22;

(2) a background study must be initiated and completed for all staff who will have direct contact with the participant to provide worker training and development; and

(3) a background study must be initiated and completed for all support workers.

Subd. 9a. **Exception to support worker requirements for continuity of services.** The support worker for a participant may enroll with a different Community First Services and Supports (CFSS) agency-provider or Financial Management Services (FMS) provider upon initiation, rather than completion, of a new background study according to this chapter if:

(1) the commissioner determines that the support worker's change in enrollment or affiliation is necessary to ensure continuity of services and to protect the health and safety of the participant;

(2) the chosen agency-provider or FMS provider has been continuously enrolled as a CFSS agency-provider or FMS provider for at least two years or since the inception of the CFSS program, whichever is shorter;

(3) the participant served by the support worker chooses to transfer to the CFSS agency-provider or the FMS provider to which the support worker is transferring;

(4) the support worker has been continuously enrolled with the former CFSS agency-provider or FMS provider since the support worker's last background study was completed; and

(5) the support worker continues to meet the requirements of section 256B.85, subdivision 16, notwithstanding paragraph (a), clause (1).

Subd. 10. **Providers of group residential housing or supplementary services.** (a) The commissioner shall conduct background studies ~~on any individual required under section 256I.04 to have a background study completed under this chapter.~~ of the following individuals who provide services under section 256I.04:

(1) controlling individuals as defined in section 245A.02;

(2) managerial officials as defined in section 245A.02; and

(3) all employees and volunteers of the establishment who have direct contact with recipients or who have unsupervised access to recipients, recipients' personal property, or recipients' private data.

(b) The provider of housing support must comply with all requirements for entities initiating background studies under this chapter.

(c) A provider of housing support must demonstrate that all individuals who are required to have a background study according to paragraph (a) have a notice stating that:

(1) the individual is not disqualified under section 245C.14; or

(2) the individual is disqualified and the individual has been issued a set aside of the disqualification for the setting under section 245C.22.

~~Subd. 11. **Child protection workers or social services staff having responsibility for child protective duties.** (a) The commissioner must complete background studies, according to paragraph (b) and section 245C.04, subdivision 10, when initiated by a county social services agency or by a local welfare agency according to section 626.559, subdivision 1b.~~

~~(b) For background studies completed by the commissioner under this subdivision, the commissioner shall not make a disqualification decision, but shall provide the background study information received to the county that initiated the study.~~

Subd. 12. **Providers of special transportation service.** (a) The commissioner shall conduct background studies ~~on any individual required under section 174.30 to have a background study completed under this chapter.~~ of the following individuals who provide special transportation services under section 174.30:

(1) each person with a direct or indirect ownership interest of five percent or higher in a transportation service provider;

(2) each controlling individual as defined under section 245A.02;

(3) a managerial official as defined in section 245A.02;

(4) each driver employed by the transportation service provider;

(5) each individual employed by the transportation service provider to assist a passenger during transport; and

(6) each employee of the transportation service agency who provides administrative support, including an employee who:

(i) may have face-to-face contact with or access to passengers, passengers' personal property, or passengers' private data;

(ii) performs any scheduling or dispatching tasks; or

(iii) performs any billing activities.

(b) When a local or contracted agency is authorizing a ride under section 256B.0625, subdivision 17, by a volunteer driver, and the agency authorizing the ride has a reason to believe that the volunteer driver has a history that would disqualify the volunteer driver or that may pose a risk to the health or safety of passengers, the agency may initiate a background study that shall be completed according to this chapter using the commissioner of human services' online NETStudy system, or by contacting the Department of Human Services background study division for assistance. The agency that initiates the background study under this paragraph shall be responsible for providing the volunteer driver with the privacy notice required by section 245C.05, subdivision 2c, and with the payment for the background study required by section 245C.10 before the background study is completed.

Subd. 13. **Providers of housing support services.** The commissioner shall conduct background studies ~~on~~ of any ~~individual~~ provider of housing support services required ~~under~~ by section 256B.051 to have a background study completed under this chapter.

Subd. 14. **Tribal nursing facilities.** For completed background studies to comply with a Tribal organization's licensing requirements for individuals affiliated with a tribally licensed nursing facility, the commissioner shall obtain state and national criminal history data.

Subd. 15. **Early intensive developmental and behavioral intervention providers.** The commissioner shall conduct background studies according to this chapter when initiated by an early intensive developmental and behavioral intervention provider under section 256B.0949.

EFFECTIVE DATE. This section is effective July 1, 2021, except subdivision 6, paragraph (b), is effective upon federal approval and subdivision 15 is effective the day following final enactment. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 13. **[245C.031] BACKGROUND STUDY; ALTERNATIVE BACKGROUND STUDIES.**

Subdivision 1. **Alternative background studies.** (a) The commissioner shall conduct an alternative background study of individuals listed in this section.

(b) Notwithstanding other sections of this chapter, all alternative background studies except subdivision 12 shall be conducted according to this section and with section 299C.60 to 299C.64.

(c) All terms in this section shall have the definitions provided in section 245C.02.

(d) The entity that submits an alternative background study request under this section shall submit the request to the commissioner according to section 245C.05.

(e) The commissioner shall comply with the destruction requirements in section 245C.051.

(f) Background studies conducted under this section are subject to the provisions of section 245C.32.

(g) The commissioner shall forward all information that the commissioner receives under section 245C.08 to the entity that submitted the alternative background study request under subdivision 2. The commissioner shall not make any eligibility determinations regarding background studies conducted under this section.

Subd. 2. **Access to information.** Each entity that submits an alternative background study request shall enter into an agreement with the commissioner before submitting requests for alternative background studies under this section. As a part of the agreement, the entity must agree to comply with state and federal law.

Subd. 3. **Child protection workers or social services staff having responsibility for child protective duties.** The commissioner shall conduct an alternative background study of any person who has responsibility for child protection duties when the background study is initiated by a county social services agency or by a local welfare agency according to section 260E.36, subdivision 3.

Subd. 4. **Applicants, licensees, and other occupations regulated by the commissioner of health.** The commissioner shall conduct an alternative background study, including a check of state data, and a national criminal history records check of the following individuals. For studies under this section, the following persons shall complete a consent form:

(1) an applicant for initial licensure, temporary licensure, or relicensure after a lapse in licensure as an audiologist or speech-language pathologist or an applicant for initial certification as a hearing instrument dispenser who must submit to a background study under section 144.0572.

(2) an applicant for a renewal license or certificate as an audiologist, speech-language pathologist, or hearing instrument dispenser who was licensed or obtained a certificate before January 1, 2018.

Subd. 5. **Guardians and conservators.** (a) The commissioner shall conduct an alternative background study of:

(1) every court-appointed guardian and conservator, unless a background study has been completed of the person under this section within the previous five years. The alternative background study shall be completed prior to the appointment of the guardian or conservator, unless a court determines that it would be in the best interests of the ward or protected person to appoint a guardian or conservator before the alternative background study can be completed. If the court appoints the guardian or conservator while the alternative background study is pending, the alternative background study must be completed as soon as reasonably possible after the guardian or conservator's appointment and no later than 30 days after the guardian or conservator's appointment; and

(2) a guardian and a conservator once every five years after the guardian or conservator's appointment if the person continues to serve as a guardian or conservator.

(b) An alternative background study is not required if the guardian or conservator is:

(1) a state agency or county;

(2) a parent or guardian of a proposed ward or protected person who has a developmental disability if the parent or guardian has raised the proposed ward or protected person in the family home until the time that the petition is filed, unless counsel appointed for the proposed ward or protected person under section 524.5-205, paragraph (d); 524.5-304, paragraph (b); 524.5-405, paragraph (a); or 524.5-406, paragraph (b), recommends a background study; or

(3) a bank with trust powers, a bank and trust company, or a trust company, organized under the laws of any state or of the United States and regulated by the commissioner of commerce or a federal regulator.

Subd. 6. **Guardians and conservators; required checks.** (a) An alternative background study for a guardian or conservator pursuant to subdivision 5 shall include:

(1) criminal history data from the Bureau of Criminal Apprehension and other criminal history data obtained by the commissioner of human services;

(2) data regarding whether the person has been a perpetrator of substantiated maltreatment of a vulnerable adult under section 626.557 or a minor under chapter 260E. If the subject of the study has been the perpetrator of substantiated maltreatment of a vulnerable adult or a minor, the commissioner must include a copy of the public portion of the investigation memorandum under section 626.557, subdivision 12b, or the public portion of the investigation memorandum under section 260E.30. The commissioner shall provide the court with information from a review of information according to subdivision 7 if the study subject provided information that the study subject has a current or prior affiliation with a state licensing agency;

(3) criminal history data from a national criminal history record check as defined in section 245C.02, subdivision 13c; and

(4) state licensing agency data if a search of the database or databases of the agencies listed in subdivision 7 shows that the proposed guardian or conservator has held a professional license directly related to the responsibilities of a professional fiduciary from an agency listed in subdivision 7 that was conditioned, suspended, revoked, or canceled.

(b) If the guardian or conservator is not an individual, the background study must be completed of all individuals who are currently employed by the proposed guardian or conservator who are responsible for exercising powers and duties under the guardianship or conservatorship.

Subd. 7. **Guardians and conservators; state licensing data.** (a) Within 25 working days of receiving the request for an alternative background study of a guardian or conservator, the commissioner shall provide the court with licensing agency data for licenses directly related to the responsibilities of a guardian or conservator if the study subject has a current or prior affiliation with the:

(1) Lawyers Responsibility Board;

(2) State Board of Accountancy;

(3) Board of Social Work;

(4) Board of Psychology;

(5) Board or Nursing;

(6) Board of Medical Practice;

(7) Department of Education;

(8) Department of Commerce;

(9) Board of Chiropractic Examiners;

(10) Board of Dentistry;

(11) Board of Marriage and Family Therapy;

(12) Department of Human Services;

(13) Peace Officer Standards and Training (POST) Board; and

(14) Professional Educator Licensing and Standards Board.

(b) The commissioner and each of the agencies listed above, except for the Department of Human Services, shall enter into a written agreement to provide the commissioner with electronic access to the relevant licensing data and to provide the commissioner with a quarterly list of new sanctions issued by the agency.

(c) The commissioner shall provide to the court the electronically available data maintained in the agency's database, including whether the proposed guardian or conservator is or has been licensed by the agency and whether a disciplinary action or a sanction against the individual's license, including a condition, suspension, revocation, or cancellation, is in the licensing agency's database.

(d) If the proposed guardian or conservator has resided in a state other than Minnesota during the previous ten years, licensing agency data under this section shall also include licensing agency data from any other state where the proposed guardian or conservator reported to have resided during the previous ten years if the study subject has a current or prior affiliation to the licensing agency. If the proposed guardian or conservator has or has had a professional license in another state that is directly related to the responsibilities of a guardian or conservator from one of the agencies listed under paragraph (a), state licensing agency data shall also include data from the relevant licensing agency of the other state.

(e) The commissioner is not required to repeat a search for Minnesota or out-of-state licensing data on an individual if the commissioner has provided this information to the court within the prior five years.

(f) The commissioner shall review the information in paragraph (c) at least once every four months to determine whether an individual who has been studied within the previous five years:

(1) has any new disciplinary action or sanction against the individual's license; or

(2) did not disclose a prior or current affiliation with a Minnesota licensing agency.

(g) If the commissioner's review in paragraph (f) identifies new information, the commissioner shall provide any new information to the court.

Subd. 8. **Guardians ad litem.** The commissioner shall conduct an alternative background study of:

(1) a guardian ad litem appointed under section 518.165 if a background study of the guardian ad litem has not been completed within the past three years. The background study of the guardian ad litem must be completed before the court appoints the guardian ad litem, unless the court determines that it is in the best interests of the child to appoint the guardian ad litem before a background study is completed by the commissioner.

(2) a guardian ad litem once every three years after the guardian has been appointed, as long as the individual continues to serve as a guardian ad litem.

Subd. 9. **Guardians ad litem; required checks.** (a) An alternative background study for a guardian ad litem under subdivision 8 must include:

(1) criminal history data from the Bureau of Criminal Apprehension and other criminal history data obtained by the commissioner of human services; and

(2) data regarding whether the person has been a perpetrator of substantiated maltreatment of a minor or a vulnerable adult. If the study subject has been determined by the Department of Human Services or the Department of Health to be the perpetrator of substantiated maltreatment of a minor or a vulnerable adult in a licensed facility, the response must include a copy of the public portion of the investigation memorandum under section 260E.30 or the public portion of the investigation memorandum under section 626.557, subdivision 12b. When the background study shows that the subject has been determined by a county adult protection or child protection agency to have been responsible for maltreatment, the court shall be informed of the county, the date of the finding, and the nature of the maltreatment that was substantiated.

(b) For checks of records under paragraph (a), clauses (1) and (2), the commissioner shall provide the records within 15 working days of receiving the request. The information obtained under sections 245C.05 and 245C.08 from a national criminal history records check shall be provided within three working days of the commissioner's receipt of the data.

(c) Notwithstanding section 260E.30 or 626.557, subdivision 12b, if the commissioner or county lead agency or lead investigative agency has information that a person of whom a background study was previously completed under this section has been determined to be a perpetrator of maltreatment of a minor or vulnerable adult, the commissioner or the county may provide this information to the court that requested the background study.

Subd. 10. **First-time applicants for educator licenses with the Professional Educator Licensing and Standards Board.** The Professional Educator Licensing and Standards Board shall make all eligibility determinations for alternative background studies conducted under this section for the Professional Educator

Licensing and Standards Board. The commissioner may conduct an alternative background study of all first-time applicants for educator licenses pursuant to section 122A.18, subdivision 8. The alternative background study for all first-time applicants for educator licenses must include a review of information from the Bureau of Criminal Apprehension, including criminal history data as defined in section 13.87, and must also include a review of the national criminal records repository.

Subd. 11. **First-time applicants for administrator licenses with the Board of School Administrators.** The Board of School Administrators shall make all eligibility determinations for alternative background studies conducted under this section for the Board of School Administrators. The commissioner may conduct an alternative background study of all first-time applicants for administrator licenses pursuant to section 122A.18, subdivision 8. The alternative background study for all first-time applicants for administrator licenses must include a review of information from the Bureau of Criminal Apprehension, including criminal history data as defined in section 13.87, and must also include a review of the national criminal records repository.

Subd. 12. **Occupations regulated by MNsure.** (a) The commissioner shall conduct a background study of any individual required under section 62V.05 to have a background study completed under this chapter. Notwithstanding subdivision 1, paragraph (g), the commissioner shall conduct a background study only based on Minnesota criminal records of:

(1) each navigator;

(2) each in-person assister; and

(3) each certified application counselor.

(b) The MNsure board of directors may initiate background studies required by paragraph (a) using the online NETStudy 2.0 system operated by the commissioner.

(c) The commissioner shall review information that the commissioner receives to determine if the study subject has potentially disqualifying offenses. The commissioner shall send a letter to the subject indicating any of the subject's potential disqualifications as well as any relevant records. The commissioner shall send a copy of the letter indicating any of the subject's potential disqualifications to the MNsure board.

(d) The MNsure board or its delegate shall review a reconsideration request of an individual in paragraph (a), including granting a set aside, according to the procedures and criteria in chapter 245C. The board shall notify the individual and the Department of Human Services of the board's decision.

Sec. 14. Minnesota Statutes 2020, section 245C.05, subdivision 1, is amended to read:

Subdivision 1. **Individual studied.** (a) The individual who is the subject of the background study must provide the applicant, license holder, or other entity under section 245C.04 with sufficient information to ensure an accurate study, including:

(1) the individual's first, middle, and last name and all other names by which the individual has been known;

(2) current home address, city, and state of residence;

(3) current zip code;

(4) sex;

(5) date of birth;

(6) driver's license number or state identification number; and

(7) upon implementation of NETStudy 2.0, the home address, city, county, and state of residence for the past five years.

(b) Every subject of a background study conducted or initiated by counties or private agencies under this chapter must also provide the home address, city, county, and state of residence for the past five years.

(c) Every subject of a background study related to private agency adoptions or related to child foster care licensed through a private agency, who is 18 years of age or older, shall also provide the commissioner a signed consent for the release of any information received from national crime information databases to the private agency that initiated the background study.

(d) The subject of a background study shall provide fingerprints and a photograph as required in subdivision 5.

(e) The subject of a background study shall submit a completed criminal and maltreatment history records check consent form for applicable national and state level record checks.

Sec. 15. Minnesota Statutes 2020, section 245C.05, subdivision 2, is amended to read:

Subd. 2. **Applicant, license holder, or other entity.** (a) The applicant, license holder, or other ~~entities~~ entity initiating the background study as provided in this chapter shall verify that the information collected under subdivision 1 about an individual who is the subject of the background study is correct and must provide the information on forms or in a format prescribed by the commissioner.

(b) The information collected under subdivision 1 about an individual who is the subject of a completed background study may only be viewable by an entity that initiates a subsequent background study on that individual under NETStudy 2.0 after the entity has paid the applicable fee for the study and has provided the individual with the privacy notice in subdivision 2c.

Sec. 16. Minnesota Statutes 2020, section 245C.05, subdivision 2a, is amended to read:

Subd. 2a. **County or private agency.** For background studies related to child foster care when the applicant or license holder resides in the home where child foster care services are provided, county and private agencies initiating the background study must collect the information under subdivision 1 and forward it to the commissioner.

Sec. 17. Minnesota Statutes 2020, section 245C.05, subdivision 2b, is amended to read:

Subd. 2b. **County agency to collect and forward information to commissioner.** (a) For background studies related to all family adult day services and to adult foster care when the adult foster care license holder resides in the adult foster care residence, the county agency or private agency initiating the background study must collect the information required under subdivision 1 and forward it to the commissioner.

(b) Upon implementation of NETStudy 2.0, for background studies related to family child care and legal nonlicensed child care authorized under chapter 119B, the county agency initiating the background study must collect the information required under subdivision 1 and provide the information to the commissioner.

Sec. 18. Minnesota Statutes 2020, section 245C.05, subdivision 2c, is amended to read:

Subd. 2c. **Privacy notice to background study subject.** (a) Prior to initiating each background study, the entity initiating the study must provide the commissioner's privacy notice to the background study subject required under section 13.04, subdivision 2. The notice must be available through the commissioner's electronic NETStudy and NETStudy 2.0 systems and shall include the information in paragraphs (b) and (c).

(b) The background study subject shall be informed that any previous background studies that received a set-aside will be reviewed, and without further contact with the background study subject, the commissioner may notify the agency that initiated the subsequent background study:

(1) that the individual has a disqualification that has been set aside for the program or agency that initiated the study;

(2) the reason for the disqualification; and

(3) that information about the decision to set aside the disqualification will be available to the license holder upon request without the consent of the background study subject.

(c) The background study subject must also be informed that:

(1) the subject's fingerprints collected for purposes of completing the background study under this chapter must not be retained by the Department of Public Safety, Bureau of Criminal Apprehension, or by the commissioner. The Federal Bureau of Investigation will ~~only retain fingerprints of subjects with a criminal history~~ not retain background study subjects' fingerprints;

(2) effective upon implementation of NETStudy 2.0, the subject's photographic image will be retained by the commissioner, and if the subject has provided the subject's Social Security number for purposes of the background study, the photographic image will be available to prospective employers and agencies initiating background studies under this chapter to verify the identity of the subject of the background study;

(3) the commissioner's authorized fingerprint collection vendor or vendors shall, for purposes of verifying the identity of the background study subject, be able to view the identifying information entered into NETStudy 2.0 by the entity that initiated the background study, but shall not retain the subject's fingerprints, photograph, or information from NETStudy 2.0. The authorized fingerprint collection vendor or vendors shall retain no more than the subject's name and the date and time the subject's fingerprints were recorded and sent, only as necessary for auditing and billing activities;

(4) the commissioner shall provide the subject notice, as required in section 245C.17, subdivision 1, paragraph (a), when an entity initiates a background study on the individual;

(5) the subject may request in writing a report listing the entities that initiated a background study on the individual as provided in section 245C.17, subdivision 1, paragraph (b);

(6) the subject may request in writing that information used to complete the individual's background study in NETStudy 2.0 be destroyed if the requirements of section 245C.051, paragraph (a), are met; and

(7) notwithstanding clause (6), the commissioner shall destroy:

(i) the subject's photograph after a period of two years when the requirements of section 245C.051, paragraph (c), are met; and

(ii) any data collected on a subject under this chapter after a period of two years following the individual's death as provided in section 245C.051, paragraph (d).

Sec. 19. Minnesota Statutes 2020, section 245C.05, subdivision 2d, is amended to read:

Subd. 2d. **Fingerprint data notification.** The commissioner of human services shall notify all background study subjects under this chapter that the Department of Human Services, Department of Public Safety, and the Bureau of Criminal Apprehension do not retain fingerprint data after a background study is completed, and that the Federal Bureau of Investigation ~~only retains the fingerprints of subjects who have a criminal history~~ does not retain background study subjects' fingerprints.

Sec. 20. Minnesota Statutes 2020, section 245C.05, subdivision 4, is amended to read:

Subd. 4. **Electronic transmission.** (a) For background studies conducted by the Department of Human Services, the commissioner shall implement a secure system for the electronic transmission of:

(1) background study information to the commissioner;

(2) background study results to the license holder;

(3) background study ~~results~~ information obtained under this section and section 245C.08 to counties and private agencies for background studies conducted by the commissioner for child foster care, including a summary of nondisqualifying results, except as prohibited by law; and

(4) background study results to county agencies for background studies conducted by the commissioner for adult foster care and family adult day services and, upon implementation of NETStudy 2.0, family child care and legal nonlicensed child care authorized under chapter 119B.

(b) Unless the commissioner has granted a hardship variance under paragraph (c), a license holder or an applicant must use the electronic transmission system known as NETStudy or NETStudy 2.0 to submit all requests for background studies to the commissioner as required by this chapter.

(c) A license holder or applicant whose program is located in an area in which high-speed Internet is inaccessible may request the commissioner to grant a variance to the electronic transmission requirement.

(d) Section 245C.08, subdivision 3, paragraph (c), applies to results transmitted under this subdivision.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 21. Minnesota Statutes 2020, section 245C.08, subdivision 3, is amended to read:

Subd. 3. **Arrest and investigative information.** (a) For any background study completed under this section, if the commissioner has reasonable cause to believe the information is pertinent to the disqualification of an individual, the commissioner also may review arrest and investigative information from:

(1) the Bureau of Criminal Apprehension;

(2) the commissioners of health and human services;

(3) a county attorney;

(4) a county sheriff;

(5) a county agency;

(6) a local chief of police;

(7) other states;

(8) the courts;

(9) the Federal Bureau of Investigation;

(10) the National Criminal Records Repository; and

(11) criminal records from other states.

(b) Except when specifically required by law, the commissioner is not required to conduct more than one review of a subject's records from the Federal Bureau of Investigation if a review of the subject's criminal history with the Federal Bureau of Investigation has already been completed by the commissioner and there has been no break in the subject's affiliation with the entity that initiated the background study.

(c) If the commissioner conducts a national criminal history record check when required by law and uses the information from the national criminal history record check to make a disqualification determination, the data obtained is private data and cannot be shared with ~~county agencies,~~ private agencies~~,~~ or prospective employers of the background study subject.

(d) If the commissioner conducts a national criminal history record check when required by law and uses the information from the national criminal history record check to make a disqualification determination, the license holder or entity that submitted the study is not required to obtain a copy of the background study subject's disqualification letter under section 245C.17, subdivision 3.

Sec. 22. Minnesota Statutes 2020, section 245C.08, is amended by adding a subdivision to read:

Subd. 5. **Authorization.** The commissioner of human services shall be authorized to receive information under this chapter.

Sec. 23. Minnesota Statutes 2020, section 245C.10, is amended by adding a subdivision to read:

Subd. 1b. **Background study fees.** (a) The commissioner shall recover the cost of background studies. Except as otherwise provided in subdivisions 1c and 1d, the fees collected under this section shall be appropriated to the commissioner for the purpose of conducting background studies under this chapter. Fees under this section are charges under section 16A.1283, paragraph (b), clause (3).

(b) Background study fees may include:

(1) a fee to compensate the commissioner's authorized fingerprint collection vendor or vendors for obtaining and processing a background study subject's classifiable fingerprints and photograph pursuant to subdivision 1c; and

(2) a separate fee under subdivision 1c to complete a review of background-study-related records as authorized under this chapter.

(c) Fees charged under paragraph (b) may be paid in whole or part when authorized by law by a state agency or board; by state court administration; by a service provider, employer, license holder, or other organization that initiates the background study; by the commissioner or other organization with duly appropriated funds; by a background study subject; or by some combination of these sources.

Sec. 24. Minnesota Statutes 2020, section 245C.10, is amended by adding a subdivision to read:

Subd. 1c. **Fingerprint and photograph processing fees.** The commissioner shall enter into a contract with a qualified vendor or vendors to obtain and process a background study subject's classifiable fingerprints and photograph as required by section 245C.05. The commissioner may, at their discretion, directly collect fees and reimburse the commissioner's authorized fingerprint collection vendor for the vendor's services or require the vendor to collect the fees. The authorized vendor is responsible for reimbursing the vendor's subcontractors at a rate specified in the contract with the commissioner.

Sec. 25. Minnesota Statutes 2020, section 245C.10, is amended by adding a subdivision to read:

Subd. 1d. **Background studies fee schedule.** (a) By March 1 each year, the commissioner shall publish a schedule of fees sufficient to administer and conduct background studies under this chapter. The published schedule of fees shall be effective on July 1 each year.

(b) Fees shall be based on the actual costs of administering and conducting background studies, including payments to external agencies, department indirect cost payments under section 16A.127, processing fees, and costs related to due process.

(c) The commissioner shall publish a notice of fees by posting fee amounts on the department website. The notice shall specify the actual costs that comprise the fees including the categories described in paragraph (b).

(d) The published schedule of fees shall remain in effect from July 1 to June 30 each year.

(e) The fees collected under this subdivision are appropriated to the commissioner for the purpose of conducting background studies, alternative background studies, and criminal background checks.

EFFECTIVE DATE. This section is effective July 1, 2021. The commissioner of human services shall publish the initial fee schedule on the Department of Human Services website on July 1, 2021, and the initial fee schedule is effective September 1, 2021.

Sec. 26. Minnesota Statutes 2020, section 245C.10, subdivision 15, is amended to read:

Subd. 15. **Guardians and conservators.** The ~~commissioner shall recover the cost of conducting background studies for guardians and conservators under section 524.5-118 through a fee of no more than $110 per study. The fees collected under this subdivision are appropriated to the commissioner for the purpose of conducting background studies.~~ fee for conducting an alternative background study for appointment of a professional guardian or conservator must be paid by the guardian or conservator. In other cases, the fee must be paid as follows:

(1) if the matter is proceeding in forma pauperis, the fee must be paid as an expense for purposes of section 524.5-502, paragraph (a);

(2) if there is an estate of the ward or protected person, the fee must be paid from the estate; or

(3) in the case of a guardianship or conservatorship of a person that is not proceeding in forma pauperis, the fee must be paid by the guardian, conservator, or the court.

Sec. 27. Minnesota Statutes 2020, section 245C.10, is amended by adding a subdivision to read:

Subd. 17. **Early intensive developmental and behavioral intervention providers.** The commissioner shall recover the cost of background studies required under section 245C.03, subdivision 15, for the purposes of early intensive developmental and behavioral intervention under section 256B.0949, through a fee of no more than $20 per study charged to the enrolled agency. The fees collected under this subdivision are appropriated to the commissioner for the purpose of conducting background studies.

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

Sec. 28. Minnesota Statutes 2020, section 245C.10, is amended by adding a subdivision to read:

Subd. 18. **Applicants, licensees, and other occupations regulated by commissioner of health.** The applicant or license holder is responsible for paying to the Department of Human Services all fees associated with the preparation of the fingerprints, the criminal records check consent form, and the criminal background check.

Sec. 29. Minnesota Statutes 2020, section 245C.10, is amended by adding a subdivision to read:

Subd. 19. **Occupations regulated by MNsure.** The commissioner shall set fees to recover the cost of background studies and criminal background checks initiated by MNsure under sections 62V.05 and 245C.031. The fee amount shall be established through interagency agreement between the commissioner and the board of MNsure or its designee. The fees collected under this subdivision shall be deposited in the special revenue fund and are appropriated to the commissioner for the purpose of conducting background studies and criminal background checks.

Sec. 30. Minnesota Statutes 2020, section 245C.13, subdivision 2, is amended to read:

Subd. 2. **Activities pending completion of background study.** The subject of a background study may not perform any activity requiring a background study under paragraph (c) until the commissioner has issued one of the notices under paragraph (a).

(a) Notices from the commissioner required prior to activity under paragraph (c) include:

(1) a notice of the study results under section 245C.17 stating that:

(i) the individual is not disqualified; or

(ii) more time is needed to complete the study but the individual is not required to be removed from direct contact or access to people receiving services prior to completion of the study as provided under section 245C.17, subdivision 1, paragraph (b) or (c). The notice that more time is needed to complete the study must also indicate whether the individual is required to be under continuous direct supervision prior to completion of the background study. When more time is necessary to complete a background study of an individual affiliated with a Title IV-E eligible children's residential facility or foster residence setting, the individual may not work in the facility or setting regardless of whether or not the individual is supervised;

(2) a notice that a disqualification has been set aside under section 245C.23; or

(3) a notice that a variance has been granted related to the individual under section 245C.30.

(b) For a background study affiliated with a licensed child care center or certified license-exempt child care center, the notice sent under paragraph (a), clause (1), item (ii), must require the individual to be under continuous direct supervision prior to completion of the background study except as permitted in subdivision 3.

(c) Activities prohibited prior to receipt of notice under paragraph (a) include:

(1) being issued a license;

(2) living in the household where the licensed program will be provided;

(3) providing direct contact services to persons served by a program unless the subject is under continuous direct supervision;

(4) having access to persons receiving services if the background study was completed under section 144.057, subdivision 1, or 245C.03, subdivision 1, paragraph (a), clause (2), (5), or (6), unless the subject is under continuous direct supervision;

(5) for licensed child care centers and certified license-exempt child care centers, providing direct contact services to persons served by the program; ~~or~~

(6) for children's residential facilities or foster residence settings, working in the facility or setting~~.~~; or

(7) for background studies affiliated with a personal care provider organization, except as provided in section 245C.03, subdivision 3b, before a personal care assistant provides services, the personal care assistance provider agency must initiate a background study of the personal care assistant under this chapter and the personal care assistance provider agency must have received a notice from the commissioner that the personal care assistant is:

(i) not disqualified under section 245C.14; or

(ii) disqualified, but the personal care assistant has received a set aside of the disqualification under section 245C.22.

Sec. 31. Minnesota Statutes 2020, section 245C.14, subdivision 1, is amended to read:

Subdivision 1. **Disqualification from direct contact.** (a) The commissioner shall disqualify an individual who is the subject of a background study from any position allowing direct contact with persons receiving services from the license holder or entity identified in section 245C.03, upon receipt of information showing, or when a background study completed under this chapter shows any of the following:

(1) a conviction of, admission to, or Alford plea to one or more crimes listed in section 245C.15, regardless of whether the conviction or admission is a felony, gross misdemeanor, or misdemeanor level crime;

(2) a preponderance of the evidence indicates the individual has committed an act or acts that meet the definition of any of the crimes listed in section 245C.15, regardless of whether the preponderance of the evidence is for a felony, gross misdemeanor, or misdemeanor level crime; or

(3) an investigation results in an administrative determination listed under section 245C.15, subdivision 4, paragraph (b).

(b) No individual who is disqualified following a background study under section 245C.03, subdivisions 1 and 2, may be retained in a position involving direct contact with persons served by a program or entity identified in section 245C.03, unless the commissioner has provided written notice under section 245C.17 stating that:

(1) the individual may remain in direct contact during the period in which the individual may request reconsideration as provided in section 245C.21, subdivision 2;

(2) the commissioner has set aside the individual's disqualification for that program or entity identified in section 245C.03, as provided in section 245C.22, subdivision 4; or

(3) the license holder has been granted a variance for the disqualified individual under section 245C.30.

(c) Notwithstanding paragraph (a), for the purposes of a background study affiliated with a licensed family foster setting, the commissioner shall disqualify an individual who is the subject of a background study from any position allowing direct contact with persons receiving services from the license holder or entity identified in section 245C.03, upon receipt of information showing or when a background study completed under this chapter shows reason for disqualification under section 245C.15, subdivision 4a.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 32. Minnesota Statutes 2020, section 245C.14, is amended by adding a subdivision to read:

Subd. 4. **Disqualification from working in licensed child care centers or certified license-exempt child care centers.** (a) For a background study affiliated with a licensed child care center or certified license-exempt child care center, if an individual is disqualified from direct contact under subdivision 1, the commissioner must also disqualify the individual from working in any position regardless of whether the individual would have direct contact with or access to children served in the licensed child care center or certified license-exempt child care center and from having access to a person receiving services from the center.

(b) Notwithstanding any other requirement of this chapter, for a background study affiliated with a licensed child care center or a certified license-exempt child care center, if an individual is disqualified, the individual may not work in the child care center until the commissioner has issued a notice stating that:

(1) the individual is not disqualified;

(2) a disqualification has been set aside under section 245C.23; or

(3) a variance has been granted related to the individual under section 245C.30.

Sec. 33. Minnesota Statutes 2020, section 245C.15, is amended by adding a subdivision to read:

Subd. 4a. **Licensed family foster setting disqualifications.** (a) Notwithstanding subdivisions 1 to 4, for a background study affiliated with a licensed family foster setting, regardless of how much time has passed, an individual is disqualified under section 245C.14 if the individual committed an act that resulted in a felony-level conviction for sections: 609.185 (murder in the first degree); 609.19 (murder in the second degree); 609.195 (murder in the third degree); 609.20 (manslaughter in the first degree); 609.205 (manslaughter in the second degree); 609.2112 (criminal vehicular homicide); 609.221 (assault in the first degree); 609.223, subdivision 2 (assault in the third degree, past pattern of child abuse); 609.223, subdivision 3 (assault in the third degree, victim under four); a felony offense under sections 609.2242 and 609.2243 (domestic assault, spousal abuse, child abuse or neglect, or a crime against children); 609.2247 (domestic assault by strangulation); 609.2325 (criminal abuse of a vulnerable adult resulting in the death of a vulnerable adult); 609.245 (aggravated robbery); 609.25 (kidnapping); 609.255 (false imprisonment); 609.2661 (murder of an unborn child in the first degree); 609.2662 (murder of an unborn child in the second degree); 609.2663 (murder of an unborn child in the third degree); 609.2664 (manslaughter of an unborn child in the first degree); 609.2665 (manslaughter of an unborn child in the second degree); 609.267 (assault of an unborn child in the first degree); 609.2671 (assault of an unborn child in the second degree); 609.268 (injury or death of an unborn child in the commission of a crime); 609.322, subdivision 1 (solicitation, inducement, and promotion of prostitution; sex trafficking in the first degree); 609.324, subdivision 1 (other prohibited acts; engaging in, hiring, or agreeing to hire minor to engage in prostitution); 609.342 (criminal sexual conduct in the first degree);

609.343 (criminal sexual conduct in the second degree); 609.344 (criminal sexual conduct in the third degree); 609.345 (criminal sexual conduct in the fourth degree); 609.3451 (criminal sexual conduct in the fifth degree); 609.3453 (criminal sexual predatory conduct); 609.352 (solicitation of children to engage in sexual conduct); 609.377 (malicious punishment of a child); 609.378 (neglect or endangerment of a child); 609.561 (arson in the first degree); 609.582, subdivision 1 (burglary in the first degree); 609.746 (interference with privacy); 617.23 (indecent exposure); 617.246 (use of minors in sexual performance prohibited); or 617.247 (possession of pictorial representations of minors).

(b) Notwithstanding subdivisions 1 to 4, for the purposes of a background study affiliated with a licensed family foster setting, an individual is disqualified under section 245C.14, regardless of how much time has passed, if the individual:

(1) committed an action under paragraph (d) that resulted in death or involved sexual abuse, as defined in section 260E.03, subdivision 20;

(2) committed an act that resulted in a gross misdemeanor-level conviction for section 609.3451 (criminal sexual conduct in the fifth degree);

(3) committed an act against or involving a minor that resulted in a felony-level conviction for: section 609.222 (assault in the second degree); 609.223, subdivision 1 (assault in the third degree); 609.2231 (assault in the fourth degree); or 609.224 (assault in the fifth degree); or

(4) committed an act that resulted in a misdemeanor or gross misdemeanor-level conviction for section 617.293 (dissemination and display of harmful materials to minors).

(c) Notwithstanding subdivisions 1 to 4, for a background study affiliated with a licensed family foster setting, an individual is disqualified under section 245C.14 if less than 20 years have passed since the termination of the individual's parental rights under section 260C.301, subdivision 1, paragraph (b), or if the individual consented to a termination of parental rights under section 260C.301, subdivision 1, paragraph (a), to settle a petition to involuntarily terminate parental rights. An individual is disqualified under section 245C.14 if less than 20 years have passed since the termination of the individual's parental rights in any other state or country, where the conditions for the individual's termination of parental rights are substantially similar to the conditions in section 260C.301, subdivision 1, paragraph (b).

(d) Notwithstanding subdivisions 1 to 4, for a background study affiliated with a licensed family foster setting, an individual is disqualified under section 245C.14 if less than five years have passed since a felony-level violation for sections: 152.021 (controlled substance crime in the first degree); 152.022 (controlled substance crime in the second degree); 152.023 (controlled substance crime in the third degree); 152.024 (controlled substance crime in the fourth degree); 152.025 (controlled substance crime in the fifth degree); 152.0261 (importing controlled substances across state borders); 152.0262, subdivision 1, paragraph (b) (possession of substance with intent to manufacture methamphetamine); 152.027, subdivision 6, paragraph (c) (sale or possession of synthetic cannabinoids); 152.096 (conspiracies prohibited); 152.097 (simulated controlled substances); 152.136 (anhydrous ammonia; prohibited conduct; criminal penalties; civil liabilities); 152.137 (methamphetamine-related crimes involving children or vulnerable adults); 169A.24 (felony first-degree driving while impaired); 243.166 (violation of predatory offender registration requirements); 609.2113 (criminal vehicular operation; bodily harm); 609.2114 (criminal vehicular operation; unborn child); 609.228 (great bodily harm caused by distribution of drugs); 609.2325 (criminal abuse of a vulnerable adult not resulting in the death of a vulnerable adult); 609.233 (criminal neglect); 609.235 (use of drugs to injure or facilitate a crime); 609.24 (simple robbery); 609.322, subdivision 1a (solicitation, inducement, and promotion of prostitution; sex trafficking in the second degree); 609.498, subdivision 1 (tampering with a witness in the first degree); 609.498, subdivision 1b (aggravated first-degree witness tampering); 609.562 (arson in the second degree); 609.563 (arson in the third degree); 609.582, subdivision 2 (burglary in the second degree); 609.66 (felony dangerous weapons); 609.687 (adulteration); 609.713 (terroristic threats); 609.749, subdivision 3, 4, or 5 (felony-level harassment or stalking); 609.855, subdivision 5 (shooting at or in a public transit vehicle or facility); or 624.713 (certain people not to possess firearms).

(e) Notwithstanding subdivisions 1 to 4, except as provided in paragraph (a), for a background study affiliated with a licensed family child foster care license, an individual is disqualified under section 245C.14 if less than five years have passed since:

(1) a felony-level violation for an act not against or involving a minor that constitutes: section 609.222 (assault in the second degree); 609.223, subdivision 1 (assault in the third degree); 609.2231 (assault in the fourth degree); or 609.224, subdivision 4 (assault in the fifth degree);

(2) a violation of an order for protection under section 518B.01, subdivision 14;

(3) a determination or disposition of the individual's failure to make required reports under section 260E.06 or 626.557, subdivision 3, for incidents in which the final disposition under chapter 260E or section 626.557 was substantiated maltreatment and the maltreatment was recurring or serious;

(4) a determination or disposition of the individual's substantiated serious or recurring maltreatment of a minor under chapter 260E, a vulnerable adult under section 626.557, or serious or recurring maltreatment in any other state, the elements of which are substantially similar to the elements of maltreatment under chapter 260E or section 626.557 and meet the definition of serious maltreatment or recurring maltreatment;

(5) a gross misdemeanor-level violation for sections: 609.224, subdivision 2 (assault in the fifth degree); 609.2242 and 609.2243 (domestic assault); 609.233 (criminal neglect); 609.377 (malicious punishment of a child); 609.378 (neglect or endangerment of a child); 609.746 (interference with privacy); 609.749 (stalking); or 617.23 (indecent exposure); or

(6) committing an act against or involving a minor that resulted in a misdemeanor-level violation of section 609.224, subdivision 1 (assault in the fifth degree).

(f) For purposes of this subdivision, the disqualification begins from:

(1) the date of the alleged violation, if the individual was not convicted;

(2) the date of conviction, if the individual was convicted of the violation but not committed to the custody of the commissioner of corrections; or

(3) the date of release from prison, if the individual was convicted of the violation and committed to the custody of the commissioner of corrections.

Notwithstanding clause (3), if the individual is subsequently reincarcerated for a violation of the individual's supervised release, the disqualification begins from the date of release from the subsequent incarceration.

(g) An individual's aiding and abetting, attempt, or conspiracy to commit any of the offenses listed in paragraphs (a) and (b), as each of these offenses is defined in Minnesota Statutes, permanently disqualifies the individual under section 245C.14. An individual is disqualified under section 245C.14 if less than five years have passed since the individual's aiding and abetting, attempt, or conspiracy to commit any of the offenses listed in paragraphs (d) and (e).

(h) An individual's offense in any other state or country, where the elements of the offense are substantially similar to any of the offenses listed in paragraphs (a) and (b), permanently disqualifies the individual under section 245C.14. An individual is disqualified under section 245C.14 if less than five years has passed since an offense in any other state or country, the elements of which are substantially similar to the elements of any offense listed in paragraphs (d) and (e).

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 34. Minnesota Statutes 2020, section 245C.16, subdivision 1, is amended to read:

Subdivision 1. **Determining immediate risk of harm.** (a) If the commissioner determines that the individual studied has a disqualifying characteristic, the commissioner shall review the information immediately available and make a determination as to the subject's immediate risk of harm to persons served by the program where the individual studied will have direct contact with, or access to, people receiving services.

(b) The commissioner shall consider all relevant information available, including the following factors in determining the immediate risk of harm:

(1) the recency of the disqualifying characteristic;

(2) the recency of discharge from probation for the crimes;

(3) the number of disqualifying characteristics;

(4) the intrusiveness or violence of the disqualifying characteristic;

(5) the vulnerability of the victim involved in the disqualifying characteristic;

(6) the similarity of the victim to the persons served by the program where the individual studied will have direct contact;

(7) whether the individual has a disqualification from a previous background study that has not been set aside; ~~and~~

(8) if the individual has a disqualification which may not be set aside because it is a permanent bar under section 245C.24, subdivision 1, or the individual is a child care background study subject who has a felony-level conviction for a drug-related offense in the last five years, the commissioner may order the immediate removal of the individual from any position allowing direct contact with, or access to, persons receiving services from the program and from working in a children's residential facility or foster residence setting~~.~~; and

(9) if the individual has a disqualification which may not be set aside because it is a permanent bar under section 245C.24, subdivision 2, or the individual is a child care background study subject who has a felony-level conviction for a drug-related offense during the last five years, the commissioner may order the immediate removal of the individual from any position allowing direct contact with or access to persons receiving services from the center and from working in a licensed child care center or certified license-exempt child care center.

(c) This section does not apply when the subject of a background study is regulated by a health-related licensing board as defined in chapter 214, and the subject is determined to be responsible for substantiated maltreatment under section 626.557 or chapter 260E.

(d) This section does not apply to a background study related to an initial application for a child foster family setting license.

(e) Except for paragraph (f), this section does not apply to a background study that is also subject to the requirements under section 256B.0659, subdivisions 11 and 13, for a personal care assistant or a qualified professional as defined in section 256B.0659, subdivision 1.

(f) If the commissioner has reason to believe, based on arrest information or an active maltreatment investigation, that an individual poses an imminent risk of harm to persons receiving services, the commissioner may order that the person be continuously supervised or immediately removed pending the conclusion of the maltreatment investigation or criminal proceedings.

Sec. 35. Minnesota Statutes 2020, section 245C.16, subdivision 2, is amended to read:

Subd. 2. **Findings.** (a) After evaluating the information immediately available under subdivision 1, the commissioner may have reason to believe one of the following:

(1) the individual poses an imminent risk of harm to persons served by the program where the individual studied will have direct contact or access to persons served by the program or where the individual studied will work;

(2) the individual poses a risk of harm requiring continuous, direct supervision while providing direct contact services during the period in which the subject may request a reconsideration; or

(3) the individual does not pose an imminent risk of harm or a risk of harm requiring continuous, direct supervision while providing direct contact services during the period in which the subject may request a reconsideration.

(b) After determining an individual's risk of harm under this section, the commissioner must notify the subject of the background study and the applicant or license holder as required under section 245C.17.

(c) For Title IV-E eligible children's residential facilities and foster residence settings, the commissioner is prohibited from making the findings in paragraph (a), clause (2) or (3).

(d) For licensed child care centers or certified license-exempt child care centers, the commissioner is prohibited from making the findings in paragraph (a), clause (2) or (3).

Sec. 36. Minnesota Statutes 2020, section 245C.17, subdivision 1, is amended to read:

Subdivision 1. **Time frame for notice of study results and auditing system access.** (a) Within three working days after the commissioner's receipt of a request for a background study submitted through the commissioner's NETStudy or NETStudy 2.0 system, the commissioner shall notify the background study subject and the license holder or other entity as provided in this chapter in writing or by electronic transmission of the results of the study or that more time is needed to complete the study. The notice to the individual shall include the identity of the entity that initiated the background study.

(b) Before being provided access to NETStudy 2.0, the license holder or other entity under section 245C.04 shall sign an acknowledgment of responsibilities form developed by the commissioner that includes identifying the sensitive background study information person, who must be an employee of the license holder or entity. All queries to NETStudy 2.0 are electronically recorded and subject to audit by the commissioner. The electronic record shall identify the specific user. A background study subject may request in writing to the commissioner a report listing the entities that initiated a background study on the individual.

(c) When the commissioner has completed a prior background study on an individual that resulted in an order for immediate removal and more time is necessary to complete a subsequent study, the notice that more time is needed that is issued under paragraph (a) shall include an order for immediate removal of the individual from any position allowing direct contact with or access to people receiving services and from working in a children's residential facility ~~or,~~ foster residence setting, child care center, or certified license-exempt child care center pending completion of the background study.

Sec. 37. Minnesota Statutes 2020, section 245C.17, is amended by adding a subdivision to read:

Subd. 8. **Disqualification notice to child care centers and certified license-exempt child care centers.** (a) For child care centers and certified license-exempt child care centers, all notices under this section that order the license holder to immediately remove the individual studied from any position allowing direct contact with, or

access to a person served by the center, must also order the license holder to immediately remove the individual studied from working in any position regardless of whether the individual would have direct contact with or access to children served in the center.

(b) For child care centers and certified license-exempt child care centers, notices under this section must not allow an individual to work in the center.

Sec. 38. Minnesota Statutes 2020, section 245C.18, is amended to read:

245C.18 OBLIGATION TO REMOVE DISQUALIFIED INDIVIDUAL FROM DIRECT CONTACT AND FROM WORKING IN A PROGRAM, FACILITY, ~~OR~~ SETTING, OR CENTER.

(a) Upon receipt of notice from the commissioner, the license holder must remove a disqualified individual from direct contact with persons served by the licensed program if:

(1) the individual does not request reconsideration under section 245C.21 within the prescribed time;

(2) the individual submits a timely request for reconsideration, the commissioner does not set aside the disqualification under section 245C.22, subdivision 4, and the individual does not submit a timely request for a hearing under sections 245C.27 and 256.045, or 245C.28 and chapter 14; or

(3) the individual submits a timely request for a hearing under sections 245C.27 and 256.045, or 245C.28 and chapter 14, and the commissioner does not set aside or rescind the disqualification under section 245A.08, subdivision 5, or 256.045.

(b) For children's residential facility and foster residence setting license holders, upon receipt of notice from the commissioner under paragraph (a), the license holder must also remove the disqualified individual from working in the program, facility, or setting and from access to persons served by the licensed program.

(c) For Title IV-E eligible children's residential facility and foster residence setting license holders, upon receipt of notice from the commissioner under paragraph (a), the license holder must also remove the disqualified individual from working in the program and from access to persons served by the program and must not allow the individual to work in the facility or setting until the commissioner has issued a notice stating that:

(1) the individual is not disqualified;

(2) a disqualification has been set aside under section 245C.23; or

(3) a variance has been granted related to the individual under section 245C.30.

(d) For licensed child care center and certified license-exempt child care center license holders, upon receipt of notice from the commissioner under paragraph (a), the license holder must remove the disqualified individual from working in any position regardless of whether the individual would have direct contact with or access to children served in the center and from having access to persons served by the center and must not allow the individual to work in the center until the commissioner has issued a notice stating that:

(1) the individual is not disqualified;

(2) a disqualification has been set aside under section 245C.23; or

(3) a variance has been granted related to the individual under section 245C.30.

Sec. 39. Minnesota Statutes 2020, section 245C.24, subdivision 2, is amended to read:

Subd. 2. **Permanent bar to set aside a disqualification.** (a) Except as provided in paragraphs (b) to ~~(e)~~ (f), the commissioner may not set aside the disqualification of any individual disqualified pursuant to this chapter, regardless of how much time has passed, if the individual was disqualified for a crime or conduct listed in section 245C.15, subdivision 1.

(b) For an individual in the chemical dependency or corrections field who was disqualified for a crime or conduct listed under section 245C.15, subdivision 1, and whose disqualification was set aside prior to July 1, 2005, the commissioner must consider granting a variance pursuant to section 245C.30 for the license holder for a program dealing primarily with adults. A request for reconsideration evaluated under this paragraph must include a letter of recommendation from the license holder that was subject to the prior set-aside decision addressing the individual's quality of care to children or vulnerable adults and the circumstances of the individual's departure from that service.

(c) If an individual who requires a background study for nonemergency medical transportation services under section 245C.03, subdivision 12, was disqualified for a crime or conduct listed under section 245C.15, subdivision 1, and if more than 40 years have passed since the discharge of the sentence imposed, the commissioner may consider granting a set-aside pursuant to section 245C.22. A request for reconsideration evaluated under this paragraph must include a letter of recommendation from the employer. This paragraph does not apply to a person disqualified based on a violation of sections 243.166; 609.185 to 609.205; 609.25; 609.342 to 609.3453; 609.352; 617.23, subdivision 2, clause (1), or 3, clause (1); 617.246; or 617.247.

(d) When a licensed foster care provider adopts an individual who had received foster care services from the provider for over six months, and the adopted individual is required to receive a background study under section 245C.03, subdivision 1, paragraph (a), clause (2) or (6), the commissioner may grant a variance to the license holder under section 245C.30 to permit the adopted individual with a permanent disqualification to remain affiliated with the license holder under the conditions of the variance when the variance is recommended by the county of responsibility for each of the remaining individuals in placement in the home and the licensing agency for the home.

(e) For an individual 18 years of age or older affiliated with a licensed family foster setting, the commissioner must not set aside or grant a variance for the disqualification of any individual disqualified pursuant to this chapter, regardless of how much time has passed, if the individual was disqualified for a crime or conduct listed in section 245C.15, subdivision 4a, paragraphs (a) and (b).

(f) In connection with a family foster setting license, the commissioner may grant a variance to the disqualification for an individual who is under 18 years of age at the time the background study is submitted.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 40. Minnesota Statutes 2020, section 245C.24, subdivision 3, is amended to read:

Subd. 3. **Ten-year bar to set aside disqualification.** (a) The commissioner may not set aside the disqualification of an individual in connection with a license to provide family child care for children~~, foster care for children in the provider's home,~~ or foster care or day care services for adults in the provider's home if: (1) less than ten years has passed since the discharge of the sentence imposed, if any, for the offense; or (2) when disqualified based on a preponderance of evidence determination under section 245C.14, subdivision 1, paragraph (a), clause (2), or an admission under section 245C.14, subdivision 1, paragraph (a), clause (1), and less than ten years has passed since the individual committed the act or admitted to committing the act, whichever is later; and (3) the individual has committed a violation of any of the following offenses: sections 609.165 (felon ineligible to possess firearm); criminal vehicular homicide or criminal vehicular operation causing death under 609.2112, 609.2113, or 609.2114 (criminal vehicular homicide or injury); 609.215 (aiding suicide or aiding attempted suicide); felony violations

under 609.223 or 609.2231 (assault in the third or fourth degree); 609.229 (crimes committed for benefit of a gang); 609.713 (terroristic threats); 609.235 (use of drugs to injure or to facilitate crime); 609.24 (simple robbery); 609.255 (false imprisonment); 609.562 (arson in the second degree); 609.71 (riot); 609.498, subdivision 1 or 1b (aggravated first-degree or first-degree tampering with a witness); burglary in the first or second degree under 609.582 (burglary); 609.66 (dangerous weapon); 609.665 (spring guns); 609.67 (machine guns and short-barreled shotguns); 609.749, subdivision 2 (gross misdemeanor harassment); 152.021 or 152.022 (controlled substance crime in the first or second degree); 152.023, subdivision 1, clause (3) or (4) or subdivision 2, clause (4) (controlled substance crime in the third degree); 152.024, subdivision 1, clause (2), (3), or (4) (controlled substance crime in the fourth degree); 609.224, subdivision 2, paragraph (c) (fifth-degree assault by a caregiver against a vulnerable adult); 609.23 (mistreatment of persons confined); 609.231 (mistreatment of residents or patients); 609.2325 (criminal abuse of a vulnerable adult); 609.233 (criminal neglect of a vulnerable adult); 609.2335 (financial exploitation of a vulnerable adult); 609.234 (failure to report); 609.265 (abduction); 609.2664 to 609.2665 (manslaughter of an unborn child in the first or second degree); 609.267 to 609.2672 (assault of an unborn child in the first, second, or third degree); 609.268 (injury or death of an unborn child in the commission of a crime); repeat offenses under 617.23 (indecent exposure); 617.293 (disseminating or displaying harmful material to minors); a felony-level conviction involving alcohol or drug use, a gross misdemeanor offense under 609.324, subdivision 1 (other prohibited acts); a gross misdemeanor offense under 609.378 (neglect or endangerment of a child); a gross misdemeanor offense under 609.377 (malicious punishment of a child); 609.72, subdivision 3 (disorderly conduct against a vulnerable adult); or 624.713 (certain persons not to possess firearms); or Minnesota Statutes 2012, section 609.21.

(b) The commissioner may not set aside the disqualification of an individual if less than ten years have passed since the individual's aiding and abetting, attempt, or conspiracy to commit any of the offenses listed in paragraph (a) as each of these offenses is defined in Minnesota Statutes.

(c) The commissioner may not set aside the disqualification of an individual if less than ten years have passed since the discharge of the sentence imposed for an offense in any other state or country, the elements of which are substantially similar to the elements of any of the offenses listed in paragraph (a).

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 41. Minnesota Statutes 2020, section 245C.24, subdivision 4, is amended to read:

Subd. 4. **Seven-year bar to set aside disqualification.** The commissioner may not set aside the disqualification of an individual in connection with a license to provide family child care for children~~, foster care for children in the provider's home,~~ or foster care or day care services for adults in the provider's home if within seven years preceding the study:

(1) the individual committed an act that constitutes maltreatment of a child under sections 260E.24, subdivisions 1, 2, and 3, and 260E.30, subdivisions 1, 2, and 4, and the maltreatment resulted in substantial bodily harm as defined in section 609.02, subdivision 7a, or substantial mental or emotional harm as supported by competent psychological or psychiatric evidence; or

(2) the individual was determined under section 626.557 to be the perpetrator of a substantiated incident of maltreatment of a vulnerable adult that resulted in substantial bodily harm as defined in section 609.02, subdivision 7a, or substantial mental or emotional harm as supported by competent psychological or psychiatric evidence.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 42. Minnesota Statutes 2020, section 245C.24, is amended by adding a subdivision to read:

Subd. 6. **Five-year bar to set aside disqualification; family foster setting.** (a) The commissioner shall not set aside or grant a variance for the disqualification of an individual 18 years of age or older in connection with a foster family setting license if within five years preceding the study the individual is convicted of a felony in section 245C.15, subdivision 4a, paragraph (d).

(b) In connection with a foster family setting license, the commissioner may set aside or grant a variance to the disqualification for an individual who is under 18 years of age at the time the background study is submitted.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 43. Minnesota Statutes 2020, section 245C.32, subdivision 1a, is amended to read:

Subd. 1a. **NETStudy 2.0 system.** (a) The commissioner shall design, develop, and test the NETStudy 2.0 system and implement it no later than September 1, 2015.

(b) The NETStudy 2.0 system developed and implemented by the commissioner shall incorporate and meet all applicable data security standards and policies required by the Federal Bureau of Investigation (FBI), Department of Public Safety, Bureau of Criminal Apprehension, and the Office of MN.IT Services. The system shall meet all required standards for encryption of data at the database level as well as encryption of data that travels electronically among agencies initiating background studies, the commissioner's authorized fingerprint collection vendor or vendors, the commissioner, the Bureau of Criminal Apprehension, and in cases involving national criminal record checks, the FBI.

(c) The data system developed and implemented by the commissioner shall incorporate a system of data security that allows the commissioner to control access to the data field level by the commissioner's employees. The commissioner shall establish that employees have access to the minimum amount of private data on any individual as is necessary to perform their duties under this chapter.

(d) The commissioner shall oversee regular quality and compliance audits of the authorized fingerprint collection vendor or vendors.

Sec. 44. Minnesota Statutes 2020, section 256B.0949, is amended by adding a subdivision to read:

Subd. 16a. **Background studies.** The requirements for background studies under this section shall be met by an early intensive developmental and behavioral intervention services agency through the commissioner's NETStudy system as provided under sections 245C.03, subdivision 15, and 245C.10, subdivision 17.

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

Sec. 45. Minnesota Statutes 2020, section 260C.215, subdivision 4, is amended to read:

Subd. 4. **Duties of commissioner.** The commissioner of human services shall:

(1) provide practice guidance to responsible social services agencies and licensed child-placing agencies that reflect federal and state laws and policy direction on placement of children;

(2) develop criteria for determining whether a prospective adoptive or foster family has the ability to understand and validate the child's cultural background;

(3) provide a standardized training curriculum for adoption and foster care workers and administrators who work with children. Training must address the following objectives:

(i) developing and maintaining sensitivity to all cultures;

(ii) assessing values and their cultural implications;

(iii) making individualized placement decisions that advance the best interests of a particular child under section 260C.212, subdivision 2; and

(iv) issues related to cross-cultural placement;

(4) provide a training curriculum for all prospective adoptive and foster families that prepares them to care for the needs of adoptive and foster children taking into consideration the needs of children outlined in section 260C.212, subdivision 2, paragraph (b), and, as necessary, preparation is continued after placement of the child and includes the knowledge and skills related to reasonable and prudent parenting standards for the participation of the child in age or developmentally appropriate activities, according to section 260C.212, subdivision 14;

(5) develop and provide to responsible social services agencies and licensed child-placing agencies a home study format to assess the capacities and needs of prospective adoptive and foster families. The format must address problem-solving skills; parenting skills; evaluate the degree to which the prospective family has the ability to understand and validate the child's cultural background, and other issues needed to provide sufficient information for agencies to make an individualized placement decision consistent with section 260C.212, subdivision 2. For a study of a prospective foster parent, the format must also address the capacity of the prospective foster parent to provide a safe, healthy, smoke-free home environment. If a prospective adoptive parent has also been a foster parent, any update necessary to a home study for the purpose of adoption may be completed by the licensing authority responsible for the foster parent's license. If a prospective adoptive parent with an approved adoptive home study also applies for a foster care license, the license application may be made with the same agency which provided the adoptive home study; ~~and~~

(6) consult with representatives reflecting diverse populations from the councils established under sections 3.922 and 15.0145, and other state, local, and community organizations~~.~~; and

(7) establish family foster setting licensing guidelines for county agencies and private agencies designated or licensed by the commissioner to perform licensing functions and activities under section 245A.04. Guidelines that the commissioner establishes under this clause shall be considered directives of the commissioner under section 245A.16.

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

Sec. 46. Laws 2020, First Special Session chapter 7, section 1, as amended by Laws 2020, Third Special Session chapter 1, section 3, is amended by adding a subdivision to read:

Subd. 5. **Waivers and modifications; extension for 180 days.** When the peacetime emergency declared by the governor in response to the COVID-19 outbreak expires, is terminated, or is rescinded by the proper authority, waiver CV23: modifying background study requirements, issued by the commissioner of human services pursuant to Executive Orders 20-11 and 20-12, including any amendments to the modification issued before the peacetime emergency expires, shall remain in effect for 180 days after the peacetime emergency ends.

EFFECTIVE DATE. This section is effective the day following final enactment or retroactively from the date the peacetime emergency declared by the governor in response to the COVID-19 outbreak ends, whichever is earlier.

Sec. 47. **CHILD FOSTER CARE LICENSING GUIDELINES.**

By July 1, 2023, the commissioner of human services shall, in consultation with stakeholders with expertise in child protection and children's behavioral health, develop family foster setting licensing guidelines for county agencies and private agencies that perform licensing functions. Stakeholders include but are not limited to child advocates, representatives from community organizations, representatives of the state ethnic councils, the ombudsperson for families, family foster setting providers, youth who have experienced family foster setting placements, county child protection staff, and representatives of county and private licensing agencies.

Sec. 48. **REVISOR INSTRUCTION.**

The revisor of statutes shall renumber Minnesota Statutes, section 245C.02, so that the subdivisions are alphabetical. The revisor shall correct any cross-references that arise as a result of the renumbering.

Sec. 49. **REPEALER.**

Minnesota Statutes 2020, section 245C.10, subdivisions 2, 2a, 3, 4, 5, 6, 7, 8, 9, 9a, 10, 11, 12, 13, 14, and 16, are repealed.

ARTICLE 3
HEALTH DEPARTMENT

Section 1. Minnesota Statutes 2020, section 62J.495, subdivision 1, is amended to read:

Subdivision 1. **Implementation.** The commissioner of health, in consultation with the e-Health Advisory Committee, shall develop uniform standards to be used for the interoperable electronic health records system for sharing and synchronizing patient data across systems. The standards must be compatible with federal efforts. The uniform standards must be developed by January 1, 2009, and updated on an ongoing basis. ~~The commissioner shall include an update on standards development as part of an annual report to the legislature.~~ Individual health care providers in private practice with no other providers and health care providers that do not accept reimbursement from a group purchaser, as defined in section 62J.03, subdivision 6, are excluded from the requirements of this section.

Sec. 2. Minnesota Statutes 2020, section 62J.495, subdivision 2, is amended to read:

Subd. 2. **E-Health Advisory Committee.** (a) The commissioner shall establish an e-Health Advisory Committee governed by section 15.059 to advise the commissioner on the following matters:

(1) assessment of the adoption and effective use of health information technology by the state, licensed health care providers and facilities, and local public health agencies;

(2) recommendations for implementing a statewide interoperable health information infrastructure, to include estimates of necessary resources, and for determining standards for clinical data exchange, clinical support programs, patient privacy requirements, and maintenance of the security and confidentiality of individual patient data;

(3) recommendations for encouraging use of innovative health care applications using information technology and systems to improve patient care and reduce the cost of care, including applications relating to disease management and personal health management that enable remote monitoring of patients' conditions, especially those with chronic conditions; and

(4) other related issues as requested by the commissioner.

(b) The members of the e-Health Advisory Committee shall include the commissioners, or commissioners' designees, of health, human services, administration, and commerce and additional members to be appointed by the commissioner to include persons representing Minnesota's local public health agencies, licensed hospitals and other licensed facilities and providers, private purchasers, the medical and nursing professions, health insurers and health plans, the state quality improvement organization, academic and research institutions, consumer advisory organizations with an interest and expertise in health information technology, and other stakeholders as identified by the commissioner to fulfill the requirements of section 3013, paragraph (g), of the HITECH Act.

(c) ~~The commissioner shall prepare and issue an annual report not later than January 30 of each year outlining progress to date in implementing a statewide health information infrastructure and recommending action on policy and necessary resources to continue the promotion of adoption and effective use of health information technology.~~

~~(d)~~ This subdivision expires June 30, ~~2021~~ 2031.

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

Sec. 3. Minnesota Statutes 2020, section 62J.495, subdivision 3, is amended to read:

Subd. 3. **Interoperable electronic health record requirements.** (a) Hospitals and health care providers must meet the following criteria when implementing an interoperable electronic health records system within their hospital system or clinical practice setting.

(b) The electronic health record must be a qualified electronic health record.

(c) The electronic health record must be certified by the Office of the National Coordinator pursuant to the HITECH Act. This criterion only applies to hospitals and health care providers if a certified electronic health record product for the provider's particular practice setting is available. This criterion shall be considered met if a hospital or health care provider is using an electronic health records system that has been certified within the last three years, even if a more current version of the system has been certified within the three-year period.

(d) The electronic health record must meet the standards established according to section 3004 of the HITECH Act as applicable.

(e) The electronic health record must have the ability to generate information on clinical quality measures and other measures reported under sections 4101, 4102, and 4201 of the HITECH Act.

(f) The electronic health record system must be connected to a state-certified health information organization either directly or through a connection facilitated by a ~~state-certified~~ health data intermediary as defined in section 62J.498.

(g) A health care provider who is a prescriber or dispenser of legend drugs must have an electronic health record system that meets the requirements of section 62J.497.

Sec. 4. Minnesota Statutes 2020, section 62J.495, subdivision 4, is amended to read:

Subd. 4. **Coordination with national HIT activities.** (a) The commissioner, in consultation with the e-Health Advisory Committee, shall update the statewide implementation plan required under subdivision 2 and released June 2008, to be consistent with the updated federal ~~HIT Strategic Plan released by the Office of the National Coordinator in accordance with section 3001 of the HITECH Act. The statewide plan shall meet the requirements for a plan required under section 3013 of the HITECH Act~~ plans.

(b) The commissioner, in consultation with the e-Health Advisory Committee, shall work to ensure coordination between state, regional, and national efforts to support and accelerate efforts to effectively use health information technology to improve the quality and coordination of health care and the continuity of patient care among health care providers, to reduce medical errors, to improve population health, to reduce health disparities, and to reduce chronic disease. The commissioner's coordination efforts shall include but not be limited to:

~~(1) assisting in the development and support of health information technology regional extension centers established under section 3012(c) of the HITECH Act to provide technical assistance and disseminate best practices;~~

~~(2) providing supplemental information to the best practices gathered by regional centers to ensure that the information is relayed in a meaningful way to the Minnesota health care community;~~

~~(3)~~ (1) providing financial and technical support to Minnesota health care providers to encourage implementation of admission, discharge and transfer alerts, and care summary document exchange transactions and to evaluate the impact of health information technology on cost and quality of care. Communications about available financial and technical support shall include clear information about the interoperable health record requirements in subdivision 1, including a separate statement in bold-face type clarifying the exceptions to those requirements;

~~(4)~~ (2) providing educational resources and technical assistance to health care providers and patients related to state and national privacy, security, and consent laws governing clinical health information, including the requirements in sections 144.291 to 144.298. In carrying out these activities, the commissioner's technical assistance does not constitute legal advice;

~~(5)~~ (3) assessing Minnesota's legal, financial, and regulatory framework for health information exchange, including the requirements in sections 144.291 to 144.298, and making recommendations for modifications that would strengthen the ability of Minnesota health care providers to securely exchange data in compliance with patient preferences and in a way that is efficient and financially sustainable; and

~~(6)~~ (4) seeking public input on both patient impact and costs associated with requirements related to patient consent for release of health records for the purposes of treatment, payment, and health care operations, as required in section 144.293, subdivision 2. The commissioner shall provide a report to the legislature on the findings of this public input process no later than February 1, 2017.

(c) The commissioner, in consultation with the e-Health Advisory Committee, shall monitor national activity related to health information technology and shall coordinate statewide input on policy development. The commissioner shall coordinate statewide responses to proposed federal health information technology regulations in order to ensure that the needs of the Minnesota health care community are adequately and efficiently addressed in the proposed regulations. The commissioner's responses may include, but are not limited to:

(1) reviewing and evaluating any standard, implementation specification, or certification criteria proposed by the national HIT standards ~~committee~~ committees;

(2) reviewing and evaluating policy proposed by ~~the~~ national HIT policy ~~committee~~ committees relating to the implementation of a nationwide health information technology infrastructure; and

~~(3) monitoring and responding to activity related to the development of quality measures and other measures as required by section 4101 of the HITECH Act. Any response related to quality measures shall consider and address the quality efforts required under chapter 62U; and~~

~~(4)~~ monitoring and responding to national activity related to privacy, security, and data stewardship of electronic health information and individually identifiable health information.

(d) To the extent that the state is either required or allowed to apply, or designate an entity to apply for or carry out activities and programs ~~under section 3013 of the HITECH Act~~, the commissioner of health, in consultation with the e-Health Advisory Committee and the commissioner of human services, shall be the lead applicant or sole designating authority. The commissioner shall make such designations consistent with the goals and objectives of sections 62J.495 to 62J.497 and 62J.50 to 62J.61.

(e) The commissioner of human services shall apply for funding necessary to administer the incentive payments to providers authorized under title IV of the American Recovery and Reinvestment Act.

~~(f) The commissioner shall include in the report to the legislature information on the activities of this subdivision and provide recommendations on any relevant policy changes that should be considered in Minnesota.~~

Sec. 5. Minnesota Statutes 2020, section 62J.497, subdivision 1, is amended to read:

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

~~(b) "Backward compatible" means that the newer version of a data transmission standard would retain, at a minimum, the full functionality of the versions previously adopted, and would permit the successful completion of the applicable transactions with entities that continue to use the older versions.~~

~~(c)~~ (b) "Dispense" or "dispensing" has the meaning given in section 151.01, subdivision 30. Dispensing does not include the direct administering of a controlled substance to a patient by a licensed health care professional.

~~(d)~~ (c) "Dispenser" means a person authorized by law to dispense a controlled substance, pursuant to a valid prescription.

~~(e)~~ (d) "Electronic media" has the meaning given under Code of Federal Regulations, title 45, part 160.103.

~~(f)~~ (e) "E-prescribing" means the transmission using electronic media of prescription or prescription-related information between a prescriber, dispenser, pharmacy benefit manager, or group purchaser, either directly or through an intermediary, including an e-prescribing network. E-prescribing includes, but is not limited to, two-way transmissions between the point of care and the dispenser and two-way transmissions related to eligibility, formulary, and medication history information.

~~(g)~~ (f) "Electronic prescription drug program" means a program that provides for e-prescribing.

~~(h)~~ (g) "Group purchaser" has the meaning given in section 62J.03, subdivision 6.

~~(i)~~ (h) "HL7 messages" means a standard approved by the standards development organization known as Health Level Seven.

~~(j)~~ (i) "National Provider Identifier" or "NPI" means the identifier described under Code of Federal Regulations, title 45, part 162.406.

~~(k)~~ (j) "NCPDP" means the National Council for Prescription Drug Programs, Inc.

~~(l)~~ (k) "NCPDP Formulary and Benefits Standard" means the most recent version of the National Council for Prescription Drug Programs Formulary and Benefits Standard~~, Implementation Guide, Version 1, Release 0, October 2005~~ or the most recent standard adopted by the Centers for Medicare and Medicaid Services for e-prescribing under Medicare Part D as required by section 1860D-4(e)(4)(D) of the Social Security Act and regulations adopted under it. The standards shall be implemented according to the Centers for Medicare and Medicaid Services schedule for compliance.

~~(m)~~ (l) "NCPDP SCRIPT Standard" means the most recent version of the National Council for Prescription Drug Programs ~~Prescriber/Pharmacist Interface~~ SCRIPT Standard, ~~Implementation Guide Version 8, Release 1 (Version 8.1), October 2005,~~ or the most recent standard adopted by the Centers for Medicare and Medicaid Services for e-prescribing under Medicare Part D as required by section 1860D-4(e)(4)(D) of the Social Security Act, and regulations adopted under it. The standards shall be implemented according to the Centers for Medicare and Medicaid Services schedule for compliance. ~~Subsequently released versions of the NCPDP SCRIPT Standard may be used, provided that the new version of the standard is backward compatible to the current version adopted by the Centers for Medicare and Medicaid Services.~~

~~(n)~~ (m) "Pharmacy" has the meaning given in section 151.01, subdivision 2.

~~(o)~~ (n) "Prescriber" means a licensed health care practitioner, other than a veterinarian, as defined in section 151.01, subdivision 23.

~~(p)~~ (o) "Prescription-related information" means information regarding eligibility for drug benefits, medication history, or related health or drug information.

~~(q)~~ (p) "Provider" or "health care provider" has the meaning given in section 62J.03, subdivision 8.

Sec. 6. Minnesota Statutes 2020, section 62J.497, subdivision 3, is amended to read:

Subd. 3. **Standards for electronic prescribing.** (a) Prescribers and dispensers must use the NCPDP SCRIPT Standard for the communication of a prescription or prescription-related information. ~~The NCPDP SCRIPT Standard shall be used to conduct the following transactions:~~

~~(1) get message transaction;~~

~~(2) status response transaction;~~

~~(3) error response transaction;~~

~~(4) new prescription transaction;~~

~~(5) prescription change request transaction;~~

~~(6) prescription change response transaction;~~

~~(7) refill prescription request transaction;~~

~~(8) refill prescription response transaction;~~

~~(9) verification transaction;~~

~~(10) password change transaction;~~

~~(11) cancel prescription request transaction; and~~

~~(12) cancel prescription response transaction.~~

(b) Providers, group purchasers, prescribers, and dispensers must use the NCPDP SCRIPT Standard for communicating and transmitting medication history information.

(c) Providers, group purchasers, prescribers, and dispensers must use the NCPDP Formulary and Benefits Standard for communicating and transmitting formulary and benefit information.

(d) Providers, group purchasers, prescribers, and dispensers must use the national provider identifier to identify a health care provider in e-prescribing or prescription-related transactions when a health care provider's identifier is required.

(e) Providers, group purchasers, prescribers, and dispensers must communicate eligibility information and conduct health care eligibility benefit inquiry and response transactions according to the requirements of section 62J.536.

Sec. 7. Minnesota Statutes 2020, section 62J.498, is amended to read:

62J.498 HEALTH INFORMATION EXCHANGE.

Subdivision 1. **Definitions.** (a) The following definitions apply to sections 62J.498 to 62J.4982:

(b) "Clinical data repository" means a real time database that consolidates data from a variety of clinical sources to present a unified view of a single patient and is used by a ~~state-certified~~ health information exchange service provider to enable health information exchange among health care providers that are not related health care entities as defined in section 144.291, subdivision 2, paragraph (k). This does not include clinical data that are submitted to the commissioner for public health purposes required or permitted by law, including any rules adopted by the commissioner.

(c) "Clinical transaction" means any meaningful use transaction or other health information exchange transaction that is not covered by section 62J.536.

(d) "Commissioner" means the commissioner of health.

(e) "Health care provider" or "provider" means a health care provider or provider as defined in section 62J.03, subdivision 8.

(f) "Health data intermediary" means an entity that provides the technical capabilities or related products and services to enable health information exchange among health care providers that are not related health care entities as defined in section 144.291, subdivision 2, paragraph (k). This includes but is not limited to health information service providers (HISP), electronic health record vendors, and pharmaceutical electronic data intermediaries as defined in section 62J.495.

(g) "Health information exchange" means the electronic transmission of health-related information between organizations according to nationally recognized standards.

(h) "Health information exchange service provider" means a health data intermediary or health information organization.

(i) "Health information organization" means an organization that oversees, governs, and facilitates health information exchange among health care providers that are not related health care entities as defined in section 144.291, subdivision 2, paragraph (k), to improve coordination of patient care and the efficiency of health care delivery.

~~(j) "HITECH Act" means the Health Information Technology for Economic and Clinical Health Act as defined in section 62J.495.~~

~~(k)~~ (j) "Major participating entity" means:

(1) a participating entity that receives compensation for services that is greater than 30 percent of the health information organization's gross annual revenues from the health information exchange service provider;

(2) a participating entity providing administrative, financial, or management services to the health information organization, if the total payment for all services provided by the participating entity exceeds three percent of the gross revenue of the health information organization; and

(3) a participating entity that nominates or appoints 30 percent or more of the board of directors or equivalent governing body of the health information organization.

~~(l)~~ (k) "Master patient index" means an electronic database that holds unique identifiers of patients registered at a care facility and is used by a ~~state-certified~~ health information exchange service provider to enable health information exchange among health care providers that are not related health care entities as defined in section 144.291, subdivision 2, paragraph (k). This does not include data that are submitted to the commissioner for public health purposes required or permitted by law, including any rules adopted by the commissioner.

~~(m) "Meaningful use" means use of certified electronic health record technology to improve quality, safety, and efficiency and reduce health disparities; engage patients and families; improve care coordination and population and public health; and maintain privacy and security of patient health information as established by the Centers for Medicare and Medicaid Services and the Minnesota Department of Human Services pursuant to sections 4101, 4102, and 4201 of the HITECH Act.~~

~~(n) "Meaningful use transaction" means an electronic transaction that a health care provider must exchange to receive Medicare or Medicaid incentives or avoid Medicare penalties pursuant to sections 4101, 4102, and 4201 of the HITECH Act.~~

~~(o)~~ (l) "Participating entity" means any of the following persons, health care providers, companies, or other organizations with which a health information organization ~~or health data intermediary~~ has contracts or other agreements for the provision of health information exchange services:

(1) a health care facility licensed under sections 144.50 to 144.56, a nursing home licensed under sections 144A.02 to 144A.10, and any other health care facility otherwise licensed under the laws of this state or registered with the commissioner;

(2) a health care provider, and any other health care professional otherwise licensed under the laws of this state or registered with the commissioner;

(3) a group, professional corporation, or other organization that provides the services of individuals or entities identified in clause (2), including but not limited to a medical clinic, a medical group, a home health care agency, an urgent care center, and an emergent care center;

(4) a health plan as defined in section 62A.011, subdivision 3; and

(5) a state agency as defined in section 13.02, subdivision 17.

~~(p)~~ (m) "Reciprocal agreement" means an arrangement in which two or more health information exchange service providers agree to share in-kind services and resources to allow for the pass-through of clinical transactions.

~~(q) "State-certified health data intermediary" means a health data intermediary that has been issued a certificate of authority to operate in Minnesota.~~

~~(r)~~ (n) "State-certified health information organization" means a health information organization that has been issued a certificate of authority to operate in Minnesota.

Subd. 2. **Health information exchange oversight.** (a) The commissioner shall protect the public interest on matters pertaining to health information exchange. The commissioner shall:

(1) review and act on applications from ~~health data intermediaries and~~ health information organizations for certificates of authority to operate in Minnesota;

(2) require information to be provided as needed from health information exchange service providers in order to meet requirements established under sections 62J.498 to 62J.4982;

~~(2)~~ (3) provide ongoing monitoring to ensure compliance with criteria established under sections 62J.498 to 62J.4982;

~~(3)~~ (4) respond to public complaints related to health information exchange services;

~~(4)~~ (5) take enforcement actions as necessary, including the imposition of fines, suspension, or revocation of certificates of authority as outlined in section 62J.4982;

~~(5)~~ (6) provide a biennial report on the status of health information exchange services that includes but is not limited to:

(i) recommendations on actions necessary to ensure that health information exchange services are adequate to meet the needs of Minnesota citizens and providers statewide;

(ii) recommendations on enforcement actions to ensure that health information exchange service providers act in the public interest without causing disruption in health information exchange services;

(iii) recommendations on updates to criteria for obtaining certificates of authority under this section; and

(iv) recommendations on standard operating procedures for health information exchange, including but not limited to the management of consumer preferences; and

~~(6)~~ (7) other duties necessary to protect the public interest.

(b) As part of the application review process for certification under paragraph (a), prior to issuing a certificate of authority, the commissioner shall:

(1) make all portions of the application classified as public data available to the public for at least ten days while an application is under consideration. At the request of the commissioner, the applicant shall participate in a public hearing by presenting an overview of their application and responding to questions from interested parties; and

(2) consult with hospitals, physicians, and other providers prior to issuing a certificate of authority.

(c) When the commissioner is actively considering a suspension or revocation of a certificate of authority as described in section 62J.4982, subdivision 3, all investigatory data that are collected, created, or maintained related to the suspension or revocation are classified as confidential data on individuals and as protected nonpublic data in the case of data not on individuals.

(d) The commissioner may disclose data classified as protected nonpublic or confidential under paragraph (c) if disclosing the data will protect the health or safety of patients.

(e) After the commissioner makes a final determination regarding a suspension or revocation of a certificate of authority, all minutes, orders for hearing, findings of fact, conclusions of law, and the specification of the final disciplinary action, are classified as public data.

Sec. 8. Minnesota Statutes 2020, section 62J.4981, is amended to read:

62J.4981 CERTIFICATE OF AUTHORITY TO PROVIDE HEALTH INFORMATION EXCHANGE SERVICES.

Subdivision 1. **Authority to require organizations to apply.** The commissioner shall require ~~a health data intermediary or~~ a health information organization to apply for a certificate of authority under this section. An applicant may continue to operate until the commissioner acts on the application. If the application is denied, the applicant is considered a health information exchange service provider whose certificate of authority has been revoked under section 62J.4982, subdivision 2, paragraph (d).

~~Subd. 2. **Certificate of authority for health data intermediaries.** (a) A health data intermediary must be certified by the state and comply with requirements established in this section.~~

~~(b) Notwithstanding any law to the contrary, any corporation organized to do so may apply to the commissioner for a certificate of authority to establish and operate as a health data intermediary in compliance with this section. No person shall establish or operate a health data intermediary in this state, nor sell or offer to sell, or solicit offers to purchase or receive advance or periodic consideration in conjunction with a health data intermediary contract unless the organization has a certificate of authority or has an application under active consideration under this section.~~

~~(c) In issuing the certificate of authority, the commissioner shall determine whether the applicant for the certificate of authority has demonstrated that the applicant meets the following minimum criteria:~~

~~(1) hold reciprocal agreements with at least one state certified health information organization to access patient data, and for the transmission and receipt of clinical transactions. Reciprocal agreements must meet the requirements established in subdivision 5; and~~

~~(2) participate in statewide shared health information exchange services as defined by the commissioner to support interoperability between state certified health information organizations and state certified health data intermediaries.~~

Subd. 3. **Certificate of authority for health information organizations.** (a) A health information organization must obtain a certificate of authority from the commissioner and demonstrate compliance with the criteria in paragraph (c).

(b) Notwithstanding any law to the contrary, an organization may apply for a certificate of authority to establish and operate a health information organization under this section. No person shall establish or operate a health information organization in this state, nor sell or offer to sell, or solicit offers to purchase or receive advance or periodic consideration in conjunction with a health information organization or health information contract unless the organization has a certificate of authority under this section.

(c) In issuing the certificate of authority, the commissioner shall determine whether the applicant for the certificate of authority has demonstrated that the applicant meets the following minimum criteria:

(1) the entity is a legally established organization;

(2) appropriate insurance, including liability insurance, for the operation of the health information organization is in place and sufficient to protect the interest of the public and participating entities;

(3) strategic and operational plans address governance, technical infrastructure, legal and policy issues, finance, and business operations in regard to how the organization will expand to support providers in achieving health information exchange goals over time;

(4) the entity addresses the parameters to be used with participating entities and other health information exchange service providers for clinical transactions, compliance with Minnesota law, and interstate health information exchange trust agreements;

(5) the entity's board of directors or equivalent governing body is composed of members that broadly represent the health information organization's participating entities and consumers;

(6) the entity maintains a professional staff responsible to the board of directors or equivalent governing body with the capacity to ensure accountability to the organization's mission;

(7) the organization is compliant with national certification and accreditation programs designated by the commissioner;

(8) the entity maintains the capability to query for patient information based on national standards. The query capability may utilize a master patient index, clinical data repository, or record locator service as defined in section 144.291, subdivision 2, paragraph (j). The entity must be compliant with the requirements of section 144.293, subdivision 8, when conducting clinical transactions;

(9) the organization demonstrates interoperability with all other state-certified health information organizations using nationally recognized standards;

(10) the organization demonstrates compliance with all privacy and security requirements required by state and federal law; and

(11) the organization uses financial policies and procedures consistent with generally accepted accounting principles and has an independent audit of the organization's financials on an annual basis.

(d) Health information organizations that have obtained a certificate of authority must:

(1) meet the requirements established for connecting to the National eHealth Exchange;

(2) annually submit strategic and operational plans for review by the commissioner that address:

(i) progress in achieving objectives included in previously submitted strategic and operational plans across the following domains: business and technical operations, technical infrastructure, legal and policy issues, finance, and organizational governance;

(ii) plans for ensuring the necessary capacity to support clinical transactions;

(iii) approach for attaining financial sustainability, including public and private financing strategies, and rate structures;

(iv) rates of adoption, utilization, and transaction volume, and mechanisms to support health information exchange; and

(v) an explanation of methods employed to address the needs of community clinics, critical access hospitals, and free clinics in accessing health information exchange services;

(3) enter into reciprocal agreements with all other state-certified health information organizations ~~and state-certified health data intermediaries~~ to enable access to patient data, and for the transmission and receipt of clinical transactions. Reciprocal agreements must meet the requirements in subdivision 5;

(4) participate in statewide shared health information exchange services as defined by the commissioner to support interoperability ~~between state-certified health information organizations and state-certified health data intermediaries~~; and

(5) comply with additional requirements for the certification or recertification of health information organizations that may be established by the commissioner.

Subd. 4. **Application for certificate of authority for health information ~~exchange service providers~~ organizations.** (a) Each application for a certificate of authority shall be in a form prescribed by the commissioner and verified by an officer or authorized representative of the applicant. Each application shall include the following in addition to information described in the criteria in ~~subdivisions 2 and~~ subdivision 3:

(1) ~~for health information organizations only,~~ a copy of the basic organizational document, if any, of the applicant and of each major participating entity, such as the articles of incorporation, or other applicable documents, and all amendments to it;

(2) ~~for health information organizations only,~~ a list of the names, addresses, and official positions of the following:

(i) all members of the board of directors or equivalent governing body, and the principal officers and, if applicable, shareholders of the applicant organization; and

(ii) all members of the board of directors or equivalent governing body, and the principal officers of each major participating entity and, if applicable, each shareholder beneficially owning more than ten percent of any voting stock of the major participating entity;

(3) ~~for health information organizations only,~~ the name and address of each participating entity and the agreed-upon duration of each contract or agreement if applicable;

(4) a copy of each standard agreement or contract intended to bind the participating entities and the health information ~~exchange service provider~~ organization. Contractual provisions shall be consistent with the purposes of this section, in regard to the services to be performed under the standard agreement or contract, the manner in which payment for services is determined, the nature and extent of responsibilities to be retained by the health information organization, and contractual termination provisions;

(5) a statement generally describing the health information ~~exchange service provider~~ organization, its health information exchange contracts, facilities, and personnel, including a statement describing the manner in which the applicant proposes to provide participants with comprehensive health information exchange services;

(6) a statement reasonably describing the geographic area or areas to be served and the type or types of participants to be served;

(7) a description of the complaint procedures to be used as required under this section;

(8) a description of the mechanism by which participating entities will have an opportunity to participate in matters of policy and operation;

(9) a copy of any pertinent agreements between the health information organization and insurers, including liability insurers, demonstrating coverage is in place;

(10) a copy of the conflict of interest policy that applies to all members of the board of directors or equivalent governing body and the principal officers of the health information organization; and

(11) other information as the commissioner may reasonably require to be provided.

(b) Within 45 days after the receipt of the application for a certificate of authority, the commissioner shall determine whether or not the application submitted meets the requirements for completion in paragraph (a), and notify the applicant of any further information required for the application to be processed.

(c) Within 90 days after the receipt of a complete application for a certificate of authority, the commissioner shall issue a certificate of authority to the applicant if the commissioner determines that the applicant meets the minimum criteria requirements of ~~subdivision 2 for health data intermediaries or~~ subdivision 3 ~~for health information organizations~~. If the commissioner determines that the applicant is not qualified, the commissioner shall notify the applicant and specify the reasons for disqualification.

(d) Upon being granted a certificate of authority to operate as a state-certified health information organization ~~or state-certified health data intermediary~~, the organization must operate in compliance with the provisions of this section. Noncompliance may result in the imposition of a fine or the suspension or revocation of the certificate of authority according to section 62J.4982.

Subd. 5. **Reciprocal agreements between health information ~~exchange entities~~ organizations.** (a) Reciprocal agreements between two health information organizations ~~or between a health information organization and a health data intermediary~~ must include a fair and equitable model for charges between the entities that:

(1) does not impede the secure transmission of clinical transactions;

(2) does not charge a fee for the exchange of ~~meaningful use~~ transactions transmitted according to nationally recognized standards where no additional value-added service is rendered to the sending or receiving health information organization ~~or health data intermediary~~ either directly or on behalf of the client;

(3) is consistent with fair market value and proportionately reflects the value-added services accessed as a result of the agreement; and

(4) prevents health care stakeholders from being charged multiple times for the same service.

(b) Reciprocal agreements must include comparable quality of service standards that ensure equitable levels of services.

(c) Reciprocal agreements are subject to review and approval by the commissioner.

(d) Nothing in this section precludes a state-certified health information organization ~~or state-certified health data intermediary~~ from entering into contractual agreements for the provision of value-added services ~~beyond meaningful use transactions~~.

Sec. 9. Minnesota Statutes 2020, section 62J.4982, is amended to read:

62J.4982 ENFORCEMENT AUTHORITY; COMPLIANCE.

Subdivision 1. **Penalties and enforcement.** (a) The commissioner may, for any violation of statute or rule applicable to a health information ~~exchange service provider~~ organization, levy an administrative penalty in an amount up to $25,000 for each violation. In determining the level of an administrative penalty, the commissioner shall consider the following factors:

(1) the number of participating entities affected by the violation;

(2) the effect of the violation on participating entities' access to health information exchange services;

(3) if only one participating entity is affected, the effect of the violation on the patients of that entity;

(4) whether the violation is an isolated incident or part of a pattern of violations;

(5) the economic benefits derived by the health information organization ~~or a health data intermediary~~ by virtue of the violation;

(6) whether the violation hindered or facilitated an individual's ability to obtain health care;

(7) whether the violation was intentional;

(8) whether the violation was beyond the direct control of the health information ~~exchange service provider~~ organization;

(9) any history of prior compliance with the provisions of this section, including violations;

(10) whether and to what extent the health information ~~exchange service provider~~ organization attempted to correct previous violations;

(11) how the health information ~~exchange service provider~~ organization responded to technical assistance from the commissioner provided in the context of a compliance effort; and

(12) the financial condition of the health information ~~exchange service provider~~ organization including~~,~~ but not limited to~~,~~ whether the health information ~~exchange service provider~~ organization had financial difficulties that affected its ability to comply or whether the imposition of an administrative monetary penalty would jeopardize the ability of the health information ~~exchange service provider~~ organization to continue to deliver health information exchange services.

The commissioner shall give reasonable notice in writing to the health information ~~exchange service provider~~ organization of the intent to levy the penalty and the reasons for it. A health information ~~exchange service provider~~ organization may have 15 days within which to contest whether the facts found constitute a violation of sections 62J.4981 and 62J.4982, according to the contested case and judicial review provisions of sections 14.57 to 14.69.

(b) If the commissioner has reason to believe that a violation of section 62J.4981 or 62J.4982 has occurred or is likely, the commissioner may confer with the persons involved before commencing action under subdivision 2. The commissioner may notify the health information ~~exchange service provider~~ organization and the representatives, or other persons who appear to be involved in the suspected violation, to arrange a voluntary conference with the alleged violators or their authorized representatives. The purpose of the conference is to attempt to learn the facts about the suspected violation and, if it appears that a violation has occurred or is threatened, to find a way to correct or prevent it. The conference is not governed by any formal procedural requirements, and may be conducted as the commissioner considers appropriate.

(c) The commissioner may issue an order directing a health information ~~exchange service provider~~ organization or a representative of a health information ~~exchange service provider~~ organization to cease and desist from engaging in any act or practice in violation of sections 62J.4981 and 62J.4982.

(d) Within 20 days after service of the order to cease and desist, a health information ~~exchange service provider~~ organization may contest whether the facts found constitute a violation of sections 62J.4981 and 62J.4982 according to the contested case and judicial review provisions of sections 14.57 to 14.69.

(e) In the event of noncompliance with a cease and desist order issued under this subdivision, the commissioner may institute a proceeding to obtain injunctive relief or other appropriate relief in Ramsey County District Court.

Subd. 2. **Suspension or revocation of certificates of authority.** (a) The commissioner may suspend or revoke a certificate of authority issued to a ~~health data intermediary or~~ health information organization under section 62J.4981 if the commissioner finds that:

(1) the health information ~~exchange service provider~~ organization is operating significantly in contravention of its basic organizational document, or in a manner contrary to that described in and reasonably inferred from any other information submitted under section 62J.4981, unless amendments to the submissions have been filed with and approved by the commissioner;

(2) the health information ~~exchange service provider~~ organization is unable to fulfill its obligations to furnish comprehensive health information exchange services as required under its health information exchange contract;

(3) the health information ~~exchange service provider~~ organization is no longer financially solvent or may not reasonably be expected to meet its obligations to participating entities;

(4) the health information ~~exchange service provider~~ organization has failed to implement the complaint system in a manner designed to reasonably resolve valid complaints;

(5) the health information ~~exchange service provider~~ organization, or any person acting with its sanction, has advertised or merchandised its services in an untrue, misleading, deceptive, or unfair manner;

(6) the continued operation of the health information ~~exchange service provider~~ organization would be hazardous to its participating entities or the patients served by the participating entities; or

(7) the health information ~~exchange service provider~~ organization has otherwise failed to substantially comply with section 62J.4981 or with any other statute or administrative rule applicable to health information exchange service providers, or has submitted false information in any report required under sections 62J.498 to 62J.4982.

(b) A certificate of authority shall be suspended or revoked only after meeting the requirements of subdivision 3.

(c) If the certificate of authority of a health information ~~exchange service provider~~ organization is suspended, the health information ~~exchange service provider~~ organization shall not, during the period of suspension, enroll any additional participating entities, and shall not engage in any advertising or solicitation.

(d) If the certificate of authority of a health information ~~exchange service provider~~ organization is revoked, the organization shall proceed, immediately following the effective date of the order of revocation, to wind up its affairs, and shall conduct no further business except as necessary to the orderly conclusion of the affairs of the organization. The organization shall engage in no further advertising or solicitation. The commissioner may, by written order, permit further operation of the organization as the commissioner finds to be in the best interest of participating entities, to the end that participating entities will be given the greatest practical opportunity to access continuing health information exchange services.

Subd. 3. **Denial, suspension, and revocation; administrative procedures.** (a) When the commissioner has cause to believe that grounds for the denial, suspension, or revocation of a certificate of authority exist, the commissioner shall notify the health information ~~exchange service provider~~ organization in writing stating the grounds for denial, suspension, or revocation and setting a time within 20 days for a hearing on the matter.

(b) After a hearing before the commissioner at which the health information ~~exchange service provider~~ organization may respond to the grounds for denial, suspension, or revocation, or upon the failure of the health information ~~exchange service provider~~ organization to appear at the hearing, the commissioner shall take action as deemed necessary and shall issue written findings and mail them to the health information ~~exchange service provider~~ organization.

(c) If suspension, revocation, or administrative penalty is proposed according to this section, the commissioner must deliver, or send by certified mail with return receipt requested, to the health information ~~exchange service provider~~ organization written notice of the commissioner's intent to impose a penalty. This notice of proposed determination must include:

(1) a reference to the statutory basis for the penalty;

(2) a description of the findings of fact regarding the violations with respect to which the penalty is proposed;

(3) the nature and amount of the proposed penalty;

(4) any circumstances described in subdivision 1, paragraph (a), that were considered in determining the amount of the proposed penalty;

(5) instructions for responding to the notice, including a statement of the health information ~~exchange service provider's~~ organization's right to a contested case proceeding and a statement that failure to request a contested case proceeding within 30 calendar days permits the imposition of the proposed penalty; and

(6) the address to which the contested case proceeding request must be sent.

Subd. 4. **Coordination.** The commissioner shall, to the extent possible, seek the advice of the Minnesota e-Health Advisory Committee, in the review and update of criteria for the certification and recertification of health information ~~exchange service providers~~ organizations when implementing sections 62J.498 to 62J.4982.

Subd. 5. **Fees and monetary penalties.** (a) The commissioner shall assess fees on every health information ~~exchange service provider~~ organization subject to sections 62J.4981 and 62J.4982 as follows:

(1) filing an application for certificate of authority to operate as a health information organization, $7,000; and

~~(2) filing an application for certificate of authority to operate as a health data intermediary, $7,000;~~

~~(3)~~ annual health information organization certificate fee, $7,000~~; and~~.

~~(4) annual health data intermediary certificate fee, $7,000.~~

(b) Fees collected under this section shall be deposited in the state treasury and credited to the state government special revenue fund.

(c) Administrative monetary penalties imposed under this subdivision shall be credited to an account in the special revenue fund and are appropriated to the commissioner for the purposes of sections 62J.498 to 62J.4982.

Sec. 10. Minnesota Statutes 2020, section 62J.63, subdivision 1, is amended to read:

Subdivision 1. ~~**Establishment; administration**~~ **Support for state health care purchasing and performance measurement.** The commissioner of health shall ~~establish and administer the Center for Health Care Purchasing Improvement as an administrative unit within the Department of Health. The Center for Health Care Purchasing~~

~~Improvement shall~~ support the state in its efforts to be a more prudent and efficient purchaser of quality health care services~~. The center shall~~, aid the state in developing and using more common strategies and approaches for health care performance measurement and health care purchasing~~. The common strategies and approaches shall~~, promote greater transparency of health care costs and quality~~,~~ and greater accountability for health care results and improvement~~. The center shall also~~, and identify barriers to more efficient, effective, quality health care and options for overcoming the barriers.

Sec. 11. Minnesota Statutes 2020, section 62J.63, subdivision 2, is amended to read:

Subd. 2. **~~Staffing;~~ Duties; scope.** ~~(a)~~ The commissioner of health may ~~appoint a director, and up to three additional senior-level staff or codirectors, and other staff as needed who are under the direction of the commissioner. The staff of the center are in the unclassified service.~~:

~~(b) With the authorization of the commissioner of health, and in consultation or interagency agreement with the appropriate commissioners of state agencies, the director, or codirectors, may:~~

~~(1) initiate projects to develop plan designs for state health care purchasing;~~

~~(2)~~ (1) require reports or surveys to evaluate the performance of current health care purchasing or administrative simplification strategies;

~~(3)~~ (2) calculate fiscal impacts, including net savings and return on investment, of health care purchasing strategies and initiatives;

~~(4) conduct policy audits of state programs to measure conformity to state statute or other purchasing initiatives or objectives;~~

~~(5)~~ (3) support the Administrative Uniformity Committee under ~~section~~ sections 62J.50 and 62J.536 and other relevant groups or activities to advance agreement on health care administrative process streamlining;

~~(6) consult with the Health Economics Unit of the Department of Health regarding reports and assessments of the health care marketplace;~~

~~(7) consult with the Department of Commerce regarding health care regulatory issues and legislative initiatives;~~

~~(8) work with appropriate Department of Human Services staff and the Centers for Medicare and Medicaid Services to address federal requirements and conformity issues for health care purchasing;~~

~~(9) assist the Minnesota Comprehensive Health Association in health care purchasing strategies;~~

~~(10) convene medical directors of agencies engaged in health care purchasing for advice, collaboration, and exploring possible synergies;~~

~~(11)~~ (4) contact and participate with other relevant health care task forces, study activities, and similar efforts with regard to health care performance measurement and performance-based purchasing; and

~~(12)~~ (5) assist in seeking external funding through appropriate grants or other funding opportunities and may administer grants and externally funded projects.

Sec. 12. Minnesota Statutes 2020, section 62U.04, subdivision 4, is amended to read:

Subd. 4. **Encounter data.** (a) ~~Beginning July 1, 2009, and every six months thereafter,~~ All health plan companies and third-party administrators shall submit encounter data on a monthly basis to a private entity designated by the commissioner of health. The data shall be submitted in a form and manner specified by the commissioner subject to the following requirements:

(1) the data must be de-identified data as described under the Code of Federal Regulations, title 45, section 164.514;

(2) the data for each encounter must include an identifier for the patient's health care home if the patient has selected a health care home and, for claims incurred on or after January 1, 2019, data deemed necessary by the commissioner to uniquely identify claims in the individual health insurance market; and

(3) except for the identifier described in clause (2), the data must not include information that is not included in a health care claim or equivalent encounter information transaction that is required under section 62J.536.

(b) The commissioner or the commissioner's designee shall only use the data submitted under paragraph (a) to carry out the commissioner's responsibilities in this section, including supplying the data to providers so they can verify their results of the peer grouping process consistent with the recommendations developed pursuant to subdivision 3c, paragraph (d), and adopted by the commissioner and, if necessary, submit comments to the commissioner or initiate an appeal.

(c) Data on providers collected under this subdivision are private data on individuals or nonpublic data, as defined in section 13.02. Notwithstanding the data classifications in this paragraph, data on providers collected under this subdivision may be released or published as authorized in subdivision 11. Notwithstanding the definition of summary data in section 13.02, subdivision 19, summary data prepared under this subdivision may be derived from nonpublic data. The commissioner or the commissioner's designee shall establish procedures and safeguards to protect the integrity and confidentiality of any data that it maintains.

(d) The commissioner or the commissioner's designee shall not publish analyses or reports that identify, or could potentially identify, individual patients.

(e) The commissioner shall compile summary information on the data submitted under this subdivision. The commissioner shall work with its vendors to assess the data submitted in terms of compliance with the data submission requirements and the completeness of the data submitted by comparing the data with summary information compiled by the commissioner and with established and emerging data quality standards to ensure data quality.

Sec. 13. Minnesota Statutes 2020, section 62U.04, subdivision 5, is amended to read:

Subd. 5. **Pricing data.** (a) Beginning July 1, 2009, and annually on January 1 thereafter, all health plan companies and third-party administrators shall submit data on their contracted prices with health care providers to a private entity designated by the commissioner of health for the purposes of performing the analyses required under this subdivision. The data shall be submitted in the form and manner specified by the commissioner of health.

(b) The commissioner or the commissioner's designee shall only use the data submitted under this subdivision to carry out the commissioner's responsibilities under this section, including supplying the data to providers so they can verify their results of the peer grouping process consistent with the recommendations developed pursuant to subdivision 3c, paragraph (d), and adopted by the commissioner and, if necessary, submit comments to the commissioner or initiate an appeal.

(c) Data collected under this subdivision are nonpublic data as defined in section 13.02. Notwithstanding the data classification in this paragraph, data collected under this subdivision may be released or published as authorized in subdivision 11. Notwithstanding the definition of summary data in section 13.02, subdivision 19, summary data prepared under this section may be derived from nonpublic data. The commissioner shall establish procedures and safeguards to protect the integrity and confidentiality of any data that it maintains.

Sec. 14. Minnesota Statutes 2020, section 62U.04, subdivision 11, is amended to read:

Subd. 11. **Restricted uses of the all-payer claims data.** (a) Notwithstanding subdivision 4, paragraph (b), and subdivision 5, paragraph (b), the commissioner or the commissioner's designee shall only use the data submitted under subdivisions 4 and 5 for the following purposes:

(1) to evaluate the performance of the health care home program as authorized under section 62U.03, subdivision 7;

(2) to study, in collaboration with the reducing avoidable readmissions effectively (RARE) campaign, hospital readmission trends and rates;

(3) to analyze variations in health care costs, quality, utilization, and illness burden based on geographical areas or populations;

(4) to evaluate the state innovation model (SIM) testing grant received by the Departments of Health and Human Services, including the analysis of health care cost, quality, and utilization baseline and trend information for targeted populations and communities; and

(5) to compile one or more public use files of summary data or tables that must:

(i) be available to the public for no or minimal cost by March 1, 2016, and available by web-based electronic data download by June 30, 2019;

(ii) not identify individual patients~~,~~ or payers~~, or providers~~ but that may identify the rendering or billing hospital, clinic, or medical practice;

(iii) be updated by the commissioner, at least annually, with the most current data available;

(iv) contain clear and conspicuous explanations of the characteristics of the data, such as the dates of the data contained in the files, the absence of costs of care for uninsured patients or nonresidents, and other disclaimers that provide appropriate context; and

(v) not lead to the collection of additional data elements beyond what is authorized under this section as of June 30, 2015.

(b) The commissioner may publish the results of the authorized uses identified in paragraph (a) ~~so long as the data released publicly do not contain information or descriptions in which the identity of individual hospitals, clinics, or other providers may be discerned~~. The data published under this paragraph may identify hospitals, clinics, and medical practices so long as no individual health professionals are identified and the commissioner finds the data to be accurate, valid, and suitable for publication for such use.

(c) Nothing in this subdivision shall be construed to prohibit the commissioner from using the data collected under subdivision 4 to complete the state-based risk adjustment system assessment due to the legislature on October 1, 2015.

(d) The commissioner or the commissioner's designee may use the data submitted under subdivisions 4 and 5 for the purpose described in paragraph (a), clause (3), until July 1, 2023.

(e) The commissioner shall consult with the all-payer claims database work group established under subdivision 12 regarding the technical considerations necessary to create the public use files of summary data described in paragraph (a), clause (5).

Sec. 15. Minnesota Statutes 2020, section 103H.201, subdivision 1, is amended to read:

Subdivision 1. **Procedure.** (a) If groundwater quality monitoring results show that there is a degradation of groundwater, the commissioner of health may promulgate health risk limits under subdivision 2 for substances degrading the groundwater.

(b) Health risk limits shall be determined by two methods depending on their toxicological end point.

(c) For systemic toxicants that are not carcinogens, the adopted health risk limits shall be derived using United States Environmental Protection Agency risk assessment methods using a reference dose, a drinking water equivalent, and a relative source contribution factor.

(d) For toxicants that are known or probable carcinogens, the adopted health risk limits shall be derived from a quantitative estimate of the chemical's carcinogenic potency published by the United States Environmental Protection Agency ~~and~~ or determined by the commissioner to have undergone thorough scientific review.

Sec. 16. **[144.066] DISTRIBUTION OF COVID-19 VACCINES.**

Subdivision 1. **Definitions.** (a) The terms defined in this subdivision apply to this section and sections 144.0661 to 144.0663.

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

(c) "COVID-19 vaccine" means a vaccine against severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).

(d) "Department" means the Department of Health.

(e) "Disproportionately impacted community" means a community or population that has been disproportionately and negatively impacted by the COVID-19 pandemic.

(f) "Local health department" has the meaning given in section 145A.02, subdivision 8b.

(g) "Mobile vaccination vehicle" means a vehicle-mounted unit that is either motorized or trailered, that is readily movable without disassembling, and at which vaccines are provided in more than one geographic location.

Subd. 2. **Distribution.** The commissioner shall establish and maintain partnerships or agreements with local health departments; local health care providers, including community health centers and primary care providers; and local pharmacies to administer COVID-19 vaccines throughout the state. COVID-19 vaccines may also be administered via mobile vaccination vehicles authorized under section 144.0662.

Subd. 3. **Second dose or booster.** For all COVID-19 vaccines for which a second dose or booster is required, during the first vaccine appointment the registered vaccine provider should be directed by the department during the vaccine provider registration process to assist vaccine recipients with scheduling an appointment for the second dose or booster. This assistance may be provided during the observation period following vaccine administration.

Subd. 4. **Nondiscrimination.** Nothing in sections 144.066 to 144.0663 shall be construed to allow or require the denial of any benefit or opportunity on the basis of race, color, creed, marital status, status with regard to public assistance, disability, genetic information, sexual orientation, age, religion, national origin, sex, or membership in a local human rights commission.

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

Sec. 17. **[144.0661] EQUITABLE COVID-19 VACCINE DISTRIBUTION.**

Subdivision 1. **COVID-19 vaccination equity and outreach.** The commissioner shall establish positions to continue the department's COVID-19 vaccination equity and outreach activities and to plan and implement actions and programs to overcome disparities in COVID-19 vaccination rates that are rooted in historic and current racism; biases based on ethnicity, income, primary language, immigration status, or disability; geography; or transportation access, language access, or Internet access. This work shall be managed by a director who shall serve in a leadership role in the department's COVID-19 response.

Subd. 2. **Vaccine education and outreach campaign; direct delivery of information.** (a) The commissioner shall administer a COVID-19 vaccine education and outreach campaign that engages in direct delivery of information to members of disproportionately impacted communities. In this campaign, the commissioner shall contract with community-based organizations including community faith-based organizations, tribal governments, local health departments, and local health care providers, including community health centers and primary care providers, to deliver the following information in a culturally relevant and linguistically appropriate manner:

(1) medically and scientifically accurate information on the safety, efficacy, science, and benefits of vaccines generally and COVID-19 vaccines in particular;

(2) information on how members of disproportionately impacted communities may obtain a COVID-19 vaccine including, if applicable, obtaining a vaccine from a mobile vaccination vehicle; and

(3) measures to prevent transmission of COVID-19, including adequate indoor ventilation, wearing face coverings, and physical distancing from individuals outside the household.

(b) This information must be delivered directly by methods that include phone calls, text messages, physically distanced door-to-door and street canvassing, and digital event-based communication involving live and interactive messengers. For purposes of this subdivision, direct delivery shall not include delivery by television, radio, newspaper, or other forms of mass media.

Subd. 3. **Vaccine education and outreach campaign; mass media.** The commissioner shall administer a mass media campaign to provide COVID-19 vaccine education and outreach to members of disproportionately impacted communities. In this campaign, the commissioner shall contract with media vendors to provide the following information to members of disproportionately impacted communities in a manner that is culturally relevant and linguistically appropriate:

(1) medically and scientifically accurate information on the safety, efficacy, science, and benefits of COVID-19 vaccines; and

(2) information on how members of disproportionately impacted communities may obtain a COVID-19 vaccine.

Subd. 4. **Community assistance.** The commissioner shall administer a program to help members of disproportionately impacted communities arrange for and prepare to obtain a COVID-19 vaccine and to support transportation-limited members of these communities with transportation to vaccination appointments or otherwise arrange for vaccine providers to reach members of these communities.

Subd. 5. **Equitable distribution of COVID-19 vaccines.** The commissioner shall establish a set of metrics to measure the equitable distribution of COVID-19 vaccines in the state, and shall set and periodically update goals for COVID-19 vaccine distribution in the state that are focused on equity.

Subd. 6. **Expiration of programs.** The vaccine education and outreach programs in subdivisions 2 and 3 and the community assistance program in subdivision 4 shall operate until a sufficient percentage of individuals in each county or census tract have received the full series of COVID-19 vaccines to protect individuals in each county or census tract from COVID-19.

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

Sec. 18. **[144.0662] MOBILE VACCINATION PROGRAM.**

Subdivision 1. **Administration.** The commissioner, in partnership with local health departments and the regional health care coalitions, shall administer a mobile vaccination program in which mobile vaccination vehicles are deployed to communities around the state to provide COVID-19 vaccines to individuals. The commissioner shall deploy mobile vaccination vehicles to communities to improve access to vaccines based on factors that include but are not limited to vulnerability, likelihood of exposure, limits to transportation access, rate of vaccine uptake, and limited access to vaccines or barriers to obtaining vaccines.

Subd. 2. **Eligibility.** Notwithstanding the phases and priorities of the state's COVID-19 allocation and prioritization plan or guidance, all individuals in a community to which a mobile vaccination vehicle is deployed shall be eligible to receive COVID-19 vaccines from the vehicle.

Subd. 3. **Staffing.** Each mobile vaccination vehicle must be staffed in accordance with Centers for Disease Control and Prevention guidelines and may be staffed with additional support staff based on needs determined by local request. Additional support staff may include but are not limited to community partners and translators.

Subd. 4. **Second doses.** For vaccine recipients who receive a first dose of a COVID-19 vaccine from a mobile vaccination vehicle, vehicle staff shall provide assistance in scheduling an appointment with a mobile vaccination vehicle or with another vaccine provider for any needed second dose or booster. The commissioner shall, to the extent possible, deploy mobile vaccination vehicles in a manner that allows vaccine recipients to receive second doses or boosters from a mobile vaccination vehicle.

Subd. 5. **Expiration.** The commissioner shall administer the mobile vaccination vehicle program until a sufficient percentage of individuals in each county or census tract have received the full series of COVID-19 vaccines to protect individuals in each county or census tract from the spread of COVID-19.

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

Sec. 19. **[144.0663] COVID-19 VACCINATION PLAN AND DATA; REPORTS.**

Subdivision 1. **COVID-19 vaccination plan; implementation protocols.** The commissioner shall:

(1) publish the set of metrics and goals for equitable COVID-19 vaccine distribution established by the commissioner under section 144.0661, subdivision 5; and

(2) publish implementation protocols to address the disparities in COVID-19 vaccination rates in certain communities and ensure that members of disproportionately impacted communities are given adequate access to COVID-19 vaccines.

Subd. 2. **Data on COVID-19 vaccines.** On at least a weekly basis, the commissioner shall publish on the department website:

(1) data measuring compliance with the set of metrics and goals for equitable COVID-19 vaccine distribution established by the commissioner under section 144.0661, subdivision 5; and

(2) summary data on individuals who have received one or two doses of a COVID-19 vaccine, broken out by race, gender, ethnicity, age within an age range, and zip code.

Subd. 3. **Quarterly reports.** On a quarterly basis while funds are available, the commissioner shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over finance, ways and means, and health care:

(1) funds distributed to local health departments for COVID-19 activities and the sources of the funds; and

(2) funds expended to implement sections 144.066 to 144.0663.

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

Sec. 20. Minnesota Statutes 2020, section 144.0724, subdivision 1, is amended to read:

Subdivision 1. **Resident reimbursement case mix classifications.** The commissioner of health shall establish resident reimbursement case mix classifications based upon the assessments of residents of nursing homes and boarding care homes conducted under this section and according to section 256R.17.

Sec. 21. Minnesota Statutes 2020, section 144.0724, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of this section, the following terms have the meanings given.

(a) "Assessment reference date" or "ARD" means the specific end point for look-back periods in the MDS assessment process. This look-back period is also called the observation or assessment period.

(b) "Case mix index" means the weighting factors assigned to the RUG-IV classifications.

(c) "Index maximization" means classifying a resident who could be assigned to more than one category, to the category with the highest case mix index.

(d) "Minimum Data Set" or "MDS" means a core set of screening, clinical assessment, and functional status elements, that include common definitions and coding categories specified by the Centers for Medicare and Medicaid Services and designated by the ~~Minnesota~~ Department of Health.

(e) "Representative" means a person who is the resident's guardian or conservator, the person authorized to pay the nursing home expenses of the resident, a representative of the Office of Ombudsman for Long-Term Care whose assistance has been requested, or any other individual designated by the resident.

(f) "Resource utilization groups" or "RUG" means the system for grouping a nursing facility's residents according to their clinical and functional status identified in data supplied by the facility's Minimum Data Set.

(g) "Activities of daily living" ~~means grooming,~~ includes personal hygiene, dressing, bathing, transferring, bed mobility, ~~positioning,~~ locomotion, eating, and toileting.

(h) "Nursing facility level of care determination" means the assessment process that results in a determination of a resident's or prospective resident's need for nursing facility level of care as established in subdivision 11 for purposes of medical assistance payment of long-term care services for:

(1) nursing facility services under section 256B.434 or chapter 256R;

(2) elderly waiver services under chapter 256S;

(3) CADI and BI waiver services under section 256B.49; and

(4) state payment of alternative care services under section 256B.0913.

Sec. 22. Minnesota Statutes 2020, section 144.0724, subdivision 3a, is amended to read:

Subd. 3a. **Resident reimbursement case mix classifications beginning January 1, 2012.** (a) Beginning January 1, 2012, resident reimbursement case mix classifications shall be based on the Minimum Data Set, version 3.0 assessment instrument, or its successor version mandated by the Centers for Medicare and Medicaid Services that nursing facilities are required to complete for all residents. The commissioner of health shall establish resident classifications according to the RUG-IV, 48 group, resource utilization groups. Resident classification must be established based on the individual items on the Minimum Data Set, which must be completed according to the Long Term Care Facility Resident Assessment Instrument User's Manual Version 3.0 or its successor issued by the Centers for Medicare and Medicaid Services.

(b) Each resident must be classified based on the information from the Minimum Data Set according to general categories ~~as defined in the Case Mix Classification Manual for Nursing Facilities~~ issued by the Minnesota Department of Health.

Sec. 23. Minnesota Statutes 2020, section 144.0724, subdivision 5, is amended to read:

Subd. 5. **Short stays.** (a) A facility must submit to the commissioner of health an admission assessment for all residents who stay in the facility 14 days or less~~.~~, unless the resident is admitted and discharged from the facility on the same day, in which case the admission assessment is not required. When an admission assessment is not submitted, the case mix classification shall be the rate with a case mix index of 1.0.

(b) Notwithstanding the admission assessment requirements of paragraph (a), a facility may elect to accept a short stay rate with a case mix index of 1.0 for all facility residents who stay 14 days or less in lieu of submitting an admission assessment. Facilities shall make this election annually.

(c) Nursing facilities must elect one of the options described in paragraphs (a) and (b) by reporting to the commissioner of health, as prescribed by the commissioner. The election is effective on July 1 each year.

Sec. 24. Minnesota Statutes 2020, section 144.0724, subdivision 7, is amended to read:

Subd. 7. **Notice of resident reimbursement case mix classification.** (a) The commissioner of health shall provide to a nursing facility a notice for each resident of the ~~reimbursement~~ classification established under subdivision 1. The notice must inform the resident of the case mix classification ~~that was~~ assigned, the opportunity to review the documentation supporting the classification, the opportunity to obtain clarification from the commissioner, and the opportunity to request a reconsideration of the classification and the address and telephone number of the Office of Ombudsman for Long-Term Care. The commissioner must transmit the notice of resident classification by electronic means to the nursing facility. ~~A~~ The nursing facility is responsible for the distribution of the notice to each resident~~, to the person responsible for the payment of the resident's nursing home expenses, or to~~

~~another person designated by the resident~~ or the resident's representative. This notice must be distributed within three ~~working~~ business days after the facility's receipt ~~of the electronic file of notice of case mix classifications from the commissioner of health~~.

(b) If a facility submits a ~~modification to the most recent assessment used to establish a case mix classification conducted under subdivision 3 that results~~ modifying assessment resulting in a change in the case mix classification, the facility ~~shall give~~ must provide a written notice to the resident or the resident's representative ~~about~~ regarding the item or items that ~~was~~ were modified and the reason for the ~~modification~~ modifications. The notice ~~of modified assessment may~~ must be provided ~~at the same time that the resident or resident's representative is provided the resident's modified notice of classification~~ within three business days after distribution of the resident case mix classification notice.

Sec. 25. Minnesota Statutes 2020, section 144.0724, subdivision 8, is amended to read:

Subd. 8. **Request for reconsideration of resident classifications.** (a) The resident, or resident's representative, or the nursing facility or boarding care home may request that the commissioner of health reconsider the assigned reimbursement case mix classification and any item or items changed during the audit process. The request for reconsideration must be submitted in writing to the commissioner ~~within 30 days of the day the resident or the resident's representative receives the resident classification notice~~ of health.

(b) For reconsideration requests initiated by the resident or the resident's representative:

(1) The resident or the resident's representative must submit in writing a reconsideration request to the facility administrator within 30 days of receipt of the resident classification notice. The written request ~~for reconsideration~~ must include the ~~name of the resident, the name and address of the facility in which the resident resides, the~~ reasons for the reconsideration~~, and documentation supporting the~~ request. ~~The documentation accompanying the reconsideration request is limited to a copy of the MDS that determined the classification and other documents that would support or change the MDS findings.~~

(2) Within three business days of receiving the reconsideration request, the nursing facility must submit to the commissioner of health a completed reconsideration request form, a copy of the resident's or resident's representative's written request, and all supporting documentation used to complete the assessment being considered. If the facility fails to provide the required information, the reconsideration will be completed with the information submitted and the facility cannot make further reconsideration requests on this classification.

~~(b)~~ (3) Upon written request and within three business days, the nursing facility must give the resident or the resident's representative a copy of the assessment ~~form~~ being reconsidered and ~~the other~~ all supporting documentation ~~that was given to the commissioner of health~~ used to ~~support~~ complete the assessment ~~findings~~. ~~The nursing facility shall also provide access to and a copy of other information from the resident's record that has been requested by or on behalf of the resident to support a resident's reconsideration request. A copy of any requested material must be provided within three working days of receipt of a written request for the information.~~ Notwithstanding any law to the contrary, the facility may not charge a fee for providing copies of the requested documentation. If a facility fails to provide the ~~material~~ required documents within this time, it is subject to the issuance of a correction order and penalty assessment under sections 144.653 and 144A.10. Notwithstanding those sections, any correction order issued under this subdivision must require that the nursing facility immediately comply with the request for information, and ~~that~~ as of the date of the issuance of the correction order, the facility shall forfeit to the state a $100 fine for the first day of noncompliance, and an increase in the $100 fine by $50 increments for each day the noncompliance continues.

(c) ~~in addition to the information required under paragraphs (a) and (b), a reconsideration request from a nursing facility must contain the following information: (i) the date the reimbursement classification notices were received by the facility; (ii) the date the classification notices were distributed to the resident or the resident's representative; and (iii)~~ For reconsideration requests initiated by the facility:

(1) The facility is required to inform the resident or the resident's representative in writing that a reconsideration of the resident's case mix classification is being requested. The notice must inform the resident or the resident's representative:

(i) of the date and reason for the reconsideration request;

(ii) of the potential for a classification and subsequent rate change;

(iii) of the extent of the potential rate change;

(iv) that copies of the request and supporting documentation are available for review; and

(v) that the resident or the resident's representative has the right to request a reconsideration.

(2) Within 30 days of receipt of the audit exit report or resident classification notice, the facility must submit to the commissioner of health a completed reconsideration request form, all supporting documentation used to complete the assessment being reconsidered, and a copy of ~~a~~ the notice ~~sent to~~ informing the resident or ~~to~~ the resident's representative~~. This notice must inform the resident or the resident's representative~~ that a reconsideration of the resident's classification is being requested~~, the reason for the request, that the resident's rate will change if the request is approved by the commissioner, the extent of the change, that copies of the facility's request and supporting documentation are available for review, and that the resident also has the right to request a reconsideration~~.

(3) If the facility fails to provide the required information ~~listed in item (iii) with the reconsideration request, the commissioner may request that the facility provide the information within 14 calendar days.~~, the reconsideration request ~~must~~ may be denied ~~if the information is then not provided,~~ and the facility may not make further reconsideration requests on ~~that specific reimbursement~~ this classification.

(d) Reconsideration by the commissioner must be made by individuals not involved in reviewing the assessment, audit, or reconsideration that established the disputed classification. The reconsideration must be based upon the assessment that determined the classification and upon the information provided to the commissioner of health under paragraphs (a) ~~and (b)~~ to (c). If necessary for evaluating the reconsideration request, the commissioner may conduct on-site reviews. Within 15 ~~working~~ business days of receiving the request for reconsideration, the commissioner shall affirm or modify the original resident classification. The original classification must be modified if the commissioner determines that the assessment resulting in the classification did not accurately reflect characteristics of the resident at the time of the assessment. ~~The resident and the nursing facility or boarding care home shall be notified within five working days after the decision is made.~~ The commissioner must transmit the reconsideration classification notice by electronic means to the nursing facility. The nursing facility is responsible for the distribution of the notice to the resident or the resident's representative. The notice must be distributed by the nursing facility within three business days after receipt. A decision by the commissioner under this subdivision is the final administrative decision of the agency for the party requesting reconsideration.

(e) The ~~resident~~ case mix classification established by the commissioner shall be the classification ~~that~~ which applies to the resident while the request for reconsideration is pending. If a request for reconsideration applies to an assessment used to determine nursing facility level of care under subdivision 4, paragraph (c), the resident shall continue to be eligible for nursing facility level of care while the request for reconsideration is pending.

(f) The commissioner may request additional documentation regarding a reconsideration necessary to make an accurate reconsideration determination.

Sec. 26. Minnesota Statutes 2020, section 144.0724, subdivision 9, is amended to read:

Subd. 9. **Audit authority.** (a) The commissioner shall audit the accuracy of resident assessments performed under section 256R.17 through any of the following: desk audits; on-site review of residents and their records; and interviews with staff, residents, or residents' families. The commissioner shall reclassify a resident if the commissioner determines that the resident was incorrectly classified.

(b) The commissioner is authorized to conduct on-site audits on an unannounced basis.

(c) A facility must grant the commissioner access to examine the medical records relating to the resident assessments selected for audit under this subdivision. The commissioner may also observe and speak to facility staff and residents.

(d) The commissioner shall consider documentation under the time frames for coding items on the minimum data set as set out in the Long-Term Care Facility Resident Assessment Instrument User's Manual published by the Centers for Medicare and Medicaid Services.

(e) The commissioner shall develop an audit selection procedure that includes the following factors:

(1) Each facility shall be audited annually. If a facility has two successive audits in which the percentage of change is five percent or less and the facility has not been the subject of a special audit in the past 36 months, the facility may be audited biannually. A stratified sample of 15 percent, with a minimum of ten assessments, of the most current assessments shall be selected for audit. If more than 20 percent of the RUG-IV classifications are changed as a result of the audit, the audit shall be expanded to a second 15 percent sample, with a minimum of ten assessments. If the total change between the first and second samples is 35 percent or greater, the commissioner may expand the audit to all of the remaining assessments.

(2) If a facility qualifies for an expanded audit, the commissioner may audit the facility again within six months. If a facility has two expanded audits within a 24-month period, that facility will be audited at least every six months for the next 18 months.

(3) The commissioner may conduct special audits if the commissioner determines that circumstances exist that could alter or affect the validity of case mix classifications of residents. These circumstances include, but are not limited to, the following:

(i) frequent changes in the administration or management of the facility;

(ii) an unusually high percentage of residents in a specific case mix classification;

(iii) a high frequency in the number of reconsideration requests received from a facility;

(iv) frequent adjustments of case mix classifications as the result of reconsiderations or audits;

(v) a criminal indictment alleging provider fraud;

(vi) other similar factors that relate to a facility's ability to conduct accurate assessments;

(vii) an atypical pattern of scoring minimum data set items;

(viii) nonsubmission of assessments;

(ix) late submission of assessments; or

(x) a previous history of audit changes of 35 percent or greater.

(f) ~~Within 15 working days of completing the audit process, the commissioner shall make available electronically the results of the audit to the facility. If the results of the audit reflect a change in the resident's case mix classification, a case mix classification notice will be made available electronically to the facility, using the procedure in subdivision 7, paragraph (a). The notice must contain the resident's classification and a statement informing the resident, the resident's authorized representative, and the facility of their right to review the commissioner's documents supporting the classification and to request a reconsideration of the classification. This notice must also include the address and telephone number of the Office of Ombudsman for Long-Term Care.~~ If the audit results in a case mix classification change, the commissioner must transmit the audit classification notice by electronic means to the nursing facility within 15 business days of completing an audit. The nursing facility is responsible for distribution of the notice to each resident or the resident's representative. This notice must be distributed by the nursing facility within three business days after receipt. The notice must inform the resident of the case mix classification assigned, the opportunity to review the documentation supporting the classification, the opportunity to obtain clarification from the commissioner, the opportunity to request a reconsideration of the classification, and the address and telephone number of the Office of Ombudsman for Long-Term Care.

Sec. 27. Minnesota Statutes 2020, section 144.0724, subdivision 12, is amended to read:

Subd. 12. **Appeal of nursing facility level of care determination.** (a) A resident or prospective resident whose level of care determination results in a denial of long-term care services can appeal the determination as outlined in section 256B.0911, subdivision 3a, paragraph (h), clause (9).

(b) The commissioner of human services shall ensure that notice of changes in eligibility due to a nursing facility level of care determination is provided to each affected recipient or the recipient's guardian at least 30 days before the effective date of the change. The notice shall include the following information:

(1) how to obtain further information on the changes;

(2) how to receive assistance in obtaining other services;

(3) a list of community resources; and

(4) appeal rights.

~~A recipient who meets the criteria in section 256B.0922, subdivision 2, paragraph (a), clauses (1) and (2), may request continued services pending appeal within the time period allowed to request an appeal under section 256.045, subdivision 3, paragraph (i). This paragraph is in effect for appeals filed between January 1, 2015, and December 31, 2016.~~

Sec. 28. Minnesota Statutes 2020, section 144.1205, subdivision 2, is amended to read:

Subd. 2. **Initial and annual fee.** (a) A licensee must pay an initial fee that is equivalent to the annual fee upon issuance of the initial license.

(b) A licensee must pay an annual fee at least 60 days before the anniversary date of the issuance of the license. The annual fee is as follows:

TYPE	~~ANNUAL~~ LICENSE FEE
	~~$19,920~~
Academic broad scope - type A, B, or C	$25,896
~~Academic broad scope - type B~~	~~19,920~~
~~Academic broad scope - type C~~	~~19,920~~
Academic broad scope - type A, B, or C (4-8 locations)	$31,075
Academic broad scope - type A, B, or C (9 or more locations)	$36,254
	~~19,920~~
Medical broad scope - type A	$25,896
Medical broad scope - type A (4-8 locations)	$31,075
Medical broad scope - type A (9 or more locations)	$36,254
~~Medical institution - diagnostic and therapeutic~~	~~3,680~~
Medical - diagnostic, diagnostic and therapeutic, mobile nuclear medicine, eye applicators, high dose rate afterloaders, and medical therapy emerging technologies	$4,784
Medical - diagnostic, diagnostic and therapeutic, mobile nuclear medicine, eye applicators, high dose rate afterloaders, and medical therapy emerging technologies (4-8 locations)	$5,740
Medical - diagnostic, diagnostic and therapeutic, mobile nuclear medicine, eye applicators, high dose rate afterloaders, and medical therapy emerging technologies (9 or more locations)	$6,697
~~Medical institution - diagnostic (no written directives)~~	~~3,680~~
~~Medical private practice - diagnostic and therapeutic~~	~~3,680~~
~~Medical private practice - diagnostic (no written directives)~~	~~3,680~~
~~Eye applicators~~	~~3,680~~
~~Nuclear medical vans~~	~~3,680~~
~~High dose rate afterloader~~	~~3,680~~
~~Mobile high dose rate afterloader~~	~~3,680~~
~~Medical therapy - other emerging technology~~	~~3,680~~
	~~8,960~~
Teletherapy	$11,648
	~~8,960~~
Gamma knife	$11,648
	~~2,000~~
Veterinary medicine	$2,600
	~~2,000~~
In vitro testing lab	$2,600
	~~8,800~~
Nuclear pharmacy	$11,440
Nuclear pharmacy (5 or more locations)	$13,728
	~~3,840~~
Radiopharmaceutical distribution (10 CFR 32.72)	$4,992
	~~8,800~~
Radiopharmaceutical processing and distribution (10 CFR 32.72)	$11,440
Radiopharmaceutical processing and distribution (10 CFR 32.72) (5 or more locations)	$13,728
	~~3,840~~
Medical sealed sources - distribution (10 CFR 32.74)	$4,992

	~~8,800~~
Medical sealed sources - processing and distribution (10 CFR 32.74)	$11,440
Medical sealed sources - processing and distribution (10 CFR 32.74) (5 or more locations)	$13,728
	~~3,760~~
Well logging - sealed sources	$4,888
	~~2,000~~
Measuring systems - (fixed gauge, portable gauge, gas chromatograph, other)	$2,600
~~Measuring systems - portable gauge~~	~~2,000~~
Measuring systems - (fixed gauge, portable gauge, gas chromatograph, other) (4-8 locations)	$3,120
Measuring systems - (fixed gauge, portable gauge, gas chromatograph, other) (9 or more locations)	$3,640
	~~1,520~~
X-ray fluorescent analyzer	$1,976
~~Measuring systems - gas chromatograph~~	~~2,000~~
~~Measuring systems - other~~	~~2,000~~
	~~19,920~~
~~Broad scope~~ Manufacturing and distribution - type A broad scope	$25,896
Manufacturing and distribution - type A broad scope (4-8 locations)	$31,075
Manufacturing and distribution - type A broad scope (9 or more locations)	$36,254
	~~17,600~~
~~Broad scope~~ Manufacturing and distribution - type B or C broad scope	$22,880
~~Broad scope Manufacturing and distribution - type C~~	~~17,600~~
Manufacturing and distribution - type B or C broad scope (4-8 locations)	$27,456
Manufacturing and distribution - type B or C broad scope (9 or more locations)	$32,032
	~~5,280~~
Manufacturing and distribution - other	$6,864
Manufacturing and distribution - other (4-8 locations)	$8,236
Manufacturing and distribution - other (9 or more locations)	$9,609
	~~18,640~~
Nuclear laundry	$24,232
	~~4,960~~
Decontamination services	$6,448
	~~2,000~~
Leak test services only	$2,600
	~~2,000~~
Instrument calibration service only~~, less than 100 curies~~	$2,600
~~Instrument calibration service only, 100 curies or more~~	~~2,000~~
	~~4,960~~
Service, maintenance, installation, source changes, etc.	$6,448
	~~6,000~~
Waste disposal service, prepackaged only	$7,800
	~~8,320~~
Waste disposal	$10,816
	~~1,760~~
Distribution - general licensed devices (sealed sources)	$2,288
	~~1,120~~
Distribution - general licensed material (unsealed sources)	$1,456

	~~9,840~~
Industrial radiography - fixed or temporary location	$12,792
~~Industrial radiography - temporary job sites~~	~~9,840~~
Industrial radiography - fixed or temporary location (5 or more locations)	$16,629
	~~2,880~~
Irradiators, self-shielding~~, less than 10,000 curies~~	$3,744
	~~5,360~~
Irradiators, other, less than 10,000 curies	$6,968
~~Irradiators, self-shielding, 10,000 curies or more~~	~~2,880~~
	~~9,520~~
Research and development - type A, B, or C broad scope	$12,376
~~Research and development - type B broad scope~~	~~9,520~~
~~Research and development - type C broad scope~~	~~9,520~~
Research and development - type A, B, or C broad scope (4-8 locations)	$14,851
Research and development - type A, B, or C broad scope (9 or more locations)	$17,326
	~~4,480~~
Research and development - other	$5,824
	~~2,000~~
Storage - no operations	$2,600
	~~584~~
Source material - shielding	$759
	~~3,680~~
Special nuclear material plutonium - neutron source in device	$4,784
	~~3,680~~
Pacemaker by-product and/or special nuclear material - medical (institution)	$4,784
Pacemaker by-product and/or special nuclear material - manufacturing and distribution	~~5,280~~ $6,864
	~~3,840~~
Accelerator-produced radioactive material	$4,992
	~~300~~
Nonprofit educational institutions	$500
~~General license registration~~	~~150~~

Sec. 29. Minnesota Statutes 2020, section 144.1205, subdivision 4, is amended to read:

Subd. 4. **Initial and renewal application fee.** A licensee must pay an initial and a renewal application fee ~~as follows:~~ according to this subdivision.

TYPE	APPLICATION FEE
	~~$5,920~~
Academic broad scope - type A, B, or C	$6,808
~~Academic broad scope - type B~~	~~5,920~~
~~Academic broad scope - type C~~	~~5,920~~
Medical broad scope - type A	~~3,920~~ $4,508
Medical - diagnostic, diagnostic and therapeutic, mobile nuclear medicine, eye applicators, high dose rate afterloaders, and medical therapy emerging technologies	$1,748

~~Medical institution - diagnostic and therapeutic~~	~~1,520~~
~~Medical institution - diagnostic (no written directives)~~	~~1,520~~
~~Medical private practice - diagnostic and therapeutic~~	~~1,520~~
~~Medical private practice - diagnostic (no written directives)~~	~~1,520~~
~~Eye applicators~~	~~1,520~~
~~Nuclear medical vans~~	~~1,520~~
~~High dose rate afterloader~~	~~1,520~~
~~Mobile high dose rate afterloader~~	~~1,520~~
~~Medical therapy - other emerging technology~~	~~1,520~~
	~~5,520~~
Teletherapy	$6,348
	~~5,520~~
Gamma knife	$6,348
	~~960~~
Veterinary medicine	$1,104
	~~960~~
In vitro testing lab	$1,104
	~~4,880~~
Nuclear pharmacy	$5,612
	~~2,160~~
Radiopharmaceutical distribution (10 CFR 32.72)	$2,484
	~~4,880~~
Radiopharmaceutical processing and distribution (10 CFR 32.72)	$5,612
	~~2,160~~
Medical sealed sources - distribution (10 CFR 32.74)	$2,484
	~~4,880~~
Medical sealed sources - processing and distribution (10 CFR 32.74)	$5,612
	~~1,600~~
Well logging - sealed sources	$1,840
	~~960~~
Measuring systems - (fixed gauge, portable gauge, gas chromatograph, other)	$1,104
~~Measuring systems - portable gauge~~	~~960~~
	~~584~~
X-ray fluorescent analyzer	$671
~~Measuring systems - gas chromatograph~~	~~960~~
~~Measuring systems - other~~	~~960~~
	~~5,920~~
~~Broad scope~~ Manufacturing and distribution - type A, B, and C broad scope	$6,854
~~Broad scope manufacturing and distribution - type B~~	~~5,920~~
~~Broad scope manufacturing and distribution - type C~~	~~5,920~~
	~~2,320~~
Manufacturing and distribution - other	$2,668
	~~10,080~~
Nuclear laundry	$11,592
	~~2,640~~
Decontamination services	$3,036
	~~960~~
Leak test services only	$1,104
	~~960~~
Instrument calibration service only~~, less than 100 curies~~	$1,104
~~Instrument calibration service only, 100 curies or more~~	~~960~~

	~~2,640~~
Service, maintenance, installation, source changes, etc.	$3,036
	~~2,240~~
Waste disposal service, prepackaged only	$2,576
	~~1,520~~
Waste disposal	$1,748
	~~880~~
Distribution - general licensed devices (sealed sources)	$1,012
	~~520~~
Distribution - general licensed material (unsealed sources)	$598
	~~2,640~~
Industrial radiography - fixed or temporary location	$3,036
~~Industrial radiography - temporary job sites~~	~~2,640~~
	~~1,440~~
Irradiators, self-shielding~~, less than 10,000 curies~~	$1,656
	~~2,960~~
Irradiators, other, less than 10,000 curies	$3,404
~~Irradiators, self-shielding, 10,000 curies or more~~	~~1,440~~
	~~4,960~~
Research and development - type A, B, or C broad scope	$5,704
~~Research and development - type B broad scope~~	~~4,960~~
~~Research and development - type C broad scope~~	~~4,960~~
	~~2,400~~
Research and development - other	$2,760
	~~960~~
Storage - no operations	$1,104
	~~136~~
Source material - shielding	$156
	~~1,200~~
Special nuclear material plutonium - neutron source in device	$1,380
	~~1,200~~
Pacemaker by-product and/or special nuclear material - medical (institution)	$1,380
Pacemaker by-product and/or special nuclear material - manufacturing and	~~2,320~~
distribution	$2,668
	~~4,100~~
Accelerator-produced radioactive material	$4,715
	~~300~~
Nonprofit educational institutions	$345
~~General license registration~~	~~0~~
~~Industrial radiographer certification~~	~~150~~

Sec. 30. Minnesota Statutes 2020, section 144.1205, subdivision 8, is amended to read:

Subd. 8. **Reciprocity fee.** A licensee submitting an application for reciprocal recognition of a materials license issued by another agreement state or the United States Nuclear Regulatory Commission for a period of 180 days or less during a calendar year must pay ~~$1,200~~ $2,400. For a period of 181 days or more, the licensee must obtain a license under subdivision 4.

Sec. 31. Minnesota Statutes 2020, section 144.1205, subdivision 9, is amended to read:

Subd. 9. **Fees for license amendments.** A licensee must pay a fee of ~~$300~~ $600 to amend a license as follows:

(1) to amend a license requiring review including, but not limited to, addition of isotopes, procedure changes, new authorized users, or a new radiation safety officer; ~~and~~ or

(2) to amend a license requiring review and a site visit including, but not limited to, facility move or addition of processes.

Sec. 32. Minnesota Statutes 2020, section 144.1205, is amended by adding a subdivision to read:

Subd. 10. **Fees for general license registrations.** A person required to register generally licensed devices according to Minnesota Rules, part 4731.3215, must pay an annual registration fee of $450.

Sec. 33. Minnesota Statutes 2020, section 144.125, subdivision 1, is amended to read:

Subdivision 1. **Duty to perform testing.** (a) It is the duty of (1) the administrative officer or other person in charge of each institution caring for infants 28 days or less of age, (2) the person required in pursuance of the provisions of section 144.215, to register the birth of a child, or (3) the nurse midwife or midwife in attendance at the birth, to arrange to have administered to every infant or child in its care tests for heritable and congenital disorders according to subdivision 2 and rules prescribed by the state commissioner of health.

(b) Testing, recording of test results, reporting of test results, and follow-up of infants with heritable congenital disorders, including hearing loss detected through the early hearing detection and intervention program in section 144.966, shall be performed at the times and in the manner prescribed by the commissioner of health.

(c) The fee to support the newborn screening program, including tests administered under this section and section 144.966, shall be ~~$135~~ $177 per specimen. This fee amount shall be deposited in the state treasury and credited to the state government special revenue fund.

(d) The fee to offset the cost of the support services provided under section 144.966, subdivision 3a, shall be $15 per specimen. This fee shall be deposited in the state treasury and credited to the general fund.

Sec. 34. **[144.1461] DIGNITY IN PREGNANCY AND CHILDBIRTH.**

Subdivision 1. **Citation.** This section may be cited as the "Dignity in Pregnancy and Childbirth Act."

Subd. 2. **Continuing education requirement.** (a) Hospitals with obstetric care and birth centers must provide continuing education on anti-racism training and implicit bias. The continuing education must be evidence-based and must include at a minimum the following criteria:

(1) education aimed at identifying personal, interpersonal, institutional, structural, and cultural barriers to inclusion;

(2) identifying and implementing corrective measures to promote anti-racism practices and decrease implicit bias at the interpersonal and institutional levels, including the institution's ongoing policies and practices;

(3) providing information on the ongoing effects of historical and contemporary exclusion and oppression of Black and Indigenous communities with the greatest health disparities related to maternal and infant mortality and morbidity;

(4) providing information and discussion of health disparities in the perinatal health care field including how systemic racism and implicit bias have different impacts on health outcomes for different racial and ethnic communities; and

(5) soliciting perspectives of diverse, local constituency groups and experts on racial, identity, cultural, and provider-community relationship issues.

(b) In addition to the initial continuing educational requirement in paragraph (a), hospitals with obstetric care and birth centers must provide an annual refresher course that reflects current trends on race, culture, identity, and anti-racism principles and institutional implicit bias.

(c) Hospitals with obstetric care and birth centers must develop continuing education materials on anti-racism and implicit bias that must be provided and updated annually for direct care employees and contractors who routinely care for patients who are pregnant or postpartum.

(d) Hospitals with obstetric care and birth centers shall coordinate with health-related licensing boards to obtain continuing education credits for the trainings and materials required in this section. The commissioner of health shall monitor compliance with this section. Initial training for the continuing education requirements in this subdivision must be completed by December 31, 2022. The commissioner may inspect the training records or require reports on the continuing education materials in this section from hospitals with obstetric care and birth centers.

(e) A facility described in paragraph (d) must provide a certificate of training completion to another facility or a training attendee upon request. A facility may accept the training certificate from another facility for a health care provider that works in more than one facility.

Sec. 35. Minnesota Statutes 2020, section 144.1481, subdivision 1, is amended to read:

Subdivision 1. **Establishment; membership.** The commissioner of health shall establish a ~~15-member~~ 16-member Rural Health Advisory Committee. The committee shall consist of the following members, all of whom must reside outside the seven-county metropolitan area, as defined in section 473.121, subdivision 2:

(1) two members from the house of representatives of the state of Minnesota, one from the majority party and one from the minority party;

(2) two members from the senate of the state of Minnesota, one from the majority party and one from the minority party;

(3) a volunteer member of an ambulance service based outside the seven-county metropolitan area;

(4) a representative of a hospital located outside the seven-county metropolitan area;

(5) a representative of a nursing home located outside the seven-county metropolitan area;

(6) a medical doctor or doctor of osteopathic medicine licensed under chapter 147;

(7) a dentist licensed under chapter 150A;

(8) a midlevel practitioner;

~~(8)~~ (9) a registered nurse or licensed practical nurse;

~~(9)~~ (10) a licensed health care professional from an occupation not otherwise represented on the committee;

~~(10)~~ (11) a representative of an institution of higher education located outside the seven-county metropolitan area that provides training for rural health care providers; and

~~(11)~~ (12) three consumers, at least one of whom must be an advocate for persons who are mentally ill or developmentally disabled.

The commissioner will make recommendations for committee membership. Committee members will be appointed by the governor. In making appointments, the governor shall ensure that appointments provide geographic balance among those areas of the state outside the seven-county metropolitan area. The chair of the committee shall be elected by the members. The advisory committee is governed by section 15.059, except that the members do not receive per diem compensation.

Sec. 36. Minnesota Statutes 2020, section 144.1911, subdivision 6, is amended to read:

Subd. 6. **International medical graduate primary care residency grant program and revolving account.** (a) The commissioner shall award grants to support primary care residency positions designated for Minnesota immigrant physicians who are willing to serve in rural or underserved areas of the state. No grant shall exceed $150,000 per residency position per year. Eligible primary care residency grant recipients include accredited family medicine, general surgery, internal medicine, obstetrics and gynecology, psychiatry, and pediatric residency programs. Eligible primary care residency programs shall apply to the commissioner. Applications must include the number of anticipated residents to be funded using grant funds and a budget. Notwithstanding any law to the contrary, funds awarded to grantees in a grant agreement do not lapse until the grant agreement expires. Before any funds are distributed, a grant recipient shall provide the commissioner with the following:

(1) a copy of the signed contract between the primary care residency program and the participating international medical graduate;

(2) certification that the participating international medical graduate has lived in Minnesota for at least two years and is certified by the Educational Commission on Foreign Medical Graduates. Residency programs may also require that participating international medical graduates hold a Minnesota certificate of clinical readiness for residency, once the certificates become available; and

(3) verification that the participating international medical graduate has executed a participant agreement pursuant to paragraph (b).

(b) Upon acceptance by a participating residency program, international medical graduates shall enter into an agreement with the commissioner to provide primary care for at least five years in a rural or underserved area of Minnesota after graduating from the residency program and make payments to the revolving international medical graduate residency account for five years beginning in their second year of postresidency employment. Participants shall pay $15,000 or ten percent of their annual compensation each year, whichever is less.

(c) A revolving international medical graduate residency account is established as an account in the special revenue fund in the state treasury. The commissioner of management and budget shall credit to the account appropriations, payments, and transfers to the account. Earnings, such as interest, dividends, and any other earnings arising from fund assets, must be credited to the account. Funds in the account are appropriated annually to the commissioner to award grants and administer the grant program established in paragraph (a). Notwithstanding any law to the contrary, any funds deposited in the account do not expire. The commissioner may accept contributions to the account from private sector entities subject to the following provisions:

(1) the contributing entity may not specify the recipient or recipients of any grant issued under this subdivision;

(2) the commissioner shall make public the identity of any private contributor to the account, as well as the amount of the contribution provided; and

(3) a contributing entity may not specify that the recipient or recipients of any funds use specific products or services, nor may the contributing entity imply that a contribution is an endorsement of any specific product or service.

Sec. 37. Minnesota Statutes 2020, section 144.212, is amended by adding a subdivision to read:

Subd. 12. **Homeless youth.** "Homeless youth" has the meaning given in section 256K.45, subdivision 1a.

Sec. 38. Minnesota Statutes 2020, section 144.225, subdivision 2, is amended to read:

Subd. 2. **Data about births.** (a) Except as otherwise provided in this subdivision, data pertaining to the birth of a child to a woman who was not married to the child's father when the child was conceived nor when the child was born, including the original record of birth and the certified vital record, are confidential data. At the time of the birth of a child to a woman who was not married to the child's father when the child was conceived nor when the child was born, the mother may designate demographic data pertaining to the birth as public. Notwithstanding the designation of the data as confidential, it may be disclosed:

(1) to a parent or guardian of the child;

(2) to the child when the child is 16 years of age or older, except as provided in clause (3);

(3) to the child if the child is a homeless youth;

~~(3)~~ (4) under paragraph (b), (e), or (f); or

~~(4)~~ (5) pursuant to a court order. For purposes of this section, a subpoena does not constitute a court order.

(b) Unless the child is adopted, data pertaining to the birth of a child that are not accessible to the public become public data if 100 years have elapsed since the birth of the child who is the subject of the data, or as provided under section 13.10, whichever occurs first.

(c) If a child is adopted, data pertaining to the child's birth are governed by the provisions relating to adoption records, including sections 13.10, subdivision 5; 144.218, subdivision 1; 144.2252; and 259.89.

(d) The name and address of a mother under paragraph (a) and the child's date of birth may be disclosed to the county social services, tribal health department, or public health member of a family services collaborative for purposes of providing services under section 124D.23.

(e) The commissioner of human services shall have access to birth records for:

(1) the purposes of administering medical assistance and the MinnesotaCare program;

(2) child support enforcement purposes; and

(3) other public health purposes as determined by the commissioner of health.

(f) Tribal child support programs shall have access to birth records for child support enforcement purposes.

Sec. 39. Minnesota Statutes 2020, section 144.225, subdivision 7, is amended to read:

Subd. 7. **Certified birth or death record.** (a) The state registrar or local issuance office shall issue a certified birth or death record or a statement of no vital record found to an individual upon the individual's proper completion of an attestation provided by the commissioner and, except as provided in section 144.2255, payment of the required fee:

(1) to a person who ~~has a tangible interest in the requested vital record. A person who has a tangible interest~~ is:

(i) the subject of the vital record;

(ii) a child of the subject;

(iii) the spouse of the subject;

(iv) a parent of the subject;

(v) the grandparent or grandchild of the subject;

(vi) if the requested record is a death record, a sibling of the subject;

~~(vii) the party responsible for filing the vital record;~~

~~(viii)~~ (vii) the legal custodian, guardian or conservator, or health care agent of the subject;

~~(ix)~~ (viii) a personal representative, by sworn affidavit of the fact that the certified copy is required for administration of the estate;

~~(x)~~ (ix) a successor of the subject, as defined in section 524.1-201, if the subject is deceased, by sworn affidavit of the fact that the certified copy is required for administration of the estate;

~~(xi)~~ (x) if the requested record is a death record, a trustee of a trust by sworn affidavit of the fact that the certified copy is needed for the proper administration of the trust;

~~(xii)~~ (xi) a person or entity who demonstrates that a certified vital record is necessary for the determination or protection of a personal or property right, pursuant to rules adopted by the commissioner; or

~~(xiii)~~ (xii) an adoption agency in order to complete confidential postadoption searches as required by section 259.83;

(2) to any local, state, tribal, or federal governmental agency upon request if the certified vital record is necessary for the governmental agency to perform its authorized duties;

(3) to an attorney representing the subject of the vital record or another person listed in clause (1), upon evidence of the attorney's license;

(4) pursuant to a court order issued by a court of competent jurisdiction. For purposes of this section, a subpoena does not constitute a court order; or

(5) to a representative authorized by a person under clauses (1) to (4).

(b) The state registrar or local issuance office shall also issue a certified death record to an individual described in paragraph (a), clause (1), items (ii) to ~~(viii)~~ (xi), if, on behalf of the individual, a licensed mortician furnishes the registrar with a properly completed attestation in the form provided by the commissioner within 180 days of the time of death of the subject of the death record. This paragraph is not subject to the requirements specified in Minnesota Rules, part 4601.2600, subpart 5, item B.

Sec. 40. **[144.2255] CERTIFIED BIRTH RECORD FOR HOMELESS YOUTH.**

Subdivision 1. **Application; certified birth record.** A subject of a birth record who is a homeless youth in Minnesota or another state may apply to the state registrar or a local issuance office for a certified birth record according to this section. The state registrar or local issuance office shall issue a certified birth record or statement of no vital record found to a subject of a birth record who submits:

(1) a completed application signed by the subject of the birth record;

(2) a statement that the subject of the birth record is a homeless youth, signed by the subject of the birth record; and

(3) one of the following:

(i) a document of identity listed in Minnesota Rules, part 4601.2600, subpart 8, or, at the discretion of the state registrar or local issuance office, Minnesota Rules, part 4601.2600, subpart 9;

(ii) a statement that complies with Minnesota Rules, part 4601.2600, subparts 6 and 7; or

(iii) a statement verifying that the subject of the birth record is a homeless youth that complies with the requirements in subdivision 2 and is from an employee of a human services agency that receives public funding to provide services to homeless youth, runaway youth, youth with mental illness, or youth with substance use disorders; a school staff person who provides services to homeless youth; or a school social worker.

Subd. 2. **Statement verifying subject is a homeless youth.** A statement verifying that a subject of a birth record is a homeless youth must include:

(1) the following information regarding the individual providing the statement: first name, middle name, if any, and last name; home or business address; telephone number, if any; and e-mail address, if any;

(2) the first name, middle name, if any, and last name of the subject of the birth record; and

(3) a statement specifying the relationship of the individual providing the statement to the subject of the birth record and verifying that the subject of the birth record is a homeless youth.

The individual providing the statement must also provide a copy of the individual's employment identification.

Subd. 3. **Expiration; reissuance.** If a subject of a birth record obtains a certified birth record under this section using the statement specified in subdivision 1, clause (3), item (iii), the certified birth record issued shall expire six months after the date of issuance. Upon expiration of the certified birth record, the subject of the birth record may surrender the expired birth record to the state registrar or a local issuance office and obtain another birth record. Each certified birth record obtained under this subdivision shall expire six months after the date of issuance. If the subject of the birth record does not surrender the expired birth record, the subject may apply for a certified birth record using the process in subdivision 1.

Subd. 4. **Fees waived.** The state registrar or local issuance office shall not charge any fee for issuance of a certified birth record or statement of no vital record found under this section.

Subd. 5. **Data practices.** Data listed under subdivision 1, clauses (2) and (3), item (iii), are private data on individuals.

EFFECTIVE DATE. This section is effective the day following final enactment for applications for and the issuance of certified birth records on or after January 1, 2022.

Sec. 41. Minnesota Statutes 2020, section 144.226, is amended by adding a subdivision to read:

Subd. 7. **Transaction fees.** The state registrar may charge and permit agents to charge a convenience fee and a transaction fee for electronic transactions and transactions by telephone or Internet, as well as the fees established under subdivisions 1 to 4. The convenience fee may not exceed three percent of the cost of the charges for payment. The state registrar may permit agents to charge and retain a transaction fee as payment agreed upon under contract. When an electronic convenience fee or transaction fee is charged, the agent charging the fee is required to post information on their web page informing individuals of the fee. The information must be near the point of payment, clearly visible, include the amount of the fee, and state: "This contracted agent is allowed by state law to charge a convenience fee and transaction fee for this electronic transaction."

Sec. 42. Minnesota Statutes 2020, section 144.226, is amended by adding a subdivision to read:

Subd. 8. **Birth record fees waived for homeless youth.** A subject of a birth record who is a homeless youth shall not be charged any of the fees specified in subdivisions 1 and 3 to 6 for a certified birth record or statement of no vital record found under section 144.2255.

EFFECTIVE DATE. This section is effective the day following final enactment for applications for and the issuance of certified birth records on or after January 1, 2022.

Sec. 43. Minnesota Statutes 2020, section 144.55, subdivision 4, is amended to read:

Subd. 4. **Routine inspections; presumption.** Any hospital surveyed and accredited under the standards of the hospital accreditation program of an approved accrediting organization that submits to the commissioner within a reasonable time copies of (a) its currently valid accreditation certificate and accreditation letter, together with accompanying recommendations and comments and (b) any further recommendations, progress reports and correspondence directly related to the accreditation is presumed to comply with application requirements of subdivision 1 and the standards requirements of subdivision 3 and no further routine inspections or accreditation information shall be required by the commissioner to determine compliance. Notwithstanding the provisions of sections 144.54 and 144.653, subdivisions 2 and 4, hospitals shall be inspected only as provided in this section. The provisions of section 144.653 relating to the assessment and collection of fines shall not apply to any hospital. The commissioner of health shall annually conduct, with notice, validation inspections of a selected sample of the number of hospitals accredited by an approved accrediting organization, not to exceed ten percent of accredited hospitals, for the purpose of determining compliance with the provisions of subdivision 3. If a validation survey discloses a failure to comply with subdivision 3, the provisions of section 144.653 relating to correction orders, reinspections, and notices of noncompliance shall apply. The commissioner shall also conduct any inspection necessary to determine whether hospital construction, addition, or remodeling projects comply with standards for construction promulgated in rules pursuant to subdivision 3. The commissioner shall also conduct any inspections necessary to determine whether a hospital or hospital corporate system continues to satisfy the conditions on which a hospital construction moratorium exception was granted under section 144.551. Pursuant to section 144.653, the commissioner shall inspect any hospital that does not have a currently valid hospital accreditation certificate from an approved accrediting organization. Nothing in this subdivision shall be construed to limit the investigative powers of the Office of Health Facility Complaints as established in sections 144A.51 to 144A.54.

Sec. 44. Minnesota Statutes 2020, section 144.55, subdivision 6, is amended to read:

Subd. 6. **Suspension, revocation, and refusal to renew.** (a) The commissioner may refuse to grant or renew, or may suspend or revoke, a license on any of the following grounds:

(1) violation of any of the provisions of sections 144.50 to 144.56 or the rules or standards issued pursuant thereto, or Minnesota Rules, chapters 4650 and 4675;

(2) permitting, aiding, or abetting the commission of any illegal act in the institution;

(3) conduct or practices detrimental to the welfare of the patient; or

(4) obtaining or attempting to obtain a license by fraud or misrepresentation; or

(5) with respect to hospitals and outpatient surgical centers, if the commissioner determines that there is a pattern of conduct that one or more physicians or advanced practice registered nurses who have a "financial or economic interest," as defined in section 144.6521, subdivision 3, in the hospital or outpatient surgical center, have not provided the notice and disclosure of the financial or economic interest required by section 144.6521.

(b) The commissioner shall not renew a license for a boarding care bed in a resident room with more than four beds.

(c) The commissioner shall not renew licenses for hospital beds issued to a hospital or hospital corporate system pursuant to a hospital construction moratorium exception under section 144.551 if the commissioner determines the hospital or hospital corporate system is not satisfying the conditions on which the exception was granted.

EFFECTIVE DATE. This section is effective for license renewals occurring on or after July 1, 2021.

Sec. 45. Minnesota Statutes 2020, section 144.551, subdivision 1, is amended to read:

Subdivision 1. **Restricted construction or modification.** (a) The following construction or modification may not be commenced:

(1) any erection, building, alteration, reconstruction, modernization, improvement, extension, lease, or other acquisition by or on behalf of a hospital that increases the bed capacity of a hospital, relocates hospital beds from one physical facility, complex, or site to another, or otherwise results in an increase or redistribution of hospital beds within the state; and

(2) the establishment of a new hospital.

(b) This section does not apply to:

(1) construction or relocation within a county by a hospital, clinic, or other health care facility that is a national referral center engaged in substantial programs of patient care, medical research, and medical education meeting state and national needs that receives more than 40 percent of its patients from outside the state of Minnesota;

(2) a project for construction or modification for which a health care facility held an approved certificate of need on May 1, 1984, regardless of the date of expiration of the certificate;

(3) a project for which a certificate of need was denied before July 1, 1990, if a timely appeal results in an order reversing the denial;

(4) a project exempted from certificate of need requirements by Laws 1981, chapter 200, section 2;

(5) a project involving consolidation of pediatric specialty hospital services within the Minneapolis-St. Paul metropolitan area that would not result in a net increase in the number of pediatric specialty hospital beds among the hospitals being consolidated;

(6) a project involving the temporary relocation of pediatric-orthopedic hospital beds to an existing licensed hospital that will allow for the reconstruction of a new philanthropic, pediatric-orthopedic hospital on an existing site and that will not result in a net increase in the number of hospital beds. Upon completion of the reconstruction, the licenses of both hospitals must be reinstated at the capacity that existed on each site before the relocation;

(7) the relocation or redistribution of hospital beds within a hospital building or identifiable complex of buildings provided the relocation or redistribution does not result in: (i) an increase in the overall bed capacity at that site; (ii) relocation of hospital beds from one physical site or complex to another; or (iii) redistribution of hospital beds within the state or a region of the state;

(8) relocation or redistribution of hospital beds within a hospital corporate system that involves the transfer of beds from a closed facility site or complex to an existing site or complex provided that: (i) no more than 50 percent of the capacity of the closed facility is transferred; (ii) the capacity of the site or complex to which the beds are transferred does not increase by more than 50 percent; (iii) the beds are not transferred outside of a federal health systems agency boundary in place on July 1, 1983; ~~and~~ (iv) the relocation or redistribution does not involve the construction of a new hospital building; and (v) the transferred beds are used first to replace within the hospital corporate system the total number of beds previously used in the closed facility site or complex for mental health services and substance use disorder services. Only after the hospital corporate system has fulfilled the requirements of this item may the remainder of the available capacity of the closed facility site or complex be transferred for any other purpose;

(9) a construction project involving up to 35 new beds in a psychiatric hospital in Rice County that primarily serves adolescents and that receives more than 70 percent of its patients from outside the state of Minnesota;

(10) a project to replace a hospital or hospitals with a combined licensed capacity of 130 beds or less if: (i) the new hospital site is located within five miles of the current site; and (ii) the total licensed capacity of the replacement hospital, either at the time of construction of the initial building or as the result of future expansion, will not exceed 70 licensed hospital beds, or the combined licensed capacity of the hospitals, whichever is less;

(11) the relocation of licensed hospital beds from an existing state facility operated by the commissioner of human services to a new or existing facility, building, or complex operated by the commissioner of human services; from one regional treatment center site to another; or from one building or site to a new or existing building or site on the same campus;

(12) the construction or relocation of hospital beds operated by a hospital having a statutory obligation to provide hospital and medical services for the indigent that does not result in a net increase in the number of hospital beds, notwithstanding section 144.552, 27 beds, of which 12 serve mental health needs, may be transferred from Hennepin County Medical Center to Regions Hospital under this clause;

(13) a construction project involving the addition of up to 31 new beds in an existing nonfederal hospital in Beltrami County;

(14) a construction project involving the addition of up to eight new beds in an existing nonfederal hospital in Otter Tail County with 100 licensed acute care beds;

(15) a construction project involving the addition of 20 new hospital beds in an existing hospital in Carver County serving the southwest suburban metropolitan area;

(16) a project for the construction or relocation of up to 20 hospital beds for the operation of up to two psychiatric facilities or units for children provided that the operation of the facilities or units have received the approval of the commissioner of human services;

(17) a project involving the addition of 14 new hospital beds to be used for rehabilitation services in an existing hospital in Itasca County;

(18) a project to add 20 licensed beds in existing space at a hospital in Hennepin County that closed 20 rehabilitation beds in 2002, provided that the beds are used only for rehabilitation in the hospital's current rehabilitation building. If the beds are used for another purpose or moved to another location, the hospital's licensed capacity is reduced by 20 beds;

(19) a critical access hospital established under section 144.1483, clause (9), and section 1820 of the federal Social Security Act, United States Code, title 42, section 1395i-4, that delicensed beds since enactment of the Balanced Budget Act of 1997, Public Law 105-33, to the extent that the critical access hospital does not seek to exceed the maximum number of beds permitted such hospital under federal law;

(20) notwithstanding section 144.552, a project for the construction of a new hospital in the city of Maple Grove with a licensed capacity of up to 300 beds provided that:

(i) the project, including each hospital or health system that will own or control the entity that will hold the new hospital license, is approved by a resolution of the Maple Grove City Council as of March 1, 2006;

(ii) the entity that will hold the new hospital license will be owned or controlled by one or more not-for-profit hospitals or health systems that have previously submitted a plan or plans for a project in Maple Grove as required under section 144.552, and the plan or plans have been found to be in the public interest by the commissioner of health as of April 1, 2005;

(iii) the new hospital's initial inpatient services must include, but are not limited to, medical and surgical services, obstetrical and gynecological services, intensive care services, orthopedic services, pediatric services, noninvasive cardiac diagnostics, behavioral health services, and emergency room services;

(iv) the new hospital:

(A) will have the ability to provide and staff sufficient new beds to meet the growing needs of the Maple Grove service area and the surrounding communities currently being served by the hospital or health system that will own or control the entity that will hold the new hospital license;

(B) will provide uncompensated care;

(C) will provide mental health services, including inpatient beds;

(D) will be a site for workforce development for a broad spectrum of health-care-related occupations and have a commitment to providing clinical training programs for physicians and other health care providers;

(E) will demonstrate a commitment to quality care and patient safety;

(F) will have an electronic medical records system, including physician order entry;

(G) will provide a broad range of senior services;

(H) will provide emergency medical services that will coordinate care with regional providers of trauma services and licensed emergency ambulance services in order to enhance the continuity of care for emergency medical patients; and

(I) will be completed by December 31, 2009, unless delayed by circumstances beyond the control of the entity holding the new hospital license; and

(v) as of 30 days following submission of a written plan, the commissioner of health has not determined that the hospitals or health systems that will own or control the entity that will hold the new hospital license are unable to meet the criteria of this clause;

(21) a project approved under section 144.553;

(22) a project for the construction of a hospital with up to 25 beds in Cass County within a 20-mile radius of the state Ah-Gwah-Ching facility, provided the hospital's license holder is approved by the Cass County Board;

(23) a project for an acute care hospital in Fergus Falls that will increase the bed capacity from 108 to 110 beds by increasing the rehabilitation bed capacity from 14 to 16 and closing a separately licensed 13-bed skilled nursing facility;

(24) notwithstanding section 144.552, a project for the construction and expansion of a specialty psychiatric hospital in Hennepin County for up to 50 beds, exclusively for patients who are under 21 years of age on the date of admission. The commissioner conducted a public interest review of the mental health needs of Minnesota and the Twin Cities metropolitan area in 2008. No further public interest review shall be conducted for the construction or expansion project under this clause;

(25) a project for a 16-bed psychiatric hospital in the city of Thief River Falls, if the commissioner finds the project is in the public interest after the public interest review conducted under section 144.552 is complete;

(26)(i) a project for a 20-bed psychiatric hospital, within an existing facility in the city of Maple Grove, exclusively for patients who are under 21 years of age on the date of admission, if the commissioner finds the project is in the public interest after the public interest review conducted under section 144.552 is complete;

(ii) this project shall serve patients in the continuing care benefit program under section 256.9693. The project may also serve patients not in the continuing care benefit program; and

(iii) if the project ceases to participate in the continuing care benefit program, the commissioner must complete a subsequent public interest review under section 144.552. If the project is found not to be in the public interest, the license must be terminated six months from the date of that finding. If the commissioner of human services terminates the contract without cause or reduces per diem payment rates for patients under the continuing care benefit program below the rates in effect for services provided on December 31, 2015, the project may cease to participate in the continuing care benefit program and continue to operate without a subsequent public interest review;

(27) a project involving the addition of 21 new beds in an existing psychiatric hospital in Hennepin County that is exclusively for patients who are under 21 years of age on the date of admission; ~~or~~

(28) a project to add 55 licensed beds in an existing safety net, level I trauma center hospital in Ramsey County as designated under section 383A.91, subdivision 5, of which 15 beds are to be used for inpatient mental health and 40 are to be used for other services. In addition, five unlicensed observation mental health beds shall be added~~.~~;

(29) notwithstanding section 144.552, a project to add 45 licensed beds in an existing safety net, level I trauma center hospital in Ramsey County as designated under section 383A.91, subdivision 5. The commissioner conducted a public interest review of the construction and expansion of this hospital in 2018. No further public interest review shall be conducted for the project under this clause; or

(30) the addition of licensed beds in a hospital or hospital corporate system to primarily provide mental health services or substance use disorder services. In order to add beds under this clause, a hospital must have an emergency department and must not be a hospital that solely provides treatment to adults for mental illnesses or substance use disorders. Beds added under this clause must be available to serve medical assistance and MinnesotaCare enrollees. Notwithstanding section 144.552, public interest review shall not be required for an addition of beds under this clause.

EFFECTIVE DATE. (a) Paragraph (b), clause (29), is effective the day following final enactment, contingent upon:

(1) the addition of the 15 inpatient mental health beds specified in paragraph (b), clause (28), to the Ramsey County level I trauma center's bed capacity;

(2) five of the 45 additional beds authorized in paragraph (b), clause (29), being designated for use for inpatient mental health and added to the hospital's bed capacity before the remaining 40 beds authorized under that clause are added; and

(3) the Ramsey County level I trauma center's agreement to not participate in the Revenue Recapture Act under Minnesota Statutes, chapter 270, and Minnesota Statutes, section 270C.41.

(b) The amendment to paragraph (b), clause (8), and paragraph (b), clause (30), are effective the day following final enactment.

Sec. 46. Minnesota Statutes 2020, section 144.551, is amended by adding a subdivision to read:

Subd. 5. **Monitoring.** The commissioner shall monitor the implementation of exceptions under this section. Each hospital or hospital corporate system granted an exception under this section shall submit to the commissioner each year a report on how the hospital or hospital corporate system continues to satisfy the conditions on which the exception was granted.

Sec. 47. Minnesota Statutes 2020, section 144.555, is amended to read:

144.555 ~~HOSPITAL~~ FACILITY OR CAMPUS CLOSINGS, RELOCATING SERVICES, OR CEASING TO OFFER CERTAIN SERVICES; PATIENT RELOCATIONS.

Subdivision 1. **Notice of closing or curtailing ~~service~~ operations; facilities other than hospitals.** If a facility licensed under sections 144.50 to 144.56, other than a hospital, voluntarily plans to cease operations or to curtail operations to the extent that patients or residents must be relocated, the controlling persons of the facility must notify the commissioner of health at least 90 days before the scheduled cessation or curtailment. The commissioner shall cooperate with the controlling persons and advise them about relocating the patients or residents.

Subd. 1a. **Notice of closing, curtailing operations, relocating services, or ceasing to offer certain services; hospitals.** (a) The controlling persons of a hospital licensed under sections 144.50 to 144.56 or a hospital campus must notify the commissioner of health at least nine months before a scheduled action if the hospital or hospital campus voluntarily plans to:

(1) cease operations;

(2) curtail operations to the extent that patients must be relocated;

(3) relocate the provision of health services to another hospital or another hospital campus; or

(4) cease offering maternity care and newborn care services, intensive care unit services, inpatient mental health services, or inpatient substance use disorder treatment services.

(b) The commissioner shall cooperate with the controlling persons and advise them about relocating the patients. The controlling persons of the hospital or hospital campus must comply with section 144.556.

Subd. 1b. **Public hearing.** Upon receiving notice under subdivision 1a, the commissioner shall conduct a public hearing on the scheduled cessation of operations, curtailment of operations, relocation of health services, or cessation in offering health services. The commissioner must provide adequate public notice of the hearing in a time and manner determined by the commissioner. The public hearing must be held in the community where the hospital or hospital campus is located at least six months before the scheduled cessation or curtailment of operations, relocation of health services, or cessation in offering health services. The controlling persons of the hospital or hospital campus must participate in the public hearing. The public hearing must include:

(1) an explanation by the controlling persons of the reasons for ceasing or curtailing operations, relocating health services, or ceasing to offer any of the listed health services;

(2) a description of the actions that controlling persons will take to ensure that residents in the hospital's or campus's service area have continued access to the health services being eliminated, curtailed, or relocated;

(3) an opportunity for public testimony on the scheduled cessation or curtailment of operations, relocation of health services, or cessation in offering any of the listed health services, and on the hospital's or campus's plan to ensure continued access to those health services being eliminated, curtailed, or relocated; and

(4) an opportunity for the controlling persons to respond to questions from interested persons.

Subd. 2. **Penalty.** Failure to notify the commissioner under subdivision 1 or 1a or failure to participate in a public hearing under subdivision 1b may result in issuance of a correction order under section 144.653, subdivision 5.

Sec. 48. **[144.556] RIGHT OF FIRST REFUSAL FOR HOSPITAL OR HOSPITAL CAMPUS.**

Subdivision 1. **Prerequisite before sale, conveyance, or ceasing operations of hospital or hospital campus.** The controlling persons of a hospital licensed under sections 144.50 to 144.56 shall not sell or convey the hospital or a campus of the hospital, offer to sell or convey the hospital or hospital campus, or voluntarily cease operations of the hospital or hospital campus unless the controlling persons have first made a good faith offer to sell or convey the hospital or hospital campus to the home rule charter or statutory city, county, town, or hospital district in which the hospital or hospital campus is located.

Subd. 2. **Offer.** The offer to sell or convey the hospital or hospital campus must be at a price that does not exceed the current fair market value of the hospital or hospital campus. A party to whom an offer is made under subdivision 1 must accept or decline the offer within 60 days after receipt. If the party fails to respond within 60 days after receipt, the offer is deemed declined.

Sec. 49. Minnesota Statutes 2020, section 144.9501, subdivision 17, is amended to read:

Subd. 17. **Lead hazard reduction.** "Lead hazard reduction" means abatement or interim controls undertaken to make a residence, child care facility, school, ~~or~~ playground, or other location where lead hazards are identified lead-safe by complying with the lead standards and methods adopted under section 144.9508.

Sec. 50. Minnesota Statutes 2020, section 144.9502, subdivision 3, is amended to read:

Subd. 3. **Reports of blood lead analysis required.** (a) Every hospital, medical clinic, medical laboratory, other facility, or individual performing blood lead analysis shall report the results after the analysis of each specimen analyzed, for both capillary and venous specimens, and epidemiologic information required in this section to the commissioner of health, within the time frames set forth in clauses (1) and (2):

(1) within two working days by telephone, fax, or electronic transmission as prescribed by the commissioner, with written or electronic confirmation within one month as prescribed by the commissioner, for a venous blood lead level equal to or greater than 15 micrograms of lead per deciliter of whole blood; or

(2) within one month in writing or by electronic transmission as prescribed by the commissioner, for any capillary result or for a venous blood lead level less than 15 micrograms of lead per deciliter of whole blood.

(b) If a blood lead analysis is performed outside of Minnesota and the facility performing the analysis does not report the blood lead analysis results and epidemiological information required in this section to the commissioner, the provider who collected the blood specimen must satisfy the reporting requirements of this section. For purposes of this section, "provider" has the meaning given in section 62D.02, subdivision 9.

(c) The commissioner shall coordinate with hospitals, medical clinics, medical laboratories, and other facilities performing blood lead analysis to develop a universal reporting form and mechanism.

Sec. 51. Minnesota Statutes 2020, section 144.9504, subdivision 2, is amended to read:

Subd. 2. **Lead risk assessment.** (a) Notwithstanding section 144.9501, subdivision 6a, for purposes of this subdivision, "child" means an individual under 18 years of age.

(b) An assessing agency shall conduct a lead risk assessment of a residence, residential or commercial child care facility, playground, school, or other location where lead hazards are suspected according to the venous blood lead level and time frame set forth in clauses (1) to (4) for purposes of secondary prevention:

(1) within 48 hours of a child or pregnant female in the residence, residential or commercial child care facility, playground, school, or other location where lead hazards are suspected being identified to the agency as having a venous blood lead level equal to or greater than 60 micrograms of lead per deciliter of whole blood;

(2) within five working days of a child or pregnant female in the residence, residential or commercial child care facility, playground, school, or other location where lead hazards are suspected being identified to the agency as having a venous blood lead level equal to or greater than 45 micrograms of lead per deciliter of whole blood;

~~(3) within ten working days of a child in the residence being identified to the agency as having a venous blood lead level equal to or greater than 15 micrograms of lead per deciliter of whole blood; or~~

~~(4)~~ (3) within ten working days of a child or pregnant female in the residence, residential or commercial child care facility, playground, school, or other location where lead hazards are suspected being identified to the agency as having a venous blood lead level equal to or greater than ten micrograms of lead per deciliter of whole blood~~.~~; or

(4) within 20 working days of a child or pregnant female in the residence, residential or commercial child care facility, playground, school, or other location where lead hazards are suspected being identified to the agency as having a venous blood lead level equal to or greater than five micrograms per deciliter of whole blood.

An assessing agency may refer investigations at sites other than the child's or pregnant female's residence to the commissioner.

~~(b)~~ (c) Within the limits of available local, state, and federal appropriations, an assessing agency may also conduct a lead risk assessment for children with any elevated blood lead level.

~~(c)~~ (d) In a building with two or more dwelling units, an assessing agency shall assess the individual unit in which the conditions of this section are met and shall inspect all common areas accessible to a child. If a child visits one or more other sites such as another residence, or a residential or commercial child care facility, playground, or school, the assessing agency shall also inspect the other sites. The assessing agency shall have one additional day added to the time frame set forth in this subdivision to complete the lead risk assessment for each additional site.

~~(d)~~ (e) Within the limits of appropriations, the assessing agency shall identify the known addresses for the previous 12 months of the child or pregnant female with venous blood lead levels of at least 15 micrograms per deciliter for the child or at least ten micrograms per deciliter for the pregnant female; notify the property owners, landlords, and tenants at those addresses that an elevated blood lead level was found in a person who resided at the property; and give them primary prevention information. Within the limits of appropriations, the assessing agency may perform a risk assessment and issue corrective orders in the properties, if it is likely that the previous address contributed to the child's or pregnant female's blood lead level. The assessing agency shall provide the notice required by this subdivision without identifying the child or pregnant female with the elevated blood lead level. The assessing agency is not required to obtain the consent of the child's parent or guardian or the consent of the pregnant female for purposes of this subdivision. This information shall be classified as private data on individuals as defined under section 13.02, subdivision 12.

~~(e)~~ (f) The assessing agency shall conduct the lead risk assessment according to rules adopted by the commissioner under section 144.9508. An assessing agency shall have lead risk assessments performed by lead risk assessors licensed by the commissioner according to rules adopted under section 144.9508. If a property owner refuses to allow a lead risk assessment, the assessing agency shall begin legal proceedings to gain entry to the property and the time frame for conducting a lead risk assessment set forth in this subdivision no longer applies. A lead risk assessor or assessing agency may observe the performance of lead hazard reduction in progress and shall enforce the provisions of this section under section 144.9509. Deteriorated painted surfaces, bare soil, and dust must be tested with appropriate analytical equipment to determine the lead content, except that deteriorated painted surfaces or bare soil need not be tested if the property owner agrees to engage in lead hazard reduction on those surfaces. The lead content of drinking water must be measured if another probable source of lead exposure is not identified. Within a standard metropolitan statistical area, an assessing agency may order lead hazard reduction of bare soil without measuring the lead content of the bare soil if the property is in a census tract in which soil sampling has been performed according to rules established by the commissioner and at least 25 percent of the soil samples contain lead concentrations above the standard in section 144.9508.

~~(f)~~ (g) Each assessing agency shall establish an administrative appeal procedure which allows a property owner to contest the nature and conditions of any lead order issued by the assessing agency. Assessing agencies must consider appeals that propose lower cost methods that make the residence lead safe. The commissioner shall use the authority and appeal procedure granted under sections 144.989 to 144.993.

~~(g)~~ (h) Sections 144.9501 to 144.9512 neither authorize nor prohibit an assessing agency from charging a property owner for the cost of a lead risk assessment.

Sec. 52. Minnesota Statutes 2020, section 144.9504, subdivision 5, is amended to read:

Subd. 5. **Lead orders.** (a) An assessing agency, after conducting a lead risk assessment, shall order a property owner to perform lead hazard reduction on all lead sources that exceed a standard adopted according to section 144.9508. If lead risk assessments and lead orders are conducted at times when weather or soil conditions do not permit the lead risk assessment or lead hazard reduction, external surfaces and soil lead shall be assessed, and lead orders complied with, if necessary, at the first opportunity that weather and soil conditions allow.

(b) If, after conducting a lead risk assessment, an assessing agency determines that the property owner's lead hazard originated from another source location, the assessing agency may order the responsible person of the source location to:

(1) perform lead hazard reduction at the site where the assessing agency conducted the lead risk assessment; and

(2) remediate the conditions at the source location that allowed the lead hazard, pollutant, or contaminant to migrate from the source location.

(c) For purposes of this subdivision, "pollutant or contaminant" has the meaning given in section 115B.02, subdivision 13, and "responsible person" has the meaning given in section 115B.03.

~~(b)~~ (d) If the paint standard under section 144.9508 is violated, but the paint is intact, the assessing agency shall not order the paint to be removed unless the intact paint is a known source of actual lead exposure to a specific person. Before the assessing agency may order the intact paint to be removed, a reasonable effort must be made to protect the child and preserve the intact paint by the use of guards or other protective devices and methods.

~~(c)~~ (e) Whenever windows and doors or other components covered with deteriorated lead-based paint have sound substrate or are not rotting, those components should be repaired, sent out for stripping or planed down to remove deteriorated lead-based paint, or covered with protective guards instead of being replaced, provided that such an activity is the least cost method. However, a property owner who has been ordered to perform lead hazard reduction may choose any method to address deteriorated lead-based paint on windows, doors, or other components, provided that the method is approved in rules adopted under section 144.9508 and that it is appropriate to the specific property.

~~(d)~~ (f) Lead orders must require that any source of damage, such as leaking roofs, plumbing, and windows, be repaired or replaced, as needed, to prevent damage to lead-containing interior surfaces.

~~(e)~~ (g) The assessing agency is not required to pay for lead hazard reduction. The assessing agency shall enforce the lead orders issued to a property owner under this section.

Sec. 53. Minnesota Statutes 2020, section 144G.08, subdivision 7, as amended by Laws 2020, Seventh Special Session chapter 1, article 6, section 5, is amended to read:

Subd. 7. **Assisted living facility.** "Assisted living facility" means ~~a facility that~~ an establishment where an operating person or legal entity, either directly or through contract, business relationship, or common ownership with another person or entity, provides sleeping accommodations and assisted living services to one or more adults in the facility. Assisted living facility includes assisted living facility with dementia care, and does not include:

(1) emergency shelter, transitional housing, or any other residential units serving exclusively or primarily homeless individuals, as defined under section 116L.361;

(2) a nursing home licensed under chapter 144A;

(3) a hospital, certified boarding care, or supervised living facility licensed under sections 144.50 to 144.56;

(4) a lodging establishment licensed under chapter 157 and Minnesota Rules, parts 9520.0500 to 9520.0670, or under chapter 245D or 245G;

(5) services and residential settings licensed under chapter 245A, including adult foster care and services and settings governed under the standards in chapter 245D;

(6) a private home in which the residents are related by kinship, law, or affinity with the provider of services;

(7) a duly organized condominium, cooperative, and common interest community, or owners' association of the condominium, cooperative, and common interest community where at least 80 percent of the units that comprise the condominium, cooperative, or common interest community are occupied by individuals who are the owners, members, or shareholders of the units;

(8) a temporary family health care dwelling as defined in sections 394.307 and 462.3593;

(9) a setting offering services conducted by and for the adherents of any recognized church or religious denomination for its members exclusively through spiritual means or by prayer for healing;

(10) housing financed pursuant to sections 462A.37 and 462A.375, units financed with low-income housing tax credits pursuant to United States Code, title 26, section 42, and units financed by the Minnesota Housing Finance Agency that are intended to serve individuals with disabilities or individuals who are homeless, except for those developments that market or hold themselves out as assisted living facilities and provide assisted living services;

(11) rental housing developed under United States Code, title 42, section 1437, or United States Code, title 12, section 1701q;

(12) rental housing designated for occupancy by only elderly or elderly and disabled residents under United States Code, title 42, section 1437e, or rental housing for qualifying families under Code of Federal Regulations, title 24, section 983.56;

(13) rental housing funded under United States Code, title 42, chapter 89, or United States Code, title 42, section 8011;

~~(14) a covered setting as defined in section 325F.721, subdivision 1, paragraph (b);~~ or

~~(15)~~ (14) any establishment that exclusively or primarily serves as a shelter or temporary shelter for victims of domestic or any other form of violence.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 54. Minnesota Statutes 2020, section 144G.84, is amended to read:

144G.84 SERVICES FOR RESIDENTS WITH DEMENTIA.

(a) In addition to the minimum services required in section 144G.41, an assisted living facility with dementia care must also provide the following services:

(1) assistance with activities of daily living that address the needs of each resident with dementia due to cognitive or physical limitations. These services must meet or be in addition to the requirements in the licensing rules for the facility. Services must be provided in a person-centered manner that promotes resident choice, dignity, and sustains the resident's abilities;

(2) nonpharmacological practices that are person-centered and evidence-informed;

(3) services to prepare and educate persons living with dementia and their legal and designated representatives about transitions in care and ensuring complete, timely communication between, across, and within settings; and

(4) services that provide residents with choices for meaningful engagement with other facility residents and the broader community.

(b) Each resident must be evaluated for activities according to the licensing rules of the facility. In addition, the evaluation must address the following:

(1) past and current interests;

(2) current abilities and skills;

(3) emotional and social needs and patterns;

(4) physical abilities and limitations;

(5) adaptations necessary for the resident to participate; and

(6) identification of activities for behavioral interventions.

(c) An individualized activity plan must be developed for each resident based on their activity evaluation. The plan must reflect the resident's activity preferences and needs.

(d) A selection of daily structured and non-structured activities must be provided and included on the resident's activity service or care plan as appropriate. Daily activity options based on resident evaluation may include but are not limited to:

(1) occupation or chore related tasks;

(2) scheduled and planned events such as entertainment or outings;

(3) spontaneous activities for enjoyment or those that may help defuse a behavior;

(4) one-to-one activities that encourage positive relationships between residents and staff such as telling a life story, reminiscing, or playing music;

(5) spiritual, creative, and intellectual activities;

(6) sensory stimulation activities;

(7) physical activities that enhance or maintain a resident's ability to ambulate or move; and

(8) a resident's individualized activity plan for regular outdoor ~~activities~~ activity.

(e) Behavioral symptoms that negatively impact the resident and others in the assisted living facility with dementia care must be evaluated and included on the service or care plan. The staff must initiate and coordinate outside consultation or acute care when indicated.

(f) Support must be offered to family and other significant relationships on a regularly scheduled basis but not less than quarterly.

(g) ~~Access to secured outdoor space and walkways that allow residents to enter and return without staff assistance must be provided.~~ Existing housing with services establishments registered under chapter 144D prior to August 1, 2021, that obtain an assisted living facility license must provide residents with regular access to outdoor space. A licensee with new construction on or after August 1, 2021, or a new licensee that was not previously registered under chapter 144D prior to August 1, 2021, must provide regular access to secured outdoor space on the premises of the facility. A resident's access to outdoor space must be in accordance with the resident's documented care plan.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 55. **[145.87] HOME VISITING FOR PREGNANT WOMEN AND FAMILIES WITH YOUNG CHILDREN.**

Subdivision 1. **Definitions.** (a) The terms defined in this subdivision apply to this section and have the meanings given them.

(b) "Evidence-based home visiting program" means a program that:

(1) is based on a clear, consistent program or model that is research-based and grounded in relevant, empirically based knowledge;

(2) is linked to program-determined outcomes and is associated with a national organization, institution of higher education, or national or state public health institute;

(3) has comprehensive home visitation standards that ensure high-quality service delivery and continuous quality improvement;

(4) has demonstrated significant, sustained positive outcomes; and

(5) either:

(i) has been evaluated using rigorous randomized controlled research designs and the evaluation results have been published in a peer-reviewed journal; or

(ii) is based on quasi-experimental research using two or more separate, comparable client samples.

(c) "Evidence-informed home visiting program" means a program that:

(1) has data or evidence demonstrating effectiveness at achieving positive outcomes for pregnant women and young children; and

(2) either:

(i) has an active evaluation of the program; or

(ii) has a plan and timeline for an active evaluation of the program to be conducted.

(d) "Health equity" means every individual has a fair opportunity to attain the individual's full health potential and no individual is disadvantaged from achieving this potential.

(e) "Promising practice home visiting program" means a program that has shown improvement toward achieving positive outcomes for pregnant women or young children.

Subd. 2. **Grants for home visiting programs.** (a) The commissioner of health shall award grants to community health boards, nonprofit organizations, and tribal nations to start up or expand voluntary home visiting programs serving pregnant women and families with young children. Home visiting programs supported under this section shall provide voluntary home visits by early childhood professionals or health professionals, including but not limited to nurses, social workers, early childhood educators, and trained paraprofessionals. Grant money shall be used to:

(1) establish or expand evidence-based, evidence-informed, or promising practice home visiting programs that address health equity and utilize community-driven health strategies;

(2) serve families with young children or pregnant women who have high needs or are high-risk, including but not limited to a family with low income, a parent or pregnant woman with a mental illness or a substance use disorder, or a parent or pregnant woman experiencing housing instability or domestic abuse; and

(3) improve program outcomes in two or more of the following areas:

(i) maternal and newborn health;

(ii) school readiness and achievement;

(iii) family economic self-sufficiency;

(iv) coordination and referral for other community resources and supports;

(v) reduction in child injuries, abuse, or neglect; or

(vi) reduction in crime or domestic violence.

(b) Grants awarded to evidence-informed and promising practice home visiting programs must include money to evaluate program outcomes for up to four of the areas listed in paragraph (a), clause (3).

Subd. 3. **Grant prioritization.** (a) In awarding grants, the commissioner shall give priority to community health boards, nonprofit organizations, and tribal nations seeking to expand home visiting services with community or regional partnerships.

(b) The commissioner shall allocate at least 75 percent of the grant money awarded each grant cycle to evidence-based home visiting programs that address health equity and up to 25 percent of the grant money awarded each grant cycle to evidence-informed or promising practice home visiting programs that address health equity and utilize community-driven health strategies.

Subd. 4. **Administrative costs.** The commissioner may use up to seven percent of the annual appropriation under this section to provide training and technical assistance and to administer and evaluate the program. The commissioner may contract for training, capacity-building support for grantees or potential grantees, technical assistance, and evaluation support.

Subd. 5. **Use of state general fund appropriations.** Appropriations dedicated to establishing or expanding evidence-based home visiting programs shall, for grants awarded on or after July 1, 2021, be awarded according to this section. This section shall not govern grant awards of federal funds for home visiting programs and shall not govern grant awards using state general fund appropriations dedicated to establishing or expanding nurse-family partnership home visiting programs.

Sec. 56. Minnesota Statutes 2020, section 145.893, subdivision 1, is amended to read:

Subdivision 1. ~~**Vouchers**~~ **Food benefits.** An eligible individual shall receive ~~vouchers~~ food benefits for the purchase of specified nutritional supplements in type and quantity approved by the commissioner. Alternate forms of delivery may be developed by the commissioner in appropriate cases.

Sec. 57. Minnesota Statutes 2020, section 145.894, is amended to read:

145.894 STATE COMMISSIONER OF HEALTH; DUTIES, RESPONSIBILITIES.

The commissioner of health shall:

(1) develop a comprehensive state plan for the delivery of nutritional supplements to pregnant and lactating women, infants, and children;

(2) contract with existing local public or private nonprofit organizations for the administration of the nutritional supplement program;

(3) develop and implement a public education program promoting the provisions of sections 145.891 to 145.897, and provide for the delivery of individual and family nutrition education and counseling at project sites. The education programs must include a campaign to promote breast feeding;

(4) develop in cooperation with other agencies and vendors a uniform state ~~voucher~~ food benefit system for the delivery of nutritional supplements;

(5) authorize local health agencies to issue ~~vouchers bimonthly~~ food benefits trimonthly to some or all eligible individuals served by the agency, provided the agency demonstrates that the federal minimum requirements for providing nutrition education will continue to be met and that the quality of nutrition education and health services provided by the agency will not be adversely impacted;

(6) investigate and implement a system to reduce the cost of nutritional supplements and maintain ongoing negotiations with nonparticipating manufacturers and suppliers to maximize cost savings;

(7) develop, analyze, and evaluate the health aspects of the nutritional supplement program and establish nutritional guidelines for the program;

(8) apply for, administer, and annually expend at least 99 percent of available federal or private funds;

(9) aggressively market services to eligible individuals by conducting ongoing outreach activities and by coordinating with and providing marketing materials and technical assistance to local human services and community service agencies and nonprofit service providers;

(10) determine, on July 1 of each year, the number of pregnant women participating in each special supplemental food program for women, infants, and children (WIC) ~~and, in 1986, 1987, and 1988, at the commissioner's discretion, designate a different food program deliverer if the current deliverer fails to increase the participation of pregnant women in the program by at least ten percent over the previous year's participation rate~~;

(11) promulgate all rules necessary to carry out the provisions of sections 145.891 to 145.897; and

(12) ensure that any state appropriation to supplement the federal program is spent consistent with federal requirements.

Sec. 58. Minnesota Statutes 2020, section 145.897, is amended to read:

145.897 ~~VOUCHERS~~ FOOD BENEFITS.

~~Vouchers~~ Food benefits issued pursuant to sections 145.891 to 145.897 shall be only for the purchase of those foods determined by the ~~commissioner~~ United States Department of Agriculture to be desirable nutritional supplements for pregnant and lactating women, infants and children. ~~These foods shall include, but not be limited to, iron fortified infant formula, vegetable or fruit juices, cereal, milk, cheese, and eggs.~~

Sec. 59. Minnesota Statutes 2020, section 145.899, is amended to read:

145.899 WIC ~~VOUCHERS~~ FOOD BENEFITS FOR ORGANICS.

~~Vouchers~~ Food benefits for the special supplemental nutrition program for women, infants, and children (WIC) may be used to purchase cost-neutral organic WIC allowable food. The commissioner of health shall regularly evaluate the list of WIC allowable food in accordance with federal requirements and shall add to the list any organic WIC allowable foods determined to be cost-neutral.

Sec. 60. Minnesota Statutes 2020, section 145.901, subdivision 2, is amended to read:

Subd. 2. **Access to data.** (a) The commissioner of health has access to medical data as defined in section 13.384, subdivision 1, paragraph (b), medical examiner data as defined in section 13.83, subdivision 1, and health records created, maintained, or stored by providers ~~as defined in section 144.291, subdivision 2, paragraph (i),~~ without the consent of the subject of the data, and without the consent of the parent, spouse, other guardian, or legal representative of the subject of the data, when the subject of the data is a woman who died during a pregnancy or within 12 months of a fetal death, a live birth, or other termination of a pregnancy.

The commissioner has access only to medical data and health records related to deaths that occur on or after July 1, 2000, including the names of the providers, clinics, or other health services such as family home visiting programs; the women, infants, and children (WIC) program; prescription monitoring programs; and behavioral health services, where care was received before, during, or related to the pregnancy or death. The commissioner has access to records maintained by a medical examiner, a coroner, or hospitals or to hospital discharge data, for the purpose of providing the name and location of any pre-pregnancy, prenatal, or other care received by the subject of the data up to one year after the end of the pregnancy.

(b) The provider or responsible authority that creates, maintains, or stores the data shall furnish the data upon the request of the commissioner. The provider or responsible authority may charge a fee for providing the data, not to exceed the actual cost of retrieving and duplicating the data.

(c) The commissioner shall make a good faith reasonable effort to notify the parent, spouse, other guardian, or legal representative of the subject of the data before collecting data on the subject. For purposes of this paragraph, "reasonable effort" means one notice is sent by certified mail to the last known address of the parent, spouse, guardian, or legal representative informing the recipient of the data collection and offering a public health nurse support visit if desired.

(d) The commissioner does not have access to coroner or medical examiner data that are part of an active investigation as described in section 13.83.

(e) The commissioner may request and receive from a coroner or medical examiner the name of the health care provider that provided prenatal, postpartum, or other health services to the subject of the data.

(f) The commissioner may access Department of Human Services data to identify sources of care and services to assist with the evaluation of welfare systems, including housing, to reduce preventable maternal deaths.

(g) The commissioner may request and receive law enforcement reports or incident reports related to the subject of the data.

Sec. 61. Minnesota Statutes 2020, section 145.901, subdivision 4, is amended to read:

Subd. 4. **Classification of data.** (a) Data provided to the commissioner from source records under subdivision 2, including identifying information on individual providers, data subjects, or their children, and data derived by the commissioner under subdivision 3 for the purpose of carrying out maternal death studies, are classified as confidential data on individuals or confidential data on decedents, as defined in sections 13.02, subdivision 3, and 13.10, subdivision 1, paragraph (a).

(b) Information classified under paragraph (a) shall not be subject to discovery or introduction into evidence in any administrative, civil, or criminal proceeding. Such information otherwise available from an original source shall not be immune from discovery or barred from introduction into evidence merely because it was utilized by the commissioner in carrying out maternal death studies.

(c) Summary data on maternal death studies created by the commissioner, which does not identify individual data subjects or individual providers, shall be public in accordance with section 13.05, subdivision 7.

(d) Data provided by the commissioner of human services to the commissioner of health under this section retain the same classification the data held when retained by the commissioner of human services, as required under section 13.03, subdivision 4, paragraph (c).

Sec. 62. **[145.9013] SEVERE MATERNAL MORBIDITY STUDIES.**

Subdivision 1. **Purpose.** (a) The commissioner of health may conduct maternal morbidity studies to assist the planning, implementation, and evaluation of medical, health, and welfare service systems and to reduce the numbers of preventable adverse maternal outcomes in Minnesota.

(b) For purposes of this section, "maternal morbidity" has the meaning given to severe maternal morbidity by the Centers for Disease Control and Prevention and includes an unexpected outcome of labor or delivery that results in significant short- or long-term consequences to a woman's health.

Subd. 2. **Access to data.** (a) The commissioner has access to medical data as defined in section 13.384, subdivision 1, paragraph (b), and health records created, maintained, or stored by providers when the subject of the data experienced one or more maternal morbidities during a pregnancy or within 12 months of the end of a pregnancy. The commissioner has access only to medical data and health records related to maternal morbidities that occur on or after January 1, 2015, including the names of providers and clinics where care was received before, during, or related to the pregnancy. The commissioner has access to records maintained by family home visiting programs; the women, infants, and children (WIC) program; prescription monitoring programs; behavioral health services programs; substance use disorder treatment facilities; and hospitals for the purpose of providing the name and location of any pre-pregnancy, prenatal, or other care received by the subject of the data up to one year following the end of the pregnancy.

(b) The provider or responsible authority that creates, maintains, or stores the data under paragraph (a) shall provide the commissioner with access to information on each maternal morbidity case in the manner and at times that the commissioner designates. The provider or responsible authority may charge a fee for providing the data, not to exceed the actual cost of retrieving and duplicating the data.

(c) Once the commissioner has determined that the subject of the data meets the criteria in paragraph (a) for a maternal morbidity review, the commissioner must inform the subject of the data about the collection of the subject's data under this section. At any time during the maternal morbidity review process, the subject of the data may request in writing, using a form prescribed by the commissioner, that the commissioner remove the subject of the data's personal identifying information from data obtained by the commissioner under this section. The commissioner must comply with such requests. For purposes of this paragraph, "inform the subject of the data about the collection of the subject's data" means one notice sent by certified mail to the last known address of the subject of the data.

(d) The subject of the data may voluntarily participate in an informant interview with staff on behalf of the commissioner related to the maternal experience. If the subject of the data agrees to the interview, the commissioner may compensate the subject of the data for time and other expenses related to the interview.

(e) The commissioner may access Department of Human Services data to identify sources of care and services to assist with the evaluation of welfare systems to reduce preventable maternal morbidities.

Subd. 3. **Management of records.** After the commissioner has collected all data about a subject of a maternal morbidity study needed to perform the study, the data from source records obtained under subdivision 2, other than data identifying the subject, must be transferred to separate records to be maintained by the commissioner. Notwithstanding section 138.17, after the data has been transferred, all source records obtained under subdivision 2 possessed by the commissioner must be destroyed.

Subd. 4. **Classification of data.** (a) Data provided to the commissioner from source records under subdivision 2, including identifying information on individual providers, data subjects, or their children, and data derived by the commissioner under subdivision 3 for the purpose of carrying out maternal morbidity studies, are classified as confidential data on individuals or confidential data on decedents, as defined in sections 13.02, subdivision 3, and 13.10, subdivision 1, paragraph (a).

(b) Information classified under paragraph (a) shall not be subject to discovery or introduction into evidence in any administrative, civil, or criminal proceeding. Such information otherwise available from an original source shall not be immune from discovery or barred from introduction into evidence merely because the information was utilized by the commissioner in carrying out maternal morbidity studies.

(c) Summary data on maternal morbidity studies created by the commissioner, which does not identify individual data subjects or individual providers, shall be public in accordance with section 13.05, subdivision 7.

(d) Data provided by the commissioner of human services to the commissioner of health under this section retains the same classification the data held when retained by the commissioner of human services, as required under section 13.03, subdivision 4, paragraph (c).

Sec. 63. Minnesota Statutes 2020, section 152.01, subdivision 23, is amended to read:

Subd. 23. **Analog.** (a) Except as provided in paragraph (b), "analog" means a substance, the chemical structure of which is substantially similar to the chemical structure of a controlled substance in Schedule I or II:

(1) that has a stimulant, depressant, or hallucinogenic effect on the central nervous system that is substantially similar to or greater than the stimulant, depressant, or hallucinogenic effect on the central nervous system of a controlled substance in Schedule I or II; or

(2) with respect to a particular person, if the person represents or intends that the substance have a stimulant, depressant, or hallucinogenic effect on the central nervous system that is substantially similar to or greater than the stimulant, depressant, or hallucinogenic effect on the central nervous system of a controlled substance in Schedule I or II.

(b) "Analog" does not include:

(1) a controlled substance;

(2) any substance for which there is an approved new drug application under the Federal Food, Drug, and Cosmetic Act; ~~or~~

(3) with respect to a particular person, any substance, if an exemption is in effect for investigational use, for that person, as provided by United States Code, title 21, section 355, and the person is registered as a controlled substance researcher as required under section 152.12, subdivision 3, to the extent conduct with respect to the substance is pursuant to the exemption and registration; or

(4) marijuana or tetrahydrocannabinols naturally contained in a plant of the genus cannabis or in the resinous extractives of the plant.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to crimes committed on or after that date.

Sec. 64. Minnesota Statutes 2020, section 152.02, subdivision 2, is amended to read:

Subd. 2. **Schedule I.** (a) Schedule I consists of the substances listed in this subdivision.

(b) Opiates. Unless specifically excepted or unless listed in another schedule, any of the following substances, including their analogs, isomers, esters, ethers, salts, and salts of isomers, esters, and ethers, whenever the existence of the analogs, isomers, esters, ethers, and salts is possible:

(1) acetylmethadol;

(2) allylprodine;

(3) alphacetylmethadol (except levo-alphacetylmethadol, also known as levomethadyl acetate);

(4) alphameprodine;

(5) alphamethadol;

(6) alpha-methylfentanyl benzethidine;

(7) betacetylmethadol;

(8) betameprodine;

(9) betamethadol;

(10) betaprodine;

(11) clonitazene;

(12) dextromoramide;

(13) diampromide;

(14) diethyliambutene;

(15) difenoxin;

(16) dimenoxadol;

(17) dimepheptanol;

(18) dimethyliambutene;

(19) dioxaphetyl butyrate;

(20) dipipanone;

(21) ethylmethylthiambutene;

(22) etonitazene;

(23) etoxeridine;

(24) furethidine;

(25) hydroxypethidine;

(26) ketobemidone;

(27) levomoramide;

(28) levophenacylmorphan;

(29) 3-methylfentanyl;

(30) acetyl-alpha-methylfentanyl;

(31) alpha-methylthiofentanyl;

(32) benzylfentanyl beta-hydroxyfentanyl;

(33) beta-hydroxy-3-methylfentanyl;

(34) 3-methylthiofentanyl;

(35) thenylfentanyl;

(36) thiofentanyl;

(37) para-fluorofentanyl;

(38) morpheridine;

(39) 1-methyl-4-phenyl-4-propionoxypiperidine;

(40) noracymethadol;

(41) norlevorphanol;

(42) normethadone;

(43) norpipanone;

(44) 1-(2-phenylethyl)-4-phenyl-4-acetoxypiperidine (PEPAP);

(45) phenadoxone;

(46) phenampromide;

(47) phenomorphan;

(48) phenoperidine;

(49) piritramide;

(50) proheptazine;

(51) properidine;

(52) propiram;

(53) racemoramide;

(54) tilidine;

(55) trimeperidine;

(56) N-(1-Phenethylpiperidin-4-yl)-N-phenylacetamide (acetyl fentanyl);

(57) 3,4-dichloro-N-[(1R,2R)-2-(dimethylamino)cyclohexyl]-N-methylbenzamide(U47700);

(58) N-phenyl-N-[1-(2-phenylethyl)piperidin-4-yl]furan-2-carboxamide(furanylfentanyl);

(59) 4-(4-bromophenyl)-4-dimethylamino-1-phenethylcyclohexanol (bromadol);

(60) N-(1-phenethylpiperidin-4-yl)-N-phenylcyclopropanecarboxamide (Cyclopropryl fentanyl);

(61) N-(1-phenethylpiperidin-4-yl)-N-phenylbutanamide) (butyryl fentanyl);

(62) 1-cyclohexyl-4-(1,2-diphenylethyl)piperazine) (MT-45);

(63) N-(1-phenethylpiperidin-4-yl)-N-phenylcyclopentanecarboxamide (cyclopentyl fentanyl);

(64) N-(1-phenethylpiperidin-4-yl)-N-phenylisobutyramide (isobutyryl fentanyl);

(65) N-(1-phenethylpiperidin-4-yl)-N-phenylpentanamide (valeryl fentanyl);

(66) N-(4-chlorophenyl)-N-(1-phenethylpiperidin-4-yl)isobutyramide (para-chloroisobutyryl fentanyl);

(67) N-(4-fluorophenyl)-N-(1-phenethylpiperidin-4-yl)butyramide (para-fluorobutyryl fentanyl);

(68) N-(4-methoxyphenyl)-N-(1-phenethylpiperidin-4-yl)butyramide (para-methoxybutyryl fentanyl);

(69) N-(2-fluorophenyl)-2-methoxy-N-(1-phenethylpiperidin-4-yl)acetamide (ocfentanil);

(70) N-(4-fluorophenyl)-N-(1-phenethylpiperidin-4-yl)isobutyramide (4-fluoroisobutyryl fentanyl or para-fluoroisobutyryl fentanyl);

(71) N-(1-phenethylpiperidin-4-yl)-N-phenylacrylamide (acryl fentanyl or acryloylfentanyl);

(72) 2-methoxy-N-(1-phenethylpiperidin-4-yl)-N-phenylacetamide (methoxyacetyl fentanyl);

(73) N-(2-fluorophenyl)-N-(1-phenethylpiperidin-4-yl)propionamide (ortho-fluorofentanyl or 2-fluorofentanyl);

(74) N-(1-phenethylpiperidin-4-yl)-N-phenyltetrahydrofuran-2-carboxamide (tetrahydrofuranyl fentanyl); and

(75) Fentanyl-related substances, their isomers, esters, ethers, salts and salts of isomers, esters and ethers, meaning any substance not otherwise listed under another federal Administration Controlled Substance Code Number or not otherwise listed in this section, and for which no exemption or approval is in effect under section 505 of the Federal Food, Drug, and Cosmetic Act, United States Code, title 21, section 355, that is structurally related to fentanyl by one or more of the following modifications:

(i) replacement of the phenyl portion of the phenethyl group by any monocycle, whether or not further substituted in or on the monocycle;

(ii) substitution in or on the phenethyl group with alkyl, alkenyl, alkoxyl, hydroxyl, halo, haloalkyl, amino, or nitro groups;

(iii) substitution in or on the piperidine ring with alkyl, alkenyl, alkoxyl, ester, ether, hydroxyl, halo, haloalkyl, amino, or nitro groups;

(iv) replacement of the aniline ring with any aromatic monocycle whether or not further substituted in or on the aromatic monocycle; or

(v) replacement of the N-propionyl group by another acyl group.

(c) Opium derivatives. Any of the following substances, their analogs, salts, isomers, and salts of isomers, unless specifically excepted or unless listed in another schedule, whenever the existence of the analogs, salts, isomers, and salts of isomers is possible:

(1) acetorphine;

(2) acetyldihydrocodeine;

(3) benzylmorphine;

(4) codeine methylbromide;

(5) codeine-n-oxide;

(6) cyprenorphine;

(7) desomorphine;

(8) dihydromorphine;

(9) drotebanol;

(10) etorphine;

(11) heroin;

(12) hydromorphinol;

(13) methyldesorphine;

(14) methyldihydromorphine;

(15) morphine methylbromide;

(16) morphine methylsulfonate;

(17) morphine-n-oxide;

(18) myrophine;

(19) nicocodeine;

(20) nicomorphine;

(21) normorphine;

(22) pholcodine; and

(23) thebacon.

(d) Hallucinogens. Any material, compound, mixture or preparation which contains any quantity of the following substances, their analogs, salts, isomers (whether optical, positional, or geometric), and salts of isomers, unless specifically excepted or unless listed in another schedule, whenever the existence of the analogs, salts, isomers, and salts of isomers is possible:

(1) methylenedioxy amphetamine;

(2) methylenedioxymethamphetamine;

(3) methylenedioxy-N-ethylamphetamine (MDEA);

(4) n-hydroxy-methylenedioxyamphetamine;

(5) 4-bromo-2,5-dimethoxyamphetamine (DOB);

(6) 2,5-dimethoxyamphetamine (2,5-DMA);

(7) 4-methoxyamphetamine;

(8) 5-methoxy-3, 4-methylenedioxyamphetamine;

(9) alpha-ethyltryptamine;

(10) bufotenine;

(11) diethyltryptamine;

(12) dimethyltryptamine;

(13) 3,4,5-trimethoxyamphetamine;

(14) 4-methyl-2, 5-dimethoxyamphetamine (DOM);

(15) ibogaine;

(16) lysergic acid diethylamide (LSD);

(17) mescaline;

(18) parahexyl;

(19) N-ethyl-3-piperidyl benzilate;

(20) N-methyl-3-piperidyl benzilate;

(21) psilocybin;

(22) psilocyn;

(23) tenocyclidine (TPCP or TCP);

(24) N-ethyl-1-phenyl-cyclohexylamine (PCE);

(25) 1-(1-phenylcyclohexyl) pyrrolidine (PCPy);

(26) 1-[1-(2-thienyl)cyclohexyl]-pyrrolidine (TCPy);

(27) 4-chloro-2,5-dimethoxyamphetamine (DOC);

(28) 4-ethyl-2,5-dimethoxyamphetamine (DOET);

(29) 4-iodo-2,5-dimethoxyamphetamine (DOI);

(30) 4-bromo-2,5-dimethoxyphenethylamine (2C-B);

(31) 4-chloro-2,5-dimethoxyphenethylamine (2C-C);

(32) 4-methyl-2,5-dimethoxyphenethylamine (2C-D);

(33) 4-ethyl-2,5-dimethoxyphenethylamine (2C-E);

(34) 4-iodo-2,5-dimethoxyphenethylamine (2C-I);

(35) 4-propyl-2,5-dimethoxyphenethylamine (2C-P);

(36) 4-isopropylthio-2,5-dimethoxyphenethylamine (2C-T-4);

(37) 4-propylthio-2,5-dimethoxyphenethylamine (2C-T-7);

(38) 2-(8-bromo-2,3,6,7-tetrahydrofuro [2,3-f][1]benzofuran-4-yl)ethanamine (2-CB-FLY);

(39) bromo-benzodifuranyl-isopropylamine (Bromo-DragonFLY);

(40) alpha-methyltryptamine (AMT);

(41) N,N-diisopropyltryptamine (DiPT);

(42) 4-acetoxy-N,N-dimethyltryptamine (4-AcO-DMT);

(43) 4-acetoxy-N,N-diethyltryptamine (4-AcO-DET);

(44) 4-hydroxy-N-methyl-N-propyltryptamine (4-HO-MPT);

(45) 4-hydroxy-N,N-dipropyltryptamine (4-HO-DPT);

(46) 4-hydroxy-N,N-diallyltryptamine (4-HO-DALT);

(47) 4-hydroxy-N,N-diisopropyltryptamine (4-HO-DiPT);

(48) 5-methoxy-N,N-diisopropyltryptamine (5-MeO-DiPT);

(49) 5-methoxy-α-methyltryptamine (5-MeO-AMT);

(50) 5-methoxy-N,N-dimethyltryptamine (5-MeO-DMT);

(51) 5-methylthio-N,N-dimethyltryptamine (5-MeS-DMT);

(52) 5-methoxy-N-methyl-N-isopropyltryptamine (5-MeO-MiPT);

(53) 5-methoxy-α-ethyltryptamine (5-MeO-AET);

(54) 5-methoxy-N,N-dipropyltryptamine (5-MeO-DPT);

(55) 5-methoxy-N,N-diethyltryptamine (5-MeO-DET);

(56) 5-methoxy-N,N-diallyltryptamine (5-MeO-DALT);

(57) methoxetamine (MXE);

(58) 5-iodo-2-aminoindane (5-IAI);

(59) 5,6-methylenedioxy-2-aminoindane (MDAI);

(60) 2-(4-bromo-2,5-dimethoxyphenyl)-N-(2-methoxybenzyl)ethanamine (25B-NBOMe);

(61) 2-(4-chloro-2,5-dimethoxyphenyl)-N-(2-methoxybenzyl)ethanamine (25C-NBOMe);

(62) 2-(4-iodo-2,5-dimethoxyphenyl)-N-(2-methoxybenzyl)ethanamine (25I-NBOMe);

(63) 2-(2,5-Dimethoxyphenyl)ethanamine (2C-H);

(64) 2-(4-Ethylthio-2,5-dimethoxyphenyl)ethanamine (2C-T-2);

(65) N,N-Dipropyltryptamine (DPT);

(66) 3-[1-(Piperidin-1-yl)cyclohexyl]phenol (3-HO-PCP);

(67) N-ethyl-1-(3-methoxyphenyl)cyclohexanamine (3-MeO-PCE);

(68) 4-[1-(3-methoxyphenyl)cyclohexyl]morpholine (3-MeO-PCMo);

(69) 1-[1-(4-methoxyphenyl)cyclohexyl]-piperidine (methoxydine, 4-MeO-PCP);

(70) 2-(2-Chlorophenyl)-2-(ethylamino)cyclohexan-1-one (N-Ethylnorketamine, ethketamine, NENK);

(71) methylenedioxy-N,N-dimethylamphetamine (MDDMA);

(72) 3-(2-Ethyl(methyl)aminoethyl)-1H-indol-4-yl (4-AcO-MET); and

(73) 2-Phenyl-2-(methylamino)cyclohexanone (deschloroketamine).

(e) Peyote. All parts of the plant presently classified botanically as Lophophora williamsii Lemaire, whether growing or not, the seeds thereof, any extract from any part of the plant, and every compound, manufacture, salts, derivative, mixture, or preparation of the plant, its seeds or extracts. The listing of peyote as a controlled substance in Schedule I does not apply to the nondrug use of peyote in bona fide religious ceremonies of the American Indian Church, and members of the American Indian Church are exempt from registration. Any person who manufactures peyote for or distributes peyote to the American Indian Church, however, is required to obtain federal registration annually and to comply with all other requirements of law.

(f) Central nervous system depressants. Unless specifically excepted or unless listed in another schedule, any material compound, mixture, or preparation which contains any quantity of the following substances, their analogs, salts, isomers, and salts of isomers whenever the existence of the analogs, salts, isomers, and salts of isomers is possible:

(1) mecloqualone;

(2) methaqualone;

(3) gamma-hydroxybutyric acid (GHB), including its esters and ethers;

(4) flunitrazepam;

(5) 2-(2-Methoxyphenyl)-2-(methylamino)cyclohexanone (2-MeO-2-deschloroketamine, methoxyketamine);

(6) tianeptine;

(7) clonazolam;

(8) etizolam;

(9) flubromazolam; and

(10) flubromazepam.

(g) Stimulants. Unless specifically excepted or unless listed in another schedule, any material compound, mixture, or preparation which contains any quantity of the following substances, their analogs, salts, isomers, and salts of isomers whenever the existence of the analogs, salts, isomers, and salts of isomers is possible:

(1) aminorex;

(2) cathinone;

(3) fenethylline;

(4) methcathinone;

(5) methylaminorex;

(6) N,N-dimethylamphetamine;

(7) N-benzylpiperazine (BZP);

(8) methylmethcathinone (mephedrone);

(9) 3,4-methylenedioxy-N-methylcathinone (methylone);

(10) methoxymethcathinone (methedrone);

(11) methylenedioxypyrovalerone (MDPV);

(12) 3-fluoro-N-methylcathinone (3-FMC);

(13) methylethcathinone (MEC);

(14) 1-benzofuran-6-ylpropan-2-amine (6-APB);

(15) dimethylmethcathinone (DMMC);

(16) fluoroamphetamine;

(17) fluoromethamphetamine;

(18) α-methylaminobutyrophenone (MABP or buphedrone);

(19) 1-(1,3-benzodioxol-5-yl)-2-(methylamino)butan-1-one (butylone);

(20) 2-(methylamino)-1-(4-methylphenyl)butan-1-one (4-MEMABP or BZ-6378);

(21) 1-(naphthalen-2-yl)-2-(pyrrolidin-1-yl) pentan-1-one (naphthylpyrovalerone or naphyrone);

(22) (alpha-pyrrolidinopentiophenone (alpha-PVP);

(23) (RS)-1-(4-methylphenyl)-2-(1-pyrrolidinyl)-1-hexanone (4-Me-PHP or MPHP);

(24) 2-(1-pyrrolidinyl)-hexanophenone (Alpha-PHP);

(25) 4-methyl-N-ethylcathinone (4-MEC);

(26) 4-methyl-alpha-pyrrolidinopropiophenone (4-MePPP);

(27) 2-(methylamino)-1-phenylpentan-1-one (pentedrone);

(28) 1-(1,3-benzodioxol-5-yl)-2-(methylamino)pentan-1-one (pentylone);

(29) 4-fluoro-N-methylcathinone (4-FMC);

(30) 3,4-methylenedioxy-N-ethylcathinone (ethylone);

(31) alpha-pyrrolidinobutiophenone (α-PBP);

(32) 5-(2-Aminopropyl)-2,3-dihydrobenzofuran (5-APDB);

(33) 1-phenyl-2-(1-pyrrolidinyl)-1-heptanone (PV8);

(34) 6-(2-Aminopropyl)-2,3-dihydrobenzofuran (6-APDB);

(35) 4-methyl-alpha-ethylaminopentiophenone (4-MEAPP);

(36) 4'-chloro-alpha-pyrrolidinopropiophenone (4'-chloro-PPP);

(37) 1-(1,3-Benzodioxol-5-yl)-2-(dimethylamino)butan-1-one (dibutylone, bk-DMBDB);

(38) 1-(3-chlorophenyl) piperazine (meta-chlorophenylpiperazine or mCPP);

(39) 1-(1,3-benzodioxol-5-yl)-2-(ethylamino)-pentan-1-one (N-ethylpentylone, ephylone); and

(40) any other substance, except bupropion or compounds listed under a different schedule, that is structurally derived from 2-aminopropan-1-one by substitution at the 1-position with either phenyl, naphthyl, or thiophene ring systems, whether or not the compound is further modified in any of the following ways:

(i) by substitution in the ring system to any extent with alkyl, alkylenedioxy, alkoxy, haloalkyl, hydroxyl, or halide substituents, whether or not further substituted in the ring system by one or more other univalent substituents;

(ii) by substitution at the 3-position with an acyclic alkyl substituent;

(iii) by substitution at the 2-amino nitrogen atom with alkyl, dialkyl, benzyl, or methoxybenzyl groups; or

(iv) by inclusion of the 2-amino nitrogen atom in a cyclic structure.

(h) ~~Marijuana,~~ Synthetic tetrahydrocannabinols~~,~~ and synthetic cannabinoids. Unless specifically excepted or unless listed in another schedule, any ~~natural or~~ synthetic material, compound, mixture, or preparation that contains any quantity of the following substances, their analogs, isomers, esters, ethers, salts, and salts of isomers, esters, and ethers, whenever the existence of the isomers, esters, ethers, or salts is possible:

~~(1) marijuana;~~

~~(2)~~ (1) synthetic tetrahydrocannabinols ~~naturally contained in a plant of the genus Cannabis,~~ that are the synthetic equivalents of the substances contained in the cannabis plant or in the resinous extractives of the plant, or synthetic substances with similar chemical structure and pharmacological activity to those substances contained in the plant or resinous extract, including, but not limited to, 1 cis or trans tetrahydrocannabinol, 6 cis or trans tetrahydrocannabinol, and 3,4 cis or trans tetrahydrocannabinol;

~~(3)~~ (2) synthetic cannabinoids, including the following substances:

(i) Naphthoylindoles, which are any compounds containing a 3-(1-napthoyl)indole structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group, whether or not further substituted in the indole ring to any extent and whether or not substituted in the naphthyl ring to any extent. Examples of naphthoylindoles include, but are not limited to:

(A) 1-Pentyl-3-(1-naphthoyl)indole (JWH-018 and AM-678);

(B) 1-Butyl-3-(1-naphthoyl)indole (JWH-073);

(C) 1-Pentyl-3-(4-methoxy-1-naphthoyl)indole (JWH-081);

(D) 1-[2-(4-morpholinyl)ethyl]-3-(1-naphthoyl)indole (JWH-200);

(E) 1-Propyl-2-methyl-3-(1-naphthoyl)indole (JWH-015);

(F) 1-Hexyl-3-(1-naphthoyl)indole (JWH-019);

(G) 1-Pentyl-3-(4-methyl-1-naphthoyl)indole (JWH-122);

(H) 1-Pentyl-3-(4-ethyl-1-naphthoyl)indole (JWH-210);

(I) 1-Pentyl-3-(4-chloro-1-naphthoyl)indole (JWH-398);

(J) 1-(5-fluoropentyl)-3-(1-naphthoyl)indole (AM-2201).

(ii) Napthylmethylindoles, which are any compounds containing a 1H-indol-3-yl-(1-naphthyl)methane structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group, whether or not further substituted in the indole ring to any extent and whether or not substituted in the naphthyl ring to any extent. Examples of naphthylmethylindoles include, but are not limited to:

(A) 1-Pentyl-1H-indol-3-yl-(1-naphthyl)methane (JWH-175);

(B) 1-Pentyl-1H-indol-3-yl-(4-methyl-1-naphthyl)methane (JWH-184).

(iii) Naphthoylpyrroles, which are any compounds containing a 3-(1-naphthoyl)pyrrole structure with substitution at the nitrogen atom of the pyrrole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not further substituted in the pyrrole ring to any extent, whether or not substituted in the naphthyl ring to any extent. Examples of naphthoylpyrroles include, but are not limited to, (5-(2-fluorophenyl)-1-pentylpyrrol-3-yl)-naphthalen-1-ylmethanone (JWH-307).

(iv) Naphthylmethylindenes, which are any compounds containing a naphthylideneindene structure with substitution at the 3-position of the indene ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not further substituted in the indene ring to any extent, whether or not substituted in the naphthyl ring to any extent. Examples of naphthylemethylindenes include, but are not limited to, E-1-[1-(1-naphthalenylmethylene)-1H-inden-3-yl]pentane (JWH-176).

(v) Phenylacetylindoles, which are any compounds containing a 3-phenylacetylindole structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not further substituted in the indole ring to any extent, whether or not substituted in the phenyl ring to any extent. Examples of phenylacetylindoles include, but are not limited to:

(A) 1-(2-cyclohexylethyl)-3-(2-methoxyphenylacetyl)indole (RCS-8);

(B) 1-pentyl-3-(2-methoxyphenylacetyl)indole (JWH-250);

(C) 1-pentyl-3-(2-methylphenylacetyl)indole (JWH-251);

(D) 1-pentyl-3-(2-chlorophenylacetyl)indole (JWH-203).

(vi) Cyclohexylphenols, which are compounds containing a 2-(3-hydroxycyclohexyl)phenol structure with substitution at the 5-position of the phenolic ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not substituted in the cyclohexyl ring to any extent. Examples of cyclohexylphenols include, but are not limited to:

(A) 5-(1,1-dimethylheptyl)-2-[(1R,3S)-3-hydroxycyclohexyl]-phenol (CP 47,497);

(B) 5-(1,1-dimethyloctyl)-2-[(1R,3S)-3-hydroxycyclohexyl]-phenol (Cannabicyclohexanol or CP 47,497 C8 homologue);

(C) 5-(1,1-dimethylheptyl)-2-[(1R,2R)-5-hydroxy-2-(3-hydroxypropyl)cyclohexyl] -phenol (CP 55,940).

(vii) Benzoylindoles, which are any compounds containing a 3-(benzoyl)indole structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not further substituted in the indole ring to any extent and whether or not substituted in the phenyl ring to any extent. Examples of benzoylindoles include, but are not limited to:

(A) 1-Pentyl-3-(4-methoxybenzoyl)indole (RCS-4);

(B) 1-(5-fluoropentyl)-3-(2-iodobenzoyl)indole (AM-694);

(C) (4-methoxyphenyl-[2-methyl-1-(2-(4-morpholinyl)ethyl)indol-3-yl]methanone (WIN 48,098 or Pravadoline).

(viii) Others specifically named:

(A) (6aR,10aR)-9-(hydroxymethyl)-6,6-dimethyl-3-(2-methyloctan-2-yl) -6a,7,10,10a-tetrahydrobenzo[c]chromen-1-ol (HU-210);

(B) (6aS,10aS)-9-(hydroxymethyl)-6,6-dimethyl-3-(2-methyloctan-2-yl) -6a,7,10,10a-tetrahydrobenzo[c]chromen-1-ol (Dexanabinol or HU-211);

(C) 2,3-dihydro-5-methyl-3-(4-morpholinylmethyl)pyrrolo[1,2,3-de] -1,4-benzoxazin-6-yl-1-naphthalenylmethanone (WIN 55,212-2);

(D) (1-pentylindol-3-yl)-(2,2,3,3-tetramethylcyclopropyl)methanone (UR-144);

(E) (1-(5-fluoropentyl)-1H-indol-3-yl)(2,2,3,3-tetramethylcyclopropyl)methanone (XLR-11);

(F) 1-pentyl-N-tricyclo[3.3.1.13,7]dec-1-yl-1H-indazole-3-carboxamide (AKB-48(APINACA));

(G) N-((3s,5s,7s)-adamantan-1-yl)-1-(5-fluoropentyl)-1H-indazole-3-carboxamide (5-Fluoro-AKB-48);

(H) 1-pentyl-8-quinolinyl ester-1H-indole-3-carboxylic acid (PB-22);

(I) 8-quinolinyl ester-1-(5-fluoropentyl)-1H-indole-3-carboxylic acid (5-Fluoro PB-22);

(J) N-[(1S)-1-(aminocarbonyl)-2-methylpropyl]-1-pentyl-1H-indazole- 3-carboxamide (AB-PINACA);

(K) N-[(1S)-1-(aminocarbonyl)-2-methylpropyl]-1-[(4-fluorophenyl)methyl]- 1H-indazole-3-carboxamide (AB-FUBINACA);

(L) N-[(1S)-1-(aminocarbonyl)-2-methylpropyl]-1-(cyclohexylmethyl)-1H- indazole-3-carboxamide(AB-CHMINACA);

(M) (S)-methyl 2-(1-(5-fluoropentyl)-1H-indazole-3-carboxamido)-3- methylbutanoate (5-fluoro-AMB);

(N) [1-(5-fluoropentyl)-1H-indazol-3-yl](naphthalen-1-yl) methanone (THJ-2201);

(O) (1-(5-fluoropentyl)-1H-benzo[d]imidazol-2-yl)(naphthalen-1-yl)methanone) (FUBIMINA);

(P) (7-methoxy-1-(2-morpholinoethyl)-N-((1S,2S,4R)-1,3,3-trimethylbicyclo [2.2.1]heptan-2-yl)-1H-indole-3-carboxamide (MN-25 or UR-12);

(Q) (S)-N-(1-amino-3-methyl-1-oxobutan-2-yl)-1-(5-fluoropentyl) -1H-indole-3-carboxamide (5-fluoro-ABICA);

(R) N-(1-amino-3-phenyl-1-oxopropan-2-yl)-1-(5-fluoropentyl) -1H-indole-3-carboxamide;

(S) N-(1-amino-3-phenyl-1-oxopropan-2-yl)-1-(5-fluoropentyl) -1H-indazole-3-carboxamide;

(T) methyl 2-(1-(cyclohexylmethyl)-1H-indole-3-carboxamido) -3,3-dimethylbutanoate;

(U) N-(1-amino-3,3-dimethyl-1-oxobutan-2-yl)-1(cyclohexylmethyl)-1 H-indazole-3-carboxamide (MAB-CHMINACA);

(V) N-(1-Amino-3,3-dimethyl-1-oxo-2-butanyl)-1-pentyl-1H-indazole-3-carboxamide (ADB-PINACA);

(W) methyl (1-(4-fluorobenzyl)-1H-indazole-3-carbonyl)-L-valinate (FUB-AMB);

(X) N-[(1S)-2-amino-2-oxo-1-(phenylmethyl)ethyl]-1-(cyclohexylmethyl)-1H-Indazole-3-carboxamide. (APP-CHMINACA);

(Y) quinolin-8-yl 1-(4-fluorobenzyl)-1H-indole-3-carboxylate (FUB-PB-22); and

(Z) methyl N-[1-(cyclohexylmethyl)-1H-indole-3-carbonyl]valinate (MMB-CHMICA).

(ix) Additional substances specifically named:

(A) 1-(5-fluoropentyl)-N-(2-phenylpropan-2-yl)-1 H-pyrrolo[2,3-B]pyridine-3-carboxamide (5F-CUMYL-P7AICA);

(B) 1-(4-cyanobutyl)-N-(2- phenylpropan-2-yl)-1 H-indazole-3-carboxamide (4-CN-Cumyl-Butinaca);

(C) naphthalen-1-yl-1-(5-fluoropentyl)-1-H-indole-3-carboxylate (NM2201; CBL2201);

(D) N-(1-amino-3-methyl-1-oxobutan-2-yl)-1-(5-fluoropentyl)-1 H-indazole-3-carboxamide (5F-ABPINACA);

(E) methyl-2-(1-(cyclohexylmethyl)-1H-indole-3-carboxamido)-3,3-dimethylbutanoate (MDMB CHMICA);

(F) methyl 2-(1-(5-fluoropentyl)-1H-indazole-3-carboxamido)-3,3-dimethylbutanoate (5F-ADB; 5F-MDMB-PINACA); and

(G) N-(1-amino-3,3-dimethyl-1-oxobutan-2-yl)-1-(4-fluorobenzyl) 1H-indazole-3-carboxamide (ADB-FUBINACA).

(i) A controlled substance analog, to the extent that it is implicitly or explicitly intended for human consumption.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to crimes committed on or after that date.

Sec. 65. Minnesota Statutes 2020, section 152.02, subdivision 3, is amended to read:

Subd. 3. **Schedule II.** (a) Schedule II consists of the substances listed in this subdivision.

(b) Unless specifically excepted or unless listed in another schedule, any of the following substances whether produced directly or indirectly by extraction from substances of vegetable origin or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis:

(1) Opium and opiate, and any salt, compound, derivative, or preparation of opium or opiate.

(i) Excluding:

(A) apomorphine;

(B) thebaine-derived butorphanol;

(C) dextrophan;

(D) nalbuphine;

(E) nalmefene;

(F) naloxegol;

(G) naloxone;

(H) naltrexone; and

(I) their respective salts;

(ii) but including the following:

(A) opium, in all forms and extracts;

(B) codeine;

(C) dihydroetorphine;

(D) ethylmorphine;

(E) etorphine hydrochloride;

(F) hydrocodone;

(G) hydromorphone;

(H) metopon;

(I) morphine;

(J) oxycodone;

(K) oxymorphone;

(L) thebaine;

(M) oripavine;

(2) any salt, compound, derivative, or preparation thereof which is chemically equivalent or identical with any of the substances referred to in clause (1), except that these substances shall not include the isoquinoline alkaloids of opium;

(3) opium poppy and poppy straw;

(4) coca leaves and any salt, cocaine compound, derivative, or preparation of coca leaves (including cocaine and ecgonine and their salts, isomers, derivatives, and salts of isomers and derivatives), and any salt, compound, derivative, or preparation thereof which is chemically equivalent or identical with any of these substances, except that the substances shall not include decocainized coca leaves or extraction of coca leaves, which extractions do not contain cocaine or ecgonine;

(5) concentrate of poppy straw (the crude extract of poppy straw in either liquid, solid, or powder form which contains the phenanthrene alkaloids of the opium poppy).

(c) Any of the following opiates, including their isomers, esters, ethers, salts, and salts of isomers, esters and ethers, unless specifically excepted, or unless listed in another schedule, whenever the existence of such isomers, esters, ethers and salts is possible within the specific chemical designation:

(1) alfentanil;

(2) alphaprodine;

(3) anileridine;

(4) bezitramide;

(5) bulk dextropropoxyphene (nondosage forms);

(6) carfentanil;

(7) dihydrocodeine;

(8) dihydromorphinone;

(9) diphenoxylate;

(10) fentanyl;

(11) isomethadone;

(12) levo-alpha-acetylmethadol (LAAM);

(13) levomethorphan;

(14) levorphanol;

(15) metazocine;

(16) methadone;

(17) methadone - intermediate, 4-cyano-2-dimethylamino-4, 4-diphenylbutane;

(18) moramide - intermediate, 2-methyl-3-morpholino-1, 1-diphenyl-propane-carboxylic acid;

(19) pethidine;

(20) pethidine - intermediate - a, 4-cyano-1-methyl-4-phenylpiperidine;

(21) pethidine - intermediate - b, ethyl-4-phenylpiperidine-4-carboxylate;

(22) pethidine - intermediate - c, 1-methyl-4-phenylpiperidine-4-carboxylic acid;

(23) phenazocine;

(24) piminodine;

(25) racemethorphan;

(26) racemorphan;

(27) remifentanil;

(28) sufentanil;

(29) tapentadol;

(30) 4-Anilino-N-phenethylpiperidine.

(d) Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation which contains any quantity of the following substances having a stimulant effect on the central nervous system:

(1) amphetamine, its salts, optical isomers, and salts of its optical isomers;

(2) methamphetamine, its salts, isomers, and salts of its isomers;

(3) phenmetrazine and its salts;

(4) methylphenidate;

(5) lisdexamfetamine.

(e) Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation which contains any quantity of the following substances having a depressant effect on the central nervous system, including its salts, isomers, and salts of isomers whenever the existence of such salts, isomers, and salts of isomers is possible within the specific chemical designation:

(1) amobarbital;

(2) glutethimide;

(3) secobarbital;

(4) pentobarbital;

(5) phencyclidine;

(6) phencyclidine immediate precursors:

(i) 1-phenylcyclohexylamine;

(ii) 1-piperidinocyclohexanecarbonitrile;

(7) phenylacetone.

(f) Cannabis and cannabinoids:

(1) nabilone;

(2) unless specifically excepted or unless listed in another schedule, any natural material, compound, mixture, or preparation that contains any quantity of the following substances, their analogs, isomers, esters, ethers, salts, and salts of isomers, esters, and ethers, whenever the existence of the isomers, esters, ethers, or salts is possible:

(i) marijuana; and

(ii) tetrahydrocannabinols naturally contained in a plant of the genus cannabis or in the resinous extractives of the plant; and

~~(2)~~ (3) dronabinol [(-)-delta-9-trans-tetrahydrocannabinol (delta-9-THC)] in an oral solution in a drug product approved for marketing by the United States Food and Drug Administration.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to crimes committed on or after that date.

Sec. 66. Minnesota Statutes 2020, section 152.11, subdivision 1a, is amended to read:

Subd. 1a. **Prescription requirements for Schedule II controlled substances.** Except as allowed under section 152.29, no person may dispense a controlled substance included in Schedule II of section 152.02 without a prescription issued by a doctor of medicine, a doctor of osteopathic medicine licensed to practice medicine, a doctor of dental surgery, a doctor of dental medicine, a doctor of podiatry, or a doctor of veterinary medicine, lawfully licensed to prescribe in this state or by a practitioner licensed to prescribe controlled substances by the state in which the prescription is issued, and having a current federal Drug Enforcement Administration registration number. The prescription must either be printed or written in ink and contain the handwritten signature of the prescriber or be transmitted electronically or by facsimile as permitted under subdivision 1. Provided that in emergency situations, as authorized by federal law, such drug may be dispensed upon oral prescription reduced promptly to writing and filed by the pharmacist. Such prescriptions shall be retained in conformity with section 152.101. No prescription for a Schedule II substance may be refilled.

Sec. 67. Minnesota Statutes 2020, section 152.11, is amended by adding a subdivision to read:

Subd. 5. **Exception.** References in this section to Schedule II controlled substances do not extend to marijuana or tetrahydrocannabinols.

Sec. 68. Minnesota Statutes 2020, section 152.12, is amended by adding a subdivision to read:

Subd. 6. **Exception.** References in this section to Schedule II controlled substances do not extend to marijuana or tetrahydrocannabinols.

Sec. 69. Minnesota Statutes 2020, section 152.125, subdivision 3, is amended to read:

Subd. 3. **Limits on applicability.** This section does not apply to:

(1) a physician's treatment of an individual for chemical dependency resulting from the use of controlled substances in Schedules II to V of section 152.02;

(2) the prescription or administration of controlled substances in Schedules II to V of section 152.02 to an individual whom the physician knows to be using the controlled substances for nontherapeutic purposes;

(3) the prescription or administration of controlled substances in Schedules II to V of section 152.02 for the purpose of terminating the life of an individual having intractable pain; ~~or~~

(4) the prescription or administration of a controlled substance in Schedules II to V of section 152.02 that is not a controlled substance approved by the United States Food and Drug Administration for pain relief; or

(5) the administration of medical cannabis under sections 152.22 to 152.37.

Sec. 70. Minnesota Statutes 2020, section 152.22, is amended by adding a subdivision to read:

Subd. 5c. **Hemp processor.** "Hemp processor" means a person or business licensed by the commissioner of agriculture under chapter 18K to convert raw hemp into a product.

Sec. 71. Minnesota Statutes 2020, section 152.22, subdivision 6, is amended to read:

Subd. 6. **Medical cannabis.** (a) "Medical cannabis" means any species of the genus cannabis plant, or any mixture or preparation of them, including whole plant extracts and resins, and is delivered in the form of:

(1) liquid, including, but not limited to, oil;

(2) pill;

(3) vaporized delivery method with use of liquid or oil ~~but which does not require the use of dried leaves or plant form; or;~~

(4) combustion with use of dried raw cannabis; or

~~(4)~~ (5) any other method~~, excluding smoking,~~ approved by the commissioner.

(b) This definition includes any part of the genus cannabis plant prior to being processed into a form allowed under paragraph (a), that is possessed by a person while that person is engaged in employment duties necessary to carry out a requirement under sections 152.22 to 152.37 for a registered manufacturer or a laboratory under contract with a registered manufacturer. This definition also includes any hemp acquired by a manufacturer by a hemp grower as permitted under section 152.29, subdivision 1, paragraph (b).

EFFECTIVE DATE. This section is effective the earlier of (1) March 1, 2022, or (2) a date, as determined by the commissioner of health, by which (i) the rules adopted or amended under Minnesota Statutes, section 152.26, paragraph (b), are in effect and (ii) the independent laboratories under contract with the manufacturers have the necessary procedures and equipment in place to perform the required testing of dried raw cannabis. If this section is effective before March 1, 2022, the commissioner shall provide notice of that effective date to the public.

Sec. 72. Minnesota Statutes 2020, section 152.22, subdivision 11, is amended to read:

Subd. 11. **Registered designated caregiver.** "Registered designated caregiver" means a person who:

(1) is at least 18 years old;

(2) does not have a conviction for a disqualifying felony offense;

(3) has been approved by the commissioner to assist a patient who ~~has been identified by a health care practitioner as developmentally or physically disabled and therefore~~ requires assistance in administering medical cannabis or obtaining medical cannabis from a distribution facility ~~due to the disability~~; and

(4) is authorized by the commissioner to assist the patient with the use of medical cannabis.

Sec. 73. Minnesota Statutes 2020, section 152.22, is amended by adding a subdivision to read:

Subd. 13a. **Tribal medical cannabis program.** "Tribal medical cannabis program" means a medical cannabis program operated by a federally recognized Indian Tribe located within the state that has been recognized by the commissioner of health in accordance with section 152.25, subdivision 5.

Sec. 74. Minnesota Statutes 2020, section 152.23, is amended to read:

152.23 LIMITATIONS.

(a) Nothing in sections 152.22 to 152.37 permits any person to engage in and does not prevent the imposition of any civil, criminal, or other penalties for:

(1) undertaking any task under the influence of medical cannabis that would constitute negligence or professional malpractice;

(2) possessing or engaging in the use of medical cannabis:

(i) on a school bus or van;

(ii) on the grounds of any preschool or primary or secondary school;

(iii) in any correctional facility; or

(iv) on the grounds of any child care facility or home day care;

(3) vaporizing or combusting medical cannabis pursuant to section 152.22, subdivision 6:

(i) on any form of public transportation;

(ii) where the vapor would be inhaled by a nonpatient minor child or where the smoke would be inhaled by a minor child; or

(iii) in any public place, including any indoor or outdoor area used by or open to the general public or a place of employment as defined under section 144.413, subdivision 1b; and

(4) operating, navigating, or being in actual physical control of any motor vehicle, aircraft, train, or motorboat, or working on transportation property, equipment, or facilities while under the influence of medical cannabis.

(b) Nothing in sections 152.22 to 152.37 require the medical assistance and MinnesotaCare programs to reimburse an enrollee or a provider for costs associated with the medical use of cannabis. Medical assistance and MinnesotaCare shall continue to provide coverage for all services related to treatment of an enrollee's qualifying medical condition if the service is covered under chapter 256B or 256L.

Sec. 75. Minnesota Statutes 2020, section 152.25, is amended by adding a subdivision to read:

Subd. 5. **Tribal medical cannabis programs.** Upon the request of an Indian Tribe operating a Tribal medical cannabis program, the commissioner shall determine if the standards for the Tribal medical cannabis program meet or exceed the standards required under sections 152.22 to 152.37 in terms of qualifying for the medical cannabis program, allowable forms of medical cannabis, production and distribution requirements, product safety and testing, and security measures. If the commissioner determines that the Tribal medical cannabis program meets or exceeds the standards in sections 152.22 to 152.37, the commissioner shall recognize the Tribal medical cannabis program and shall post the Tribal medical cannabis programs that have been recognized by the commissioner on the Department of Health's website.

Sec. 76. Minnesota Statutes 2020, section 152.26, is amended to read:

152.26 RULEMAKING.

(a) The commissioner may adopt rules to implement sections 152.22 to 152.37. Rules for which notice is published in the State Register before January 1, 2015, may be adopted using the process in section 14.389.

(b) The commissioner may adopt or amend rules, using the procedure in section 14.386, paragraph (a), to implement the addition of dried raw cannabis as an allowable form of medical cannabis under section 152.22, subdivision 6, paragraph (a), clause (4). Section 14.386, paragraph (b), does not apply to these rules.

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

Sec. 77. Minnesota Statutes 2020, section 152.27, subdivision 3, is amended to read:

Subd. 3. **Patient application.** (a) The commissioner shall develop a patient application for enrollment into the registry program. The application shall be available to the patient and given to health care practitioners in the state who are eligible to serve as health care practitioners. The application must include:

(1) the name, mailing address, and date of birth of the patient;

(2) the name, mailing address, and telephone number of the patient's health care practitioner;

(3) the name, mailing address, and date of birth of the patient's designated caregiver, if any, or the patient's parent, legal guardian, or spouse if the parent, legal guardian, or spouse will be acting as a caregiver;

(4) a copy of the certification from the patient's health care practitioner that is dated within 90 days prior to submitting the application which certifies that the patient has been diagnosed with a qualifying medical condition ~~and, if applicable, that, in the health care practitioner's medical opinion, the patient is developmentally or physically disabled and, as a result of that disability, the patient requires assistance in administering medical cannabis or obtaining medical cannabis from a distribution facility~~; and

(5) all other signed affidavits and enrollment forms required by the commissioner under sections 152.22 to 152.37, including, but not limited to, the disclosure form required under paragraph (c).

(b) The commissioner shall require a patient to resubmit a copy of the certification from the patient's health care practitioner on a yearly basis and shall require that the recertification be dated within 90 days of submission.

(c) The commissioner shall develop a disclosure form and require, as a condition of enrollment, all patients to sign a copy of the disclosure. The disclosure must include:

(1) a statement that, notwithstanding any law to the contrary, the commissioner, or an employee of any state agency, may not be held civilly or criminally liable for any injury, loss of property, personal injury, or death caused by any act or omission while acting within the scope of office or employment under sections 152.22 to 152.37; and

(2) the patient's acknowledgment that enrollment in the patient registry program is conditional on the patient's agreement to meet all of the requirements of sections 152.22 to 152.37.

Sec. 78. Minnesota Statutes 2020, section 152.27, subdivision 4, is amended to read:

Subd. 4. **Registered designated caregiver.** (a) The commissioner shall register a designated caregiver for a patient if ~~the patient's health care practitioner has certified that the patient, in the health care practitioner's medical opinion, is developmentally or physically disabled and, as a result of that disability,~~ the patient requires assistance in administering medical cannabis or obtaining medical cannabis from a distribution facility and the caregiver has agreed, in writing, to be the patient's designated caregiver. As a condition of registration as a designated caregiver, the commissioner shall require the person to:

(1) be at least 18 years of age;

(2) agree to only possess the patient's medical cannabis for purposes of assisting the patient; and

(3) agree that if the application is approved, the person will not be a registered designated caregiver for more than ~~one patient, unless the~~ six registered patients at one time. Patients who reside in the same residence shall count as one patient.

(b) The commissioner shall conduct a criminal background check on the designated caregiver prior to registration to ensure that the person does not have a conviction for a disqualifying felony offense. Any cost of the background check shall be paid by the person seeking registration as a designated caregiver. A designated caregiver must have the criminal background check renewed every two years.

(c) Nothing in sections 152.22 to 152.37 shall be construed to prevent a person registered as a designated caregiver from also being enrolled in the registry program as a patient and possessing and using medical cannabis as a patient.

Sec. 79. Minnesota Statutes 2020, section 152.27, subdivision 6, is amended to read:

Subd. 6. **Patient enrollment.** (a) After receipt of a patient's application, application fees, and signed disclosure, the commissioner shall enroll the patient in the registry program and issue the patient and patient's registered designated caregiver or parent, legal guardian, or spouse, if applicable, a registry verification. The commissioner shall approve or deny a patient's application for participation in the registry program within 30 days after the commissioner receives the patient's application and application fee. ~~The commissioner may approve applications up to 60 days after the receipt of a patient's application and application fees until January 1, 2016.~~ A patient's enrollment in the registry program shall only be denied if the patient:

(1) does not have certification from a health care practitioner that the patient has been diagnosed with a qualifying medical condition;

(2) has not signed and returned the disclosure form required under subdivision 3, paragraph (c), to the commissioner;

(3) does not provide the information required; or

~~(4) has previously been removed from the registry program for violations of section 152.30 or 152.33; or~~

~~(5)~~ (4) provides false information.

(b) The commissioner shall give written notice to a patient of the reason for denying enrollment in the registry program.

(c) Denial of enrollment into the registry program is considered a final decision of the commissioner and is subject to judicial review under the Administrative Procedure Act pursuant to chapter 14.

(d) A patient's enrollment in the registry program may only be revoked upon the death of the patient or if a patient violates a requirement under section 152.30 or 152.33. If a patient's enrollment in the registry program has been revoked due to a violation of section 152.30 or 152.33, the patient may reapply for enrollment 12 months from the date the patient's enrollment was revoked. The commissioner shall process the application in accordance with this section.

(e) The commissioner shall develop a registry verification to provide to the patient, the health care practitioner identified in the patient's application, and to the manufacturer. The registry verification shall include:

(1) the patient's name and date of birth;

(2) the patient registry number assigned to the patient; and

(3) the name and date of birth of the patient's registered designated caregiver, if any, or the name of the patient's parent, legal guardian, or spouse if the parent, legal guardian, or spouse will be acting as a caregiver.

(f) The commissioner shall not deny a patient's application for participation in the registry program or revoke a patient's enrollment in the registry program solely because the patient is also enrolled in a Tribal medical cannabis program.

Sec. 80. Minnesota Statutes 2020, section 152.28, subdivision 1, is amended to read:

Subdivision 1. **Health care practitioner duties.** (a) Prior to a patient's enrollment in the registry program, a health care practitioner shall:

(1) determine, in the health care practitioner's medical judgment, whether a patient suffers from a qualifying medical condition, and, if so determined, provide the patient with a certification of that diagnosis;

(2) ~~determine whether a patient is developmentally or physically disabled and, as a result of that disability, the patient requires assistance in administering medical cannabis or obtaining medical cannabis from a distribution facility, and, if so determined, include that determination on the patient's certification of diagnosis;~~

~~(3)~~ advise patients, registered designated caregivers, and parents, legal guardians, or spouses who are acting as caregivers of the existence of any nonprofit patient support groups or organizations;

~~(4)~~ (3) provide explanatory information from the commissioner to patients with qualifying medical conditions, including disclosure to all patients about the experimental nature of therapeutic use of medical cannabis; the possible risks, benefits, and side effects of the proposed treatment; the application and other materials from the commissioner; and provide patients with the Tennessen warning as required by section 13.04, subdivision 2; and

~~(5)~~ (4) agree to continue treatment of the patient's qualifying medical condition and report medical findings to the commissioner.

(b) Upon notification from the commissioner of the patient's enrollment in the registry program, the health care practitioner shall:

(1) participate in the patient registry reporting system under the guidance and supervision of the commissioner;

(2) report health records of the patient throughout the ongoing treatment of the patient to the commissioner in a manner determined by the commissioner and in accordance with subdivision 2;

(3) determine, on a yearly basis, if the patient continues to suffer from a qualifying medical condition and, if so, issue the patient a new certification of that diagnosis; and

(4) otherwise comply with all requirements developed by the commissioner.

(c) A health care practitioner may conduct a patient assessment to issue a recertification as required under paragraph (b), clause (3), via telemedicine as defined under section 62A.671, subdivision 9.

(d) Nothing in this section requires a health care practitioner to participate in the registry program.

Sec. 81. Minnesota Statutes 2020, section 152.29, subdivision 1, is amended to read:

Subdivision 1. **Manufacturer; requirements.** (a) A manufacturer may operate eight distribution facilities, which may include the manufacturer's single location for cultivation, harvesting, manufacturing, packaging, and processing but is not required to include that location. The commissioner shall designate the geographical service areas to be served by each manufacturer based on geographical need throughout the state to improve patient access. A manufacturer shall not have more than two distribution facilities in each geographical service area assigned to the manufacturer by the commissioner. A manufacturer shall operate only one location where all cultivation, harvesting, manufacturing, packaging, and processing of medical cannabis shall be conducted. This location may be one of the manufacturer's distribution facility sites. The additional distribution facilities may dispense medical cannabis and medical cannabis products but may not contain any medical cannabis in a form other than those forms allowed under section 152.22, subdivision 6, and the manufacturer shall not conduct any cultivation, harvesting, manufacturing, packaging, or processing at the other distribution facility sites. Any distribution facility operated by the manufacturer is subject to all of the requirements applying to the manufacturer under sections 152.22 to 152.37, including, but not limited to, security and distribution requirements.

(b) A manufacturer may acquire hemp grown in this state from a hemp grower, and may acquire hemp products produced by a hemp processor. A manufacturer may manufacture or process hemp and hemp products into an allowable form of medical cannabis under section 152.22, subdivision 6. Hemp and hemp products acquired by a manufacturer under this paragraph ~~is~~ are subject to the same quality control program, security and testing requirements, and other requirements that apply to medical cannabis under sections 152.22 to 152.37 and Minnesota Rules, chapter 4770.

(c) A medical cannabis manufacturer shall contract with a laboratory approved by the commissioner, subject to any additional requirements set by the commissioner, for purposes of testing medical cannabis manufactured or hemp or hemp products acquired by the medical cannabis manufacturer as to content, contamination, and consistency to verify the medical cannabis meets the requirements of section 152.22, subdivision 6. The cost of laboratory testing shall be paid by the manufacturer.

(d) The operating documents of a manufacturer must include:

(1) procedures for the oversight of the manufacturer and procedures to ensure accurate record keeping;

(2) procedures for the implementation of appropriate security measures to deter and prevent the theft of medical cannabis and unauthorized entrance into areas containing medical cannabis; and

(3) procedures for the delivery and transportation of hemp between hemp growers and manufacturers and for the delivery and transportation of hemp products between hemp processors and manufacturers.

(e) A manufacturer shall implement security requirements, including requirements for the delivery and transportation of hemp and hemp products, protection of each location by a fully operational security alarm system, facility access controls, perimeter intrusion detection systems, and a personnel identification system.

(f) A manufacturer shall not share office space with, refer patients to a health care practitioner, or have any financial relationship with a health care practitioner.

(g) A manufacturer shall not permit any person to consume medical cannabis on the property of the manufacturer.

(h) A manufacturer is subject to reasonable inspection by the commissioner.

(i) For purposes of sections 152.22 to 152.37, a medical cannabis manufacturer is not subject to the Board of Pharmacy licensure or regulatory requirements under chapter 151.

(j) A medical cannabis manufacturer may not employ any person who is under 21 years of age or who has been convicted of a disqualifying felony offense. An employee of a medical cannabis manufacturer must submit a completed criminal history records check consent form, a full set of classifiable fingerprints, and the required fees for submission to the Bureau of Criminal Apprehension before an employee may begin working with the manufacturer. The bureau must conduct a Minnesota criminal history records check and the superintendent is authorized to exchange the fingerprints with the Federal Bureau of Investigation to obtain the applicant's national criminal history record information. The bureau shall return the results of the Minnesota and federal criminal history records checks to the commissioner.

(k) A manufacturer may not operate in any location, whether for distribution or cultivation, harvesting, manufacturing, packaging, or processing, within 1,000 feet of a public or private school existing before the date of the manufacturer's registration with the commissioner.

(l) A manufacturer shall comply with reasonable restrictions set by the commissioner relating to signage, marketing, display, and advertising of medical cannabis.

(m) Before a manufacturer acquires hemp from a hemp grower or hemp products from a hemp processor, the manufacturer must verify that the hemp grower or hemp processor has a valid license issued by the commissioner of agriculture under chapter 18K.

(n) Until a state-centralized, seed-to-sale system is implemented that can track a specific medical cannabis plant from cultivation through testing and point of sale, the commissioner shall conduct at least one unannounced inspection per year of each manufacturer that includes inspection of:

(1) business operations;

(2) physical locations of the manufacturer's manufacturing facility and distribution facilities;

(3) financial information and inventory documentation, including laboratory testing results; and

(4) physical and electronic security alarm systems.

Sec. 82. Minnesota Statutes 2020, section 152.29, subdivision 3, is amended to read:

Subd. 3. **Manufacturer; distribution.** (a) A manufacturer shall require that employees licensed as pharmacists pursuant to chapter 151 be the only employees to give final approval for the distribution of medical cannabis to a patient. A manufacturer may transport medical cannabis or medical cannabis products that have been cultivated, harvested, manufactured, packaged, and processed by that manufacturer to another registered manufacturer for the other manufacturer to distribute.

(b) A manufacturer may distribute medical cannabis products, whether or not the products have been manufactured by that manufacturer.

(c) Prior to distribution of any medical cannabis, the manufacturer shall:

(1) verify that the manufacturer has received the registry verification from the commissioner for that individual patient;

(2) verify that the person requesting the distribution of medical cannabis is the patient, the patient's registered designated caregiver, or the patient's parent, legal guardian, or spouse listed in the registry verification using the procedures described in section 152.11, subdivision 2d;

(3) assign a tracking number to any medical cannabis distributed from the manufacturer;

(4) ensure that any employee of the manufacturer licensed as a pharmacist pursuant to chapter 151 has consulted with the patient to determine the proper dosage for the individual patient after reviewing the ranges of chemical compositions of the medical cannabis and the ranges of proper dosages reported by the commissioner. For purposes of this clause, a consultation may be conducted remotely ~~using a~~ by secure videoconference, telephone, or other remote means, so long as the employee providing the consultation is able to confirm the identity of the patient~~, the consultation occurs while the patient is at a distribution facility,~~ and the consultation adheres to patient privacy requirements that apply to health care services delivered through telemedicine. A pharmacist consultation under this clause is not required when a manufacturer is distributing medical cannabis to a patient according to a patient-specific dosage plan established with that manufacturer and is not modifying the dosage or product being distributed under that plan and the medical cannabis is distributed by a pharmacy technician;

(5) properly package medical cannabis in compliance with the United States Poison Prevention Packing Act regarding child-resistant packaging and exemptions for packaging for elderly patients, and label distributed medical cannabis with a list of all active ingredients and individually identifying information, including:

(i) the patient's name and date of birth;

(ii) the name and date of birth of the patient's registered designated caregiver or, if listed on the registry verification, the name of the patient's parent or legal guardian, if applicable;

(iii) the patient's registry identification number;

(iv) the chemical composition of the medical cannabis; and

(v) the dosage; and

(6) ensure that the medical cannabis distributed contains a maximum of a 90-day supply of the dosage determined for that patient.

(d) A manufacturer shall require any employee of the manufacturer who is transporting medical cannabis or medical cannabis products to a distribution facility or to another registered manufacturer to carry identification showing that the person is an employee of the manufacturer.

(e) A manufacturer shall distribute medical cannabis in dried raw cannabis form only to a patient age 21 or older, or to the registered designated caregiver, parent, legal guardian, or spouse of a patient age 21 or older.

EFFECTIVE DATE. Paragraph (e) is effective the earlier of (1) March 1, 2022, or (2) a date, as determined by the commissioner of health, by which (i) the rules adopted or amended under Minnesota Statutes, section 152.26, paragraph (b), are in effect and (ii) the independent laboratories under contract with the manufacturers have the necessary procedures and equipment in place to perform the required testing of dried raw cannabis. If this section is effective before March 1, 2022, the commissioner shall provide notice of that effective date to the public.

Sec. 83. Minnesota Statutes 2020, section 152.29, is amended by adding a subdivision to read:

Subd. 3b. **Distribution to recipient in a motor vehicle.** A manufacturer may distribute medical cannabis to a patient, registered designated caregiver, or parent, legal guardian, or spouse of a patient who is at the distribution facility but remains in a motor vehicle, provided:

(1) distribution facility staff receive payment and distribute medical cannabis in a designated zone that is as close as feasible to the front door of the distribution facility;

(2) the manufacturer ensures that the receipt of payment and distribution of medical cannabis are visually recorded by a closed-circuit television surveillance camera at the distribution facility and provides any other necessary security safeguards;

(3) the manufacturer does not store medical cannabis outside a restricted access area at the distribution facility, and distribution facility staff transport medical cannabis from a restricted access area at the distribution facility to the designated zone for distribution only after confirming that the patient, designated caregiver, or parent, guardian, or spouse has arrived in the designated zone;

(4) the payment and distribution of medical cannabis take place only after a pharmacist consultation takes place, if required under subdivision 3, paragraph (c), clause (4);

(5) immediately following distribution of medical cannabis, distribution facility staff enter the transaction in the state medical cannabis registry information technology database; and

(6) immediately following distribution of medical cannabis, distribution facility staff take the payment received into the distribution facility.

Sec. 84. Minnesota Statutes 2020, section 152.29, is amended by adding a subdivision to read:

Subd. 3c. **Disposal of medical cannabis plant root balls.** Notwithstanding Minnesota Rules, part 4770.1200, subpart 2, item C, a manufacturer is not required to grind root balls of medical cannabis plants or incorporate them with a greater quantity of nonconsumable solid waste before transporting root balls to another location for disposal. For purposes of this subdivision, "root ball" means a compact mass of roots formed by a plant and any attached growing medium.

Sec. 85. Minnesota Statutes 2020, section 152.31, is amended to read:

152.31 DATA PRACTICES.

(a) Government data in patient files maintained by the commissioner and the health care practitioner, and data submitted to or by a medical cannabis manufacturer, are private data on individuals, as defined in section 13.02, subdivision 12, or nonpublic data, as defined in section 13.02, subdivision 9, but may be used for purposes of complying with chapter 13 and complying with a request from the legislative auditor or the state auditor in the performance of official duties. The provisions of section 13.05, subdivision 11, apply to a registration agreement entered between the commissioner and a medical cannabis manufacturer under section 152.25.

(b) Not public data maintained by the commissioner may not be used for any purpose not provided for in sections 152.22 to 152.37, and may not be combined or linked in any manner with any other list, dataset, or database.

(c) The commissioner may execute data sharing arrangements with the commissioner of agriculture to verify licensing, inspection, and compliance information related to hemp growers and hemp processors under chapter 18K.

Sec. 86. Minnesota Statutes 2020, section 152.32, subdivision 3, is amended to read:

Subd. 3. **Discrimination prohibited.** (a) No school or landlord may refuse to enroll or lease to and may not otherwise penalize a person solely for the person's status as a patient enrolled in the registry program under sections 152.22 to 152.37, unless failing to do so would violate federal law or regulations or cause the school or landlord to lose a monetary or licensing-related benefit under federal law or regulations.

(b) For the purposes of medical care, including organ transplants, a registry program enrollee's use of medical cannabis under sections 152.22 to 152.37 is considered the equivalent of the authorized use of any other medication used at the discretion of a physician or advanced practice registered nurse and does not constitute the use of an illicit substance or otherwise disqualify a patient from needed medical care.

(c) Unless a failure to do so would violate federal law or regulations or cause an employer to lose a monetary or licensing-related benefit under federal law or regulations, an employer may not discriminate against a person in hiring, termination, or any term or condition of employment, or otherwise penalize a person, if the discrimination is based upon either of the following:

(1) the person's status as a patient enrolled in the registry program under sections 152.22 to 152.37; or

(2) a patient's positive drug test for cannabis components or metabolites, unless the patient used, possessed, or was impaired by medical cannabis on the premises of the place of employment or during the hours of employment.

(d) An employee who is required to undergo employer drug testing pursuant to section 181.953 may present verification of enrollment in the patient registry as part of the employee's explanation under section 181.953, subdivision 6.

(e) A person shall not be denied custody of a minor child or visitation rights or parenting time with a minor child solely based on the person's status as a patient enrolled in the registry program under sections 152.22 to 152.37. There shall be no presumption of neglect or child endangerment for conduct allowed under sections 152.22 to 152.37, unless the person's behavior is such that it creates an unreasonable danger to the safety of the minor as established by clear and convincing evidence.

(f) This subdivision applies to any person enrolled in a Tribal medical cannabis program to the same extent as if the person was enrolled in the registry program under sections 152.22 to 152.37.

Sec. 87. Minnesota Statutes 2020, section 171.07, is amended by adding a subdivision to read:

Subd. 3b. **Identification card for homeless youth.** (a) A homeless youth, as defined in section 256K.45, subdivision 1a, who meets the requirements of this subdivision may obtain a noncompliant identification card, notwithstanding section 171.06, subdivision 3.

(b) An applicant under this subdivision must:

(1) provide the applicant's full name, date of birth, and sex;

(2) provide the applicant's height in feet and inches, weight in pounds, and eye color;

(3) submit a certified copy of a birth certificate issued by a government bureau of vital statistics or equivalent agency in the applicant's state of birth, which must bear the raised or authorized seal of the issuing government entity; and

(4) submit a statement verifying that the applicant is a homeless youth who resides in Minnesota that is signed by:

(i) an employee of a human services agency receiving public funding to provide services to homeless youth, runaway youth, youth with mental illness, or youth with substance use disorders; or

(ii) staff at a school who provide services to homeless youth or a school social worker.

(c) For a noncompliant identification card under this subdivision:

(1) the commissioner must not impose a fee, surcharge, or filing fee under section 171.06, subdivision 2; and

(2) a driver's license agent must not impose a filing fee under section 171.061, subdivision 4.

(d) Minnesota Rules, parts 7410.0400 and 7410.0410, or successor rules, do not apply for an identification card under this subdivision.

EFFECTIVE DATE. This section is effective the day following final enactment for application and issuance of Minnesota identification cards on and after January 1, 2022.

Sec. 88. Minnesota Statutes 2020, section 256.98, subdivision 1, is amended to read:

Subdivision 1. **Wrongfully obtaining assistance.** (a) A person who commits any of the following acts or omissions with intent to defeat the purposes of sections 145.891 to 145.897, the MFIP program formerly codified in sections 256.031 to 256.0361, the AFDC program formerly codified in sections 256.72 to 256.871, chapter 256B, 256D, 256I, 256J, 256K, or 256L, child care assistance programs, and emergency assistance programs under section 256D.06, is guilty of theft and shall be sentenced under section 609.52, subdivision 3, clauses (1) to (5):

(1) obtains or attempts to obtain, or aids or abets any person to obtain by means of a willfully false statement or representation, by intentional concealment of any material fact, or by impersonation or other fraudulent device, assistance or the continued receipt of assistance, to include child care assistance or ~~vouchers~~ food benefits produced according to sections 145.891 to 145.897 and MinnesotaCare services according to sections 256.9365, 256.94, and 256L.01 to 256L.15, to which the person is not entitled or assistance greater than that to which the person is entitled;

(2) knowingly aids or abets in buying or in any way disposing of the property of a recipient or applicant of assistance without the consent of the county agency; or

(3) obtains or attempts to obtain, alone or in collusion with others, the receipt of payments to which the individual is not entitled as a provider of subsidized child care, or by furnishing or concurring in a willfully false claim for child care assistance.

(b) The continued receipt of assistance to which the person is not entitled or greater than that to which the person is entitled as a result of any of the acts, failure to act, or concealment described in this subdivision shall be deemed to be continuing offenses from the date that the first act or failure to act occurred.

Sec. 89. Minnesota Statutes 2020, section 256B.0625, subdivision 52, is amended to read:

Subd. 52. **Lead risk assessments.** (a) Effective October 1, 2007, or six months after federal approval, whichever is later, medical assistance covers lead risk assessments provided by a lead risk assessor who is licensed by the commissioner of health under section 144.9505 and employed by an assessing agency as defined in section 144.9501. Medical assistance covers a onetime on-site investigation of a recipient's home or primary residence to determine the existence of lead so long as the recipient is under the age of 21 and has a venous blood lead level specified in section 144.9504, subdivision 2, paragraph ~~(a)~~ (b).

(b) Medical assistance reimbursement covers the lead risk assessor's time to complete the following activities:

(1) gathering samples;

(2) interviewing family members;

(3) gathering data, including meter readings; and

(4) providing a report with the results of the investigation and options for reducing lead-based paint hazards.

Medical assistance coverage of lead risk assessment does not include testing of environmental substances such as water, paint, or soil or any other laboratory services. Medical assistance coverage of lead risk assessments is not included in the capitated services for children enrolled in health plans through the prepaid medical assistance program and the MinnesotaCare program.

(c) Payment for lead risk assessment must be cost-based and must meet the criteria for federal financial participation under the Medicaid program. The rate must be based on allowable expenditures from cost information gathered. Under section 144.9507, subdivision 5, federal medical assistance funds may not replace existing funding for lead-related activities. The nonfederal share of costs for services provided under this subdivision must be from state or local funds and is the responsibility of the agency providing the risk assessment. When the risk assessment is conducted by the commissioner of health, the state share must be from appropriations to the commissioner of health for this purpose. Eligible expenditures for the nonfederal share of costs may not be made from federal funds or funds used to match other federal funds. Any federal disallowances are the responsibility of the agency providing risk assessment services.

Sec. 90. Minnesota Statutes 2020, section 326.71, subdivision 4, is amended to read:

Subd. 4. **Asbestos-related work.** "Asbestos-related work" means the enclosure, removal, or encapsulation of asbestos-containing material in a quantity that meets or exceeds 260 linear feet of friable asbestos-containing material on pipes, 160 square feet of friable asbestos-containing material on other facility components, or, if linear feet or square feet cannot be measured, a total of 35 cubic feet of friable asbestos-containing material on or off all facility components in one facility. In the case of single or multifamily residences, "asbestos-related work" also means the enclosure, removal, or encapsulation of greater than ten but less than 260 linear feet of friable asbestos-containing material on pipes, greater than six but less than 160 square feet of friable asbestos-containing material on other facility components, or, if linear feet or square feet cannot be measured, greater than one cubic foot but less than 35 cubic feet of friable asbestos-containing material on or off all facility components in one facility. ~~This provision excludes asbestos-containing floor tiles and sheeting, roofing materials, siding, and all ceilings with asbestos-containing material in single family residences and buildings with no more than four dwelling units.~~ Asbestos-related work includes asbestos abatement area preparation; enclosure, removal, or encapsulation operations; and an air quality monitoring specified in rule to assure that the abatement and adjacent areas are not contaminated with asbestos fibers during the project and after completion.

For purposes of this subdivision, the quantity of ~~asbestos-containing~~ asbestos-containing material applies separately for every project.

Sec. 91. Minnesota Statutes 2020, section 326.75, subdivision 1, is amended to read:

Subdivision 1. **Licensing fee.** A person required to be licensed under section 326.72 shall, before receipt of the license and before causing asbestos-related work to be performed, pay the commissioner an annual license fee of ~~$100~~ $105.

Sec. 92. Minnesota Statutes 2020, section 326.75, subdivision 2, is amended to read:

Subd. 2. **Certification fee.** An individual required to be certified as an asbestos worker or asbestos site supervisor under section 326.73, subdivision 1, shall pay the commissioner a certification fee of ~~$50~~ $52.50 before the issuance of the certificate. ~~The commissioner may establish by rule fees required before the issuance of~~ An individual required to be certified as an asbestos inspector, asbestos management planner, and asbestos project designer ~~certificates required~~ under section 326.73, subdivisions 2, 3, and 4, shall pay the commissioner a certification fee of $105 before the issuance of the certificate.

Sec. 93. Minnesota Statutes 2020, section 326.75, subdivision 3, is amended to read:

Subd. 3. **Permit fee.** Five calendar days before beginning asbestos-related work, a person shall pay a project permit fee to the commissioner equal to ~~one~~ two percent of the total costs of the asbestos-related work. For asbestos-related work performed in single or multifamily residences, of greater than ten but less than 260 linear feet of asbestos-containing material on pipes, or greater than six but less than 160 square feet of asbestos-containing material on other facility components, a person shall pay a project permit fee of $35 to the commissioner.

Sec. 94. Laws 2020, Seventh Special Session chapter 1, article 6, section 12, subdivision 4, is amended to read:

Subd. 4. **Housing with services establishment registration; conversion to an assisted living facility license.** (a) Housing with services establishments registered under chapter 144D, providing home care services according to chapter 144A to at least one resident, and intending to provide assisted living services on or after August 1, 2021, must submit an application for an assisted living facility license in accordance with section 144G.12 no later than June 1, 2021. The commissioner shall consider the application in accordance with section ~~144G.16~~ 144G.15.

(b) Notwithstanding the housing with services contract requirements identified in section 144D.04, any existing housing with services establishment registered under chapter 144D that does not intend to convert its registration to an assisted living facility license under this chapter must provide written notice to its residents at least 60 days before the expiration of its registration, or no later than May 31, 2021, whichever is earlier. The notice must:

(1) state that the housing with services establishment does not intend to convert to an assisted living facility;

(2) include the date when the housing with services establishment will no longer provide housing with services;

(3) include the name, e-mail address, and phone number of the individual associated with the housing with services establishment that the recipient of home care services may contact to discuss the notice;

(4) include the contact information consisting of the phone number, e-mail address, mailing address, and website for the Office of Ombudsman for Long-Term Care and the Office of Ombudsman for Mental Health and Developmental Disabilities; and

(5) for residents who receive home and community-based waiver services under section 256B.49 and chapter 256S, also be provided to the resident's case manager at the same time that it is provided to the resident.

(c) A housing with services registrant that obtains an assisted living facility license, but does so under a different business name as a result of reincorporation, and continues to provide services to the recipient, is not subject to the 60-day notice required under paragraph (b). However, the provider must otherwise provide notice to the recipient as required under sections 144D.04 and 144D.045, as applicable, and section 144D.09.

(d) All registered housing with services establishments providing assisted living under sections 144G.01 to 144G.07 prior to August 1, 2021, must have an assisted living facility license under this chapter.

(e) Effective August 1, 2021, any housing with services establishment registered under chapter 144D that has not converted its registration to an assisted living facility license under this chapter is prohibited from providing assisted living services.

EFFECTIVE DATE. This section is effective retroactively from December 17, 2020.

Sec. 95. **ADDITIONAL MEMBER TO COVID-19 VACCINE ALLOCATION ADVISORY GROUP.**

The commissioner of health shall appoint an individual who is an expert on vaccine disinformation to the state COVID-19 Vaccine Allocation Advisory Group no later than.....

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

Sec. 96. **FEDERAL SCHEDULE I EXEMPTION APPLICATION FOR MEDICAL USE OF CANNABIS.**

By September 1, 2021, the commissioner of health shall apply to the Drug Enforcement Administration's Office of Diversion Control for an exception under Code of Federal Regulations, title 21, section 1307.03, and request formal written acknowledgment that the listing of marijuana, marijuana extract, and tetrahydrocannabinols as controlled substances in federal Schedule I does not apply to the protected activities in Minnesota Statutes, section 152.32, subdivision 2, pursuant to the medical cannabis program established under Minnesota Statutes, sections 152.22 to 152.37. The application shall include the list of presumptions in Minnesota Statutes, section 152.32, subdivision 1.

Sec. 97. **RECOMMENDATIONS; EXPANDED ACCESS TO DATA FROM ALL-PAYER CLAIMS DATABASE.**

The commissioner of health shall develop recommendations to expand access to data in the all-payer claims database under Minnesota Statutes, section 62U.04, to additional outside entities for public health or research purposes. In the recommendations, the commissioner must address an application process for outside entities to access the data, how the department will exercise ongoing oversight over data use by outside entities, purposes for which the data may be used by outside entities, establishment of a data access committee to advise the department on selecting outside entities that may access the data, and steps outside entities must take to protect data held by those entities from unauthorized use. Following development of these recommendations, an outside entity that accesses data in compliance with these recommendations may publish results that identify hospitals, clinics, and medical practices so long as no individual health professionals are identified and the commissioner finds the data to be accurate, valid, and suitable for publication for such use. The commissioner shall submit these recommendations by December 15, 2021, to the chairs and ranking minority members of the legislative committees with jurisdiction over health policy and civil law.

Sec. 98. **SKIN LIGHTENING PRODUCTS PUBLIC AWARENESS AND EDUCATION GRANT PROGRAM.**

Subdivision 1. **Establishment; purpose.** The commissioner of health shall develop a grant program for the purpose of increasing public awareness and education on the health dangers associated with using skin lightening creams and products that contain mercury that are manufactured in other countries and brought into this country and sold illegally online or in stores.

Subd. 2. **Grants authorized.** The commissioner shall award grants through a request for proposal process to community-based, nonprofit organizations that serve ethnic communities and that focus on public health outreach to Black, Indigenous, and people of color communities on the issue of skin lightening products and chemical exposure from these products. Priority in awarding grants shall be given to organizations that have historically provided services to ethnic communities on the skin lightening and chemical exposure issue for the past three years.

Subd. 3. **Grant allocation.** (a) Grantees must use the funds to conduct public awareness and education activities that are culturally specific and community-based and focus on:

(1) the dangers of exposure to mercury through dermal absorption, inhalation, hand-to-mouth contact, and through contact with individuals who have used these skin lightening products;

(2) the signs and symptoms of mercury poisoning;

(3) the health effects of mercury poisoning, including the permanent effects on the central nervous system and kidneys;

(4) the dangers of using these products or being exposed to these products during pregnancy and breastfeeding to the mother and to the infant;

(5) knowing how to identify products that contain mercury; and

(6) proper disposal of the product if the product contains mercury.

(b) The grant application must include:

(1) a description of the purpose or project for which the grant funds will be used;

(2) a description of the objectives, a work plan, and a timeline for implementation; and

(3) the community or group the grant proposes to focus on.

Sec. 99. **TRAUMA-INFORMED GUN VIOLENCE REDUCTION; PILOT PROGRAM.**

Subdivision 1. **Pilot program.** (a) The commissioner of health shall establish a pilot program to aid in the reduction of trauma resulting from gun violence and address the root causes of gun violence by making the following resources available to professionals and organizations in health care, public health, mental health, social service, law enforcement, and victim advocacy and other professionals who are most likely to encounter individuals who have been victims, witnesses, or perpetrators of gun violence occurring in a community, or in a domestic or other setting:

(1) training on recognizing trauma as both a result and a cause of gun violence;

(2) developing skills to address the effects of trauma on individuals and family members;

(3) investments in community-based organizations to enable high-quality, targeted services to individuals in need. This may include resources for additional training, hiring of specialized staff needed to address trauma-related issues, management information systems to facilitate data collection, and expansion of existing programming;

(4) replication and expansion of effective community-based gun violence prevention initiatives, such as Project Life, the Minneapolis Group Violence Intervention initiative, to connect at-risk individuals to mental health services, job readiness programs, and employment opportunities; and

(5) education campaigns and outreach materials to educate communities, organizations, and the public about the relationship between trauma and gun violence.

(b) The pilot program shall address the traumatic effects of gun violence exposure using a holistic treatment modality.

Subd. 2. **Program guidelines and protocols.** (a) The commissioner, with advice from an advisory panel knowledgeable about gun violence and its traumatic impact, shall develop protocols and program guidelines that address resources and training to be used by professionals who encounter individuals who have perpetrated or been impacted by gun violence. Educational, training, and outreach material must be culturally appropriate for the community and provided in multiple languages for those with limited English language proficiency. The materials developed must address necessary responses by local, state, and other governmental entities tasked with addressing gun violence. The protocols must include a method of informing affected communities and local governments representing those communities on effective strategies to target community, domestic, and other forms of gun violence.

(b) The commissioner may enter into contractual agreements with community-based organizations or experts in the field to perform any of the activities under this section.

Subd. 3. **Report.** By November 15, 2021, the commissioner shall submit a report on the progress of the pilot program to the chairs and ranking minority members of the committees with jurisdiction over health and public safety.

Sec. 100. **REVISOR INSTRUCTION.**

The revisor of statutes shall amend the section headnote for Minnesota Statutes, section 62J.63, to read "HEALTH CARE PURCHASING AND PERFORMANCE MEASUREMENT."

Sec. 101. **REPEALER.**

Minnesota Statutes 2020, sections 62J.63, subdivision 3; 144.0721, subdivision 1; 144.0722; 144.0724, subdivision 10; and 144.693, are repealed.

ARTICLE 4
HEALTH-RELATED LICENSING BOARDS

Section 1. Minnesota Statutes 2020, section 156.12, subdivision 2, is amended to read:

Subd. 2. **Authorized activities.** No provision of this chapter shall be construed to prohibit:

(a) a person from rendering necessary gratuitous assistance in the treatment of any animal when the assistance does not amount to prescribing, testing for, or diagnosing, operating, or vaccinating and when the attendance of a licensed veterinarian cannot be procured;

(b) a person who is a regular student in an accredited or approved college of veterinary medicine from performing duties or actions assigned by instructors or preceptors or working under the direct supervision of a licensed veterinarian;

(c) a veterinarian regularly licensed in another jurisdiction from consulting with a licensed veterinarian in this state;

(d) the owner of an animal and the owner's regular employee from caring for and administering to the animal belonging to the owner, except where the ownership of the animal was transferred for purposes of circumventing this chapter;

(e) veterinarians who are in compliance with subdivision 6 and who are employed by the University of Minnesota from performing their duties with the College of Veterinary Medicine, College of Agriculture, Agricultural Experiment Station, Agricultural Extension Service, Medical School, School of Public Health, or other

unit within the university; or a person from lecturing or giving instructions or demonstrations at the university or in connection with a continuing education course or seminar to veterinarians or pathologists at the University of Minnesota Veterinary Diagnostic Laboratory;

(f) any person from selling or applying any pesticide, insecticide or herbicide;

(g) any person from engaging in bona fide scientific research or investigations which reasonably requires experimentation involving animals;

(h) any employee of a licensed veterinarian from performing duties other than diagnosis, prescription or surgical correction under the direction and supervision of the veterinarian, who shall be responsible for the performance of the employee;

(i) a graduate of a foreign college of veterinary medicine from working under the direct personal instruction, control, or supervision of a veterinarian faculty member of the College of Veterinary Medicine, University of Minnesota in order to complete the requirements necessary to obtain an ECFVG or PAVE certificate;

(j) a licensed chiropractor registered under section 148.01, subdivision 1a, from practicing animal chiropractic~~.~~; or

(k) a person certified by the Emergency Medical Services Regulatory Board under chapter 144E from providing emergency medical care to a police dog wounded in the line of duty.

ARTICLE 5
PRESCRIPTION DRUGS

Section 1. **[62J.841] DEFINITIONS.**

Subdivision 1. **Scope.** For purposes of sections 62J.841 to 62J.845, the following definitions apply.

Subd. 2. **Consumer Price Index.** "Consumer Price Index" means the Consumer Price Index, Annual Average, for All Urban Consumers, CPI-U: U.S. City Average, All Items, reported by the United States Department of Labor, Bureau of Labor Statistics, or its successor or, if the index is discontinued, an equivalent index reported by a federal authority or, if no such index is reported, "Consumer Price Index" means a comparable index chosen by the Bureau of Labor Statistics.

Subd. 3. **Generic or off-patent drug.** "Generic or off-patent drug" means any prescription drug for which any exclusive marketing rights granted under the Federal Food, Drug, and Cosmetic Act, section 351 of the federal Public Health Service Act, and federal patent law have expired, including any drug-device combination product for the delivery of a generic drug.

Subd. 4. **Manufacturer.** "Manufacturer" has the meaning provided in section 151.01, subdivision 14a.

Subd. 5. **Prescription drug.** "Prescription drug" means a drug for human use subject to United States Code, title 21, section 353(b)(1).

Subd. 6. **Wholesale acquisition cost.** "Wholesale acquisition cost" has the meaning provided in United States Code, title 42, section 1395w-3a.

Subd. 7. **Wholesale distributor.** "Wholesale distributor" has the meaning provided in section 151.441, subdivision 14.

Sec. 2. **[62J.842] EXCESSIVE PRICE INCREASES PROHIBITED.**

Subdivision 1. **Prohibition.** No manufacturer shall impose, or cause to be imposed, an excessive price increase, whether directly or through a wholesale distributor, pharmacy, or similar intermediary, on the sale of any generic or off-patent drug sold, dispensed, or delivered to any consumer in the state.

Subd. 2. **Excessive price increase.** A price increase is excessive for purposes of this section when:

(1) the price increase, adjusted for inflation utilizing the Consumer Price Index, exceeds:

(i) 15 percent of the wholesale acquisition cost over the immediately preceding calendar year; or

(ii) 40 percent of the wholesale acquisition cost over the immediately preceding three calendar years; and

(2) the price increase, adjusted for inflation utilizing the Consumer Price Index, exceeds $30 for:

(i) a 30-day supply of the drug; or

(ii) a course of treatment lasting less than 30 days.

Subd. 3. **Exemption.** It is not a violation of this section for a wholesale distributor or pharmacy to increase the price of a generic or off-patent drug if the price increase is directly attributable to additional costs for the drug imposed on the wholesale distributor or pharmacy by the manufacturer of the drug.

Sec. 3. **[62J.843] REGISTERED AGENT AND OFFICE WITHIN THE STATE.**

Any manufacturer that sells, distributes, delivers, or offers for sale any generic or off-patent drug in the state is required to maintain a registered agent and office within the state.

Sec. 4. **[62J.844] ENFORCEMENT.**

Subdivision 1. **Notification.** The commissioner of management and budget and any other state agency that provides or purchases a pharmacy benefit except the Department of Human Services, and any entity under contract with a state agency to provide a pharmacy benefit other than an entity under contract with the Department of Human Services, shall notify the manufacturer of a generic or off-patent drug, the attorney general, and the Board of Pharmacy of any price increase that is in violation of section 62J.842.

Subd. 2. **Submission of drug cost statement and other information by manufacturer; investigation by attorney general.** (a) Within 45 days of receiving a notice under subdivision 1, the manufacturer of the generic or off-patent drug shall submit a drug cost statement to the attorney general. The statement must:

(1) itemize the cost components related to production of the drug;

(2) identify the circumstances and timing of any increase in materials or manufacturing costs that caused any increase during the preceding calendar year, or preceding three calendar years as applicable, in the price of the drug; and

(3) provide any other information that the manufacturer believes to be relevant to a determination of whether a violation of section 62J.842 has occurred.

(b) The attorney general may investigate whether a violation of section 62J.842 has occurred, is occurring, or is about to occur, in accordance with section 8.31, subdivision 2.

Subd. 3. **Petition to court.** (a) On petition of the attorney general, a court may issue an order:

(1) compelling the manufacturer of a generic or off-patent drug to:

(i) provide the drug cost statement required under subdivision 2, paragraph (a); and

(ii) answer interrogatories, produce records or documents, or be examined under oath, as required by the attorney general under subdivision 2, paragraph (b);

(2) restraining or enjoining a violation of sections 62J.841 to 62J.845, including issuing an order requiring that drug prices be restored to levels that comply with section 62J.842;

(3) requiring the manufacturer to provide an accounting to the attorney general of all revenues resulting from a violation of section 62J.842;

(4) requiring the manufacturer to repay to all consumers, including any third-party payers, any money acquired as a result of a price increase that violates section 62J.842;

(5) notwithstanding section 16A.151, requiring that all revenues generated from a violation of section 62J.842 be remitted to the state and deposited into a special fund, to be used for initiatives to reduce the cost to consumers of acquiring prescription drugs, if a manufacturer is unable to determine the individual transactions necessary to provide the repayments described in clause (4);

(6) imposing a civil penalty of up to $10,000 per day for each violation of section 62J.842;

(7) providing for the attorney general's recovery of its costs and disbursements incurred in bringing an action against a manufacturer found in violation of section 62J.842, including the costs of investigation and reasonable attorney's fees; and

(8) providing any other appropriate relief, including any other equitable relief as determined by the court.

(b) For purposes of paragraph (a), clause (6), every individual transaction in violation of section 62J.842 shall be considered a separate violation.

Subd. 4. **Private right of action.** Any action brought pursuant to section 8.31, subdivision 3a, by a person injured by a violation of this section is for the benefit of the public.

Sec. 5. **[62J.845] PROHIBITION ON WITHDRAWAL OF GENERIC OR OFF-PATENT DRUGS FOR SALE.**

Subdivision 1. **Prohibition.** A manufacturer of a generic or off-patent drug is prohibited from withdrawing that drug from sale or distribution within this state for the purpose of avoiding the prohibition on excessive price increases under section 62J.842.

Subd. 2. **Notice to board and attorney general.** Any manufacturer that intends to withdraw a generic or off-patent drug from sale or distribution within the state shall provide a written notice of withdrawal to the Board of Pharmacy and the attorney general, at least 180 days prior to the withdrawal.

Subd. 3. **Financial penalty.** The attorney general shall assess a penalty of $500,000 on any manufacturer of a generic or off-patent drug that it determines has failed to comply with the requirements of this section.

Sec. 6. **[62J.846] SEVERABILITY.**

If any provision of sections 62J.841 to 62J.845 or the application thereof to any person or circumstance is held invalid for any reason in a court of competent jurisdiction, the invalidity does not affect other provisions or any other application of sections 62J.841 to 62J.845 that can be given effect without the invalid provision or application.

Sec. 7. Minnesota Statutes 2020, section 62Q.81, is amended by adding a subdivision to read:

Subd. 6. **Prescription drug benefits.** (a) A health plan company that offers individual health plans must ensure that no fewer than 25 percent of the individual health plans the company offers in each geographic area that the health plan company services at each level of coverage described in subdivision 1, paragraph (b), clause (3), applies a predeductible, flat-dollar amount co-payment structure to the entire drug benefit, including all tiers.

(b) A health plan company that offers small group health plans must ensure that no fewer than 25 percent of small group health plans the company offers in each geographic area that the health plan company services at each level of coverage described in subdivision 1, paragraph (b), clause (3), applies a predeductible, flat-dollar amount co-payment structure to the entire drug benefit, including all tiers.

(c) The highest allowable co-payment for the highest cost drug tier for health plans offered pursuant to this subdivision must be no greater than 1/12 of the plan's out-of-pocket maximum for an individual.

(d) The flat-dollar amount co-payment tier structure for prescription drugs under this subdivision must be graduated and proportionate.

(e) All individual and small group health plans offered pursuant to this subdivision must be:

(1) clearly and appropriately named to aid the purchaser in the selection process;

(2) marketed in the same manner as other health plans offered by the health plan company; and

(3) offered for purchase to any individual or small group.

(f) This subdivision does not apply to catastrophic plans, grandfathered plans, large group health plans, health savings accounts (HSAs), qualified high deductible health benefit plans, limited health benefit plans, or short-term limited-duration health insurance policies.

(g) Health plan companies must meet the requirements in this subdivision separately for plans offered through MNsure under chapter 62V and plans offered outside of MNsure.

EFFECTIVE DATE. This section is effective January 1, 2022, and applies to individual and small group health plans offered, issued, or renewed on or after that date.

Sec. 8. **[62Q.83] PRESCRIPTION DRUG BENEFIT TRANSPARENCY AND MANAGEMENT.**

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

(b) "Drug" has the meaning given in section 151.01, subdivision 5.

(c) "Enrollee contract term" means the 12-month term during which benefits associated with health plan company products are in effect. For managed care plans and county-based purchasing plans under section 256B.69 and chapter 256L, enrollee contract term means a single calendar quarter.

(d) "Formulary" means a list of prescription drugs that have been developed by clinical and pharmacy experts and represents the health plan company's medically appropriate and cost-effective prescription drugs approved for use.

(e) "Health plan company" has the meaning given in section 62Q.01, subdivision 4, and includes an entity that performs pharmacy benefits management for the health plan company.

(f) "Pharmacy benefits management" means the administration or management of prescription drug benefits provided by the health plan company for the benefit of its enrollees and may include but is not limited to procurement of prescription drugs, clinical formulary development and management services, claims processing, and rebate contracting and administration.

(g) "Prescription" has the meaning given in section 151.01, subdivision 16a.

Subd. 2. **Prescription drug benefit disclosure.** (a) A health plan company that provides prescription drug benefit coverage and uses a formulary must make its formulary and related benefit information available by electronic means and, upon request, in writing at least 30 days prior to annual renewal dates.

(b) Formularies must be organized and disclosed consistent with the most recent version of the United States Pharmacopeia's Model Guidelines.

(c) For each item or category of items on the formulary, the specific enrollee benefit terms must be identified, including enrollee cost-sharing and expected out-of-pocket costs.

Subd. 3. **Formulary changes.** (a) Once a formulary has been established, a health plan company may, at any time during the enrollee's contract term:

(1) expand its formulary by adding drugs to the formulary;

(2) reduce co-payments or coinsurance; or

(3) move a drug to a benefit category that reduces an enrollee's cost.

(b) A health plan company may remove a brand name drug from its formulary or place a brand name drug in a benefit category that increases an enrollee's cost only upon the addition to the formulary of a generic or multisource brand name drug rated as therapeutically equivalent according to the Food and Drug Administration (FDA) Orange Book or a biologic drug rated as interchangeable according to the FDA Purple Book at a lower cost to the enrollee and upon at least a 60-day notice to prescribers, pharmacists, and affected enrollees.

(c) A health plan company may change utilization review requirements or move drugs to a benefit category that increases an enrollee's cost during the enrollee's contract term upon at least a 60-day notice to prescribers, pharmacists, and affected enrollees, provided that these changes do not apply to enrollees who are currently taking the drugs affected by these changes for the duration of the enrollee's contract term.

(d) A health plan company may remove any drugs from its formulary that have been deemed unsafe by the FDA; that have been withdrawn by either the FDA or the product manufacturer; or when an independent source of research, clinical guidelines, or evidence-based standards has issued drug-specific warnings or recommended changes in drug usage.

Sec. 9. **[62W.0751] ALTERNATIVE BIOLOGICAL PRODUCTS.**

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

(b) "Biological product" has the meaning given in section 151.01, subdivision 40.

(c) "Biosimilar" or "biosimilar product" has the meaning given in section 151.01, subdivision 43.

(d) "Interchangeable biological product" has the meaning given in section 151.01, subdivision 41.

(e) "Reference biological product" has the meaning given in section 151.01, subdivision 44.

Subd. 2. **Pharmacy and provider choice related to dispensing reference biological products, interchangeable biological products, or biosimilar products.** (a) A pharmacy benefit manager or health carrier must not require or demonstrate a preference for a pharmacy or health care provider to prescribe or dispense a single biological product for which there is a United States Food and Drug Administration-approved biosimilar or interchangeable biological product relative to a reference biological product, except as provided in paragraph (b).

(b) If a pharmacy benefit manager or health carrier elects coverage of a product listed in paragraph (a), it must also elect equivalent coverage for at least three reference, biosimilar, or interchangeable biological products, or the total number of products that have been approved by the United States Food and Drug Administration relative to the reference product if less than three, for which the wholesale acquisition cost is less than the wholesale acquisition cost of the product listed in paragraph (a).

(c) A pharmacy benefit manager or health carrier must not impose limits on access to a product required to be covered under paragraph (b) that are more restrictive than limits imposed on access to a product listed in paragraph (a), or that otherwise have the same effect as giving preferred status to a product listed in paragraph (a) over the product required to be covered under paragraph (b).

(d) This section does not apply to coverage provided through a public health care program under chapter 256B or 256L, or health plan coverage through the State Employee Group Insurance Plan (SEGIP) under chapter 43A.

EFFECTIVE DATE. This section is effective January 1, 2022.

Sec. 10. Minnesota Statutes 2020, section 62W.11, is amended to read:

62W.11 GAG CLAUSE PROHIBITION.

(a) No contract between a pharmacy benefit manager or health carrier and a pharmacy or pharmacist shall prohibit, restrict, or penalize a pharmacy or pharmacist from disclosing to an enrollee any health care information that the pharmacy or pharmacist deems appropriate regarding the nature of treatment; the risks or alternatives; the availability of alternative therapies, consultations, or tests; the decision of utilization reviewers or similar persons to authorize or deny services; the process that is used to authorize or deny health care services or benefits; or information on financial incentives and structures used by the health carrier or pharmacy benefit manager.

(b) A pharmacy or pharmacist must provide to an enrollee information regarding the enrollee's total cost for each prescription drug dispensed where part or all of the cost of the prescription is being paid or reimbursed by the employer-sponsored plan or by a health carrier or pharmacy benefit manager, in accordance with section 151.214, subdivision 1.

(c) A pharmacy benefit manager or health carrier must not prohibit a pharmacist or pharmacy from discussing information regarding the total cost for pharmacy services for a prescription drug, including the patient's co-payment amount ~~and~~, the pharmacy's own usual and customary price ~~of~~ for the prescription drug, the pharmacy's acquisition cost for the prescription drug, and the amount the pharmacy is being reimbursed by the pharmacy benefit manager or health carrier for the prescription drug.

(d) A pharmacy benefit manager must not prohibit a pharmacist or pharmacy from discussing with a health carrier the amount the pharmacy is being paid or reimbursed for a prescription drug by the pharmacy benefit manager or the pharmacy's acquisition cost for a prescription drug.

~~(d)~~ (e) A pharmacy benefit manager or health carrier must not prohibit a pharmacist or pharmacy from discussing the availability of any therapeutically equivalent alternative prescription drugs or alternative methods for purchasing the prescription drug, including but not limited to paying out-of-pocket the pharmacy's usual and customary price when that amount is less expensive to the enrollee than the amount the enrollee is required to pay for the prescription drug under the enrollee's health plan.

Sec. 11. Minnesota Statutes 2020, section 62W.12, is amended to read:

62W.12 POINT OF SALE.

(a) No pharmacy benefit manager or health carrier shall require an enrollee to make a payment at the point of sale for a covered prescription drug in an amount greater than the lesser of:

(1) the applicable co-payment for the prescription drug;

(2) the allowable claim amount for the prescription drug; ~~or~~

(3) the amount an enrollee would pay for the prescription drug if the enrollee purchased the prescription drug without using a health plan or any other source of prescription drug benefits or discounts~~.~~; or

(4) the net price of the prescription drug plus the dispensing fee.

(b) For purposes of this section, "net price" means the pharmacy benefit manager's or health carrier's cost for a prescription drug after applying any rebates or discounts received by or accrued directly or indirectly to the pharmacy benefit manager or health carrier from a drug manufacturer.

EFFECTIVE DATE. This section is effective for health plans offered, issued, or renewed on or after January 1, 2022.

Sec. 12. Minnesota Statutes 2020, section 151.01, is amended by adding a subdivision to read:

Subd. 43. **Biosimilar product.** "Biosimilar" or "interchangeable biological product" means a biological product that the United States Food and Drug Administration has licensed, and determined to be "biosimilar" under United States Code, title 42, section 262(i)(2).

EFFECTIVE DATE. This section is effective January 1, 2022.

Sec. 13. Minnesota Statutes 2020, section 151.01, is amended by adding a subdivision to read:

Subd. 44. **Reference biological product.** "Reference biological product" means the single biological product for which the United States Food and Drug Administration has approved an initial biological product license application, against which other biological products are evaluated for licensure as biosimilar products or interchangeable biological products.

EFFECTIVE DATE. This section is effective January 1, 2022.

Sec. 14. Minnesota Statutes 2020, section 151.071, subdivision 1, is amended to read:

Subdivision 1. **Forms of disciplinary action.** When the board finds that a licensee, registrant, or applicant has engaged in conduct prohibited under subdivision 2, it may do one or more of the following:

(1) deny the issuance of a license or registration;

(2) refuse to renew a license or registration;

(3) revoke the license or registration;

(4) suspend the license or registration;

(5) impose limitations, conditions, or both on the license or registration, including but not limited to: the limitation of practice to designated settings; the limitation of the scope of practice within designated settings; the imposition of retraining or rehabilitation requirements; the requirement of practice under supervision; the requirement of participation in a diversion program such as that established pursuant to section 214.31 or the conditioning of continued practice on demonstration of knowledge or skills by appropriate examination or other review of skill and competence;

(6) impose a civil penalty not exceeding $10,000 for each separate violation, except that a civil penalty not exceeding $25,000 may be imposed for each separate violation of section 62J.842, the amount of the civil penalty to be fixed so as to deprive a licensee or registrant of any economic advantage gained by reason of the violation, to discourage similar violations by the licensee or registrant or any other licensee or registrant, or to reimburse the board for the cost of the investigation and proceeding, including but not limited to, fees paid for services provided by the Office of Administrative Hearings, legal and investigative services provided by the Office of the Attorney General, court reporters, witnesses, reproduction of records, board members' per diem compensation, board staff time, and travel costs and expenses incurred by board staff and board members; and

(7) reprimand the licensee or registrant.

Sec. 15. Minnesota Statutes 2020, section 151.071, subdivision 2, is amended to read:

Subd. 2. **Grounds for disciplinary action.** The following conduct is prohibited and is grounds for disciplinary action:

(1) failure to demonstrate the qualifications or satisfy the requirements for a license or registration contained in this chapter or the rules of the board. The burden of proof is on the applicant to demonstrate such qualifications or satisfaction of such requirements;

(2) obtaining a license by fraud or by misleading the board in any way during the application process or obtaining a license by cheating, or attempting to subvert the licensing examination process. Conduct that subverts or attempts to subvert the licensing examination process includes, but is not limited to: (i) conduct that violates the security of the examination materials, such as removing examination materials from the examination room or having unauthorized possession of any portion of a future, current, or previously administered licensing examination; (ii) conduct that violates the standard of test administration, such as communicating with another examinee during administration of the examination, copying another examinee's answers, permitting another examinee to copy one's answers, or possessing unauthorized materials; or (iii) impersonating an examinee or permitting an impersonator to take the examination on one's own behalf;

(3) for a pharmacist, pharmacy technician, pharmacist intern, applicant for a pharmacist or pharmacy license, or applicant for a pharmacy technician or pharmacist intern registration, conviction of a felony reasonably related to the practice of pharmacy. Conviction as used in this subdivision includes a conviction of an offense that if committed in this state would be deemed a felony without regard to its designation elsewhere, or a criminal proceeding where a finding or verdict of guilt is made or returned but the adjudication of guilt is either withheld or not entered thereon. The board may delay the issuance of a new license or registration if the applicant has been charged with a felony until the matter has been adjudicated;

(4) for a facility, other than a pharmacy, licensed or registered by the board, if an owner or applicant is convicted of a felony reasonably related to the operation of the facility. The board may delay the issuance of a new license or registration if the owner or applicant has been charged with a felony until the matter has been adjudicated;

(5) for a controlled substance researcher, conviction of a felony reasonably related to controlled substances or to the practice of the researcher's profession. The board may delay the issuance of a registration if the applicant has been charged with a felony until the matter has been adjudicated;

(6) disciplinary action taken by another state or by one of this state's health licensing agencies:

(i) revocation, suspension, restriction, limitation, or other disciplinary action against a license or registration in another state or jurisdiction, failure to report to the board that charges or allegations regarding the person's license or registration have been brought in another state or jurisdiction, or having been refused a license or registration by any other state or jurisdiction. The board may delay the issuance of a new license or registration if an investigation or disciplinary action is pending in another state or jurisdiction until the investigation or action has been dismissed or otherwise resolved; and

(ii) revocation, suspension, restriction, limitation, or other disciplinary action against a license or registration issued by another of this state's health licensing agencies, failure to report to the board that charges regarding the person's license or registration have been brought by another of this state's health licensing agencies, or having been refused a license or registration by another of this state's health licensing agencies. The board may delay the issuance of a new license or registration if a disciplinary action is pending before another of this state's health licensing agencies until the action has been dismissed or otherwise resolved;

(7) for a pharmacist, pharmacy, pharmacy technician, or pharmacist intern, violation of any order of the board, of any of the provisions of this chapter or any rules of the board or violation of any federal, state, or local law or rule reasonably pertaining to the practice of pharmacy;

(8) for a facility, other than a pharmacy, licensed by the board, violations of any order of the board, of any of the provisions of this chapter or the rules of the board or violation of any federal, state, or local law relating to the operation of the facility;

(9) engaging in any unethical conduct; conduct likely to deceive, defraud, or harm the public, or demonstrating a willful or careless disregard for the health, welfare, or safety of a patient; or pharmacy practice that is professionally incompetent, in that it may create unnecessary danger to any patient's life, health, or safety, in any of which cases, proof of actual injury need not be established;

(10) aiding or abetting an unlicensed person in the practice of pharmacy, except that it is not a violation of this clause for a pharmacist to supervise a properly registered pharmacy technician or pharmacist intern if that person is performing duties allowed by this chapter or the rules of the board;

(11) for an individual licensed or registered by the board, adjudication as mentally ill or developmentally disabled, or as a chemically dependent person, a person dangerous to the public, a sexually dangerous person, or a person who has a sexual psychopathic personality, by a court of competent jurisdiction, within or without this state. Such adjudication shall automatically suspend a license for the duration thereof unless the board orders otherwise;

(12) for a pharmacist or pharmacy intern, engaging in unprofessional conduct as specified in the board's rules. In the case of a pharmacy technician, engaging in conduct specified in board rules that would be unprofessional if it were engaged in by a pharmacist or pharmacist intern or performing duties specifically reserved for pharmacists under this chapter or the rules of the board;

(13) for a pharmacy, operation of the pharmacy without a pharmacist present and on duty except as allowed by a variance approved by the board;

(14) for a pharmacist, the inability to practice pharmacy with reasonable skill and safety to patients by reason of illness, use of alcohol, drugs, narcotics, chemicals, or any other type of material or as a result of any mental or physical condition, including deterioration through the aging process or loss of motor skills. In the case of registered pharmacy technicians, pharmacist interns, or controlled substance researchers, the inability to carry out duties allowed under this chapter or the rules of the board with reasonable skill and safety to patients by reason of illness, use of alcohol, drugs, narcotics, chemicals, or any other type of material or as a result of any mental or physical condition, including deterioration through the aging process or loss of motor skills;

(15) for a pharmacist, pharmacy, pharmacist intern, pharmacy technician, medical gas dispenser, or controlled substance researcher, revealing a privileged communication from or relating to a patient except when otherwise required or permitted by law;

(16) for a pharmacist or pharmacy, improper management of patient records, including failure to maintain adequate patient records, to comply with a patient's request made pursuant to sections 144.291 to 144.298, or to furnish a patient record or report required by law;

(17) fee splitting, including without limitation:

(i) paying, offering to pay, receiving, or agreeing to receive, a commission, rebate, kickback, or other form of remuneration, directly or indirectly, for the referral of patients;

(ii) referring a patient to any health care provider as defined in sections 144.291 to 144.298 in which the licensee or registrant has a financial or economic interest as defined in section 144.6521, subdivision 3, unless the licensee or registrant has disclosed the licensee's or registrant's financial or economic interest in accordance with section 144.6521; and

(iii) any arrangement through which a pharmacy, in which the prescribing practitioner does not have a significant ownership interest, fills a prescription drug order and the prescribing practitioner is involved in any manner, directly or indirectly, in setting the price for the filled prescription that is charged to the patient, the patient's insurer or pharmacy benefit manager, or other person paying for the prescription or, in the case of veterinary patients, the price for the filled prescription that is charged to the client or other person paying for the prescription, except that a veterinarian and a pharmacy may enter into such an arrangement provided that the client or other person paying for the prescription is notified, in writing and with each prescription dispensed, about the arrangement, unless such arrangement involves pharmacy services provided for livestock, poultry, and agricultural production systems, in which case client notification would not be required;

(18) engaging in abusive or fraudulent billing practices, including violations of the federal Medicare and Medicaid laws or state medical assistance laws or rules;

(19) engaging in conduct with a patient that is sexual or may reasonably be interpreted by the patient as sexual, or in any verbal behavior that is seductive or sexually demeaning to a patient;

(20) failure to make reports as required by section 151.072 or to cooperate with an investigation of the board as required by section 151.074;

(21) knowingly providing false or misleading information that is directly related to the care of a patient unless done for an accepted therapeutic purpose such as the dispensing and administration of a placebo;

(22) aiding suicide or aiding attempted suicide in violation of section 609.215 as established by any of the following:

(i) a copy of the record of criminal conviction or plea of guilty for a felony in violation of section 609.215, subdivision 1 or 2;

(ii) a copy of the record of a judgment of contempt of court for violating an injunction issued under section 609.215, subdivision 4;

(iii) a copy of the record of a judgment assessing damages under section 609.215, subdivision 5; or

(iv) a finding by the board that the person violated section 609.215, subdivision 1 or 2. The board must investigate any complaint of a violation of section 609.215, subdivision 1 or 2;

(23) for a pharmacist, practice of pharmacy under a lapsed or nonrenewed license. For a pharmacist intern, pharmacy technician, or controlled substance researcher, performing duties permitted to such individuals by this chapter or the rules of the board under a lapsed or nonrenewed registration. For a facility required to be licensed under this chapter, operation of the facility under a lapsed or nonrenewed license or registration; ~~and~~

(24) for a pharmacist, pharmacist intern, or pharmacy technician, termination or discharge from the health professionals services program for reasons other than the satisfactory completion of the program~~.~~; and

(25) for a manufacturer, a violation of section 62J.842 or section 62J.845.

Sec. 16. **[151.335] DELIVERY THROUGH COMMON CARRIER; COMPLIANCE WITH TEMPERATURE REQUIREMENTS.**

In addition to complying with the requirements of Minnesota Rules, part 6800.3000, a mail order or specialty pharmacy that employs the United States Postal Service or other common carrier to deliver a filled prescription directly to a patient must ensure that the drug is delivered in compliance with temperature requirements established by the manufacturer of the drug. The pharmacy must develop written policies and procedures that are consistent with United States Pharmacopeia, chapters 1079 and 1118, and with nationally recognized standards issued by standard-setting or accreditation organizations recognized by the board through guidance. The policies and procedures must be provided to the board upon request.

Sec. 17. Minnesota Statutes 2020, section 151.555, subdivision 1, is amended to read:

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

(b) "Central repository" means a wholesale distributor that meets the requirements under subdivision 3 and enters into a contract with the Board of Pharmacy in accordance with this section.

(c) "Distribute" means to deliver, other than by administering or dispensing.

(d) "Donor" means:

(1) a health care facility as defined in this subdivision;

(2) a skilled nursing facility licensed under chapter 144A;

(3) an assisted living facility registered under chapter 144D where there is centralized storage of drugs and 24-hour on-site licensed nursing coverage provided seven days a week;

(4) a pharmacy licensed under section 151.19, and located either in the state or outside the state;

(5) a drug wholesaler licensed under section 151.47;

(6) a drug manufacturer licensed under section 151.252; or

(7) an individual at least 18 years of age, provided that the drug or medical supply that is donated was obtained legally and meets the requirements of this section for donation.

(e) "Drug" means any prescription drug that has been approved for medical use in the United States, is listed in the United States Pharmacopoeia or National Formulary, and meets the criteria established under this section for donation; or any over-the-counter medication that meets the criteria established under this section for donation. This definition includes cancer drugs and antirejection drugs, but does not include controlled substances, as defined in section 152.01, subdivision 4, or a prescription drug that can only be dispensed to a patient registered with the drug's manufacturer in accordance with federal Food and Drug Administration requirements.

(f) "Health care facility" means:

(1) a physician's office or health care clinic where licensed practitioners provide health care to patients;

(2) a hospital licensed under section 144.50;

(3) a pharmacy licensed under section 151.19 and located in Minnesota; or

(4) a nonprofit community clinic, including a federally qualified health center; a rural health clinic; public health clinic; or other community clinic that provides health care utilizing a sliding fee scale to patients who are low-income, uninsured, or underinsured.

(g) "Local repository" means a health care facility that elects to accept donated drugs and medical supplies and meets the requirements of subdivision 4.

(h) "Medical supplies" or "supplies" means any prescription and nonprescription medical supplies needed to administer a prescription drug.

(i) "Original, sealed, unopened, tamper-evident packaging" means packaging that is sealed, unopened, and tamper-evident, including a manufacturer's original unit dose or unit-of-use container, a repackager's original unit dose or unit-of-use container, or unit-dose packaging prepared by a licensed pharmacy according to the standards of Minnesota Rules, part 6800.3750.

(j) "Practitioner" has the meaning given in section 151.01, subdivision 23, except that it does not include a veterinarian.

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

Sec. 18. Minnesota Statutes 2020, section 151.555, subdivision 7, is amended to read:

Subd. 7. **Standards and procedures for inspecting and storing donated prescription drugs and supplies.** (a) A pharmacist or authorized practitioner who is employed by or under contract with the central repository or a local repository shall inspect all donated prescription drugs and supplies before the drug or supply is dispensed to determine, to the extent reasonably possible in the professional judgment of the pharmacist or practitioner, that the drug or supply is not adulterated or misbranded, has not been tampered with, is safe and suitable for dispensing, has not been subject to a recall, and meets the requirements for donation. The pharmacist or practitioner who inspects the drugs or supplies shall sign an inspection record stating that the requirements for donation have been met. If a local repository receives drugs and supplies from the central repository, the local repository does not need to reinspect the drugs and supplies.

(b) The central repository and local repositories shall store donated drugs and supplies in a secure storage area under environmental conditions appropriate for the drug or supply being stored. Donated drugs and supplies may not be stored with nondonated inventory. ~~If donated drugs or supplies are not inspected immediately upon receipt, a repository must quarantine the donated drugs or supplies separately from all dispensing stock until the donated drugs or supplies have been inspected and (1) approved for dispensing under the program; (2) disposed of pursuant to paragraph (c); or (3) returned to the donor pursuant to paragraph (d).~~

(c) The central repository and local repositories shall dispose of all prescription drugs and medical supplies that are not suitable for donation in compliance with applicable federal and state statutes, regulations, and rules concerning hazardous waste.

(d) In the event that controlled substances or prescription drugs that can only be dispensed to a patient registered with the drug's manufacturer are shipped or delivered to a central or local repository for donation, the shipment delivery must be documented by the repository and returned immediately to the donor or the donor's representative that provided the drugs.

(e) Each repository must develop drug and medical supply recall policies and procedures. If a repository receives a recall notification, the repository shall destroy all of the drug or medical supply in its inventory that is the subject of the recall and complete a record of destruction form in accordance with paragraph (f). If a drug or medical supply that is the subject of a Class I or Class II recall has been dispensed, the repository shall immediately notify the recipient of the recalled drug or medical supply. A drug that potentially is subject to a recall need not be destroyed if its packaging bears a lot number and that lot of the drug is not subject to the recall. If no lot number is on the drug's packaging, it must be destroyed.

(f) A record of destruction of donated drugs and supplies that are not dispensed under subdivision 8, are subject to a recall under paragraph (e), or are not suitable for donation shall be maintained by the repository for at least ~~five~~ two years. For each drug or supply destroyed, the record shall include the following information:

(1) the date of destruction;

(2) the name, strength, and quantity of the drug destroyed; and

(3) the name of the person or firm that destroyed the drug.

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

Sec. 19. Minnesota Statutes 2020, section 151.555, subdivision 11, is amended to read:

Subd. 11. **Forms and record-keeping requirements.** (a) The following forms developed for the administration of this program shall be utilized by the participants of the program and shall be available on the board's website:

(1) intake application form described under subdivision 5;

(2) local repository participation form described under subdivision 4;

(3) local repository withdrawal form described under subdivision 4;

(4) drug repository donor form described under subdivision 6;

(5) record of destruction form described under subdivision 7; and

(6) drug repository recipient form described under subdivision 8.

(b) All records, including drug inventory, inspection, and disposal of donated prescription drugs and medical supplies, must be maintained by a repository for a minimum of ~~five~~ two years. Records required as part of this program must be maintained pursuant to all applicable practice acts.

(c) Data collected by the drug repository program from all local repositories shall be submitted quarterly or upon request to the central repository. Data collected may consist of the information, records, and forms required to be collected under this section.

(d) The central repository shall submit reports to the board as required by the contract or upon request of the board.

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

Sec. 20. Minnesota Statutes 2020, section 151.555, is amended by adding a subdivision to read:

Subd. 14. **Cooperation.** The central repository, as approved by the Board of Pharmacy, may enter into an agreement with another state that has an established drug repository or drug donation program if the other state's program includes regulations to ensure the purity, integrity, and safety of the drugs and supplies donated, to permit the central repository to offer to another state program inventory that is not needed by a Minnesota resident and to accept inventory from another state program to be distributed to local repositories and dispensed to Minnesota residents in accordance with this program.

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

Sec. 21. Minnesota Statutes 2020, section 256B.69, subdivision 6, is amended to read:

Subd. 6. **Service delivery.** (a) Each demonstration provider shall be responsible for the health care coordination for eligible individuals. Demonstration providers:

(1) shall authorize and arrange for the provision of all needed health services including but not limited to the full range of services listed in sections 256B.02, subdivision 8, and 256B.0625 in order to ensure appropriate health care is delivered to enrollees. Notwithstanding section 256B.0621, demonstration providers that provide nursing home and community-based services under this section shall provide relocation service coordination to enrolled persons age 65 and over;

(2) shall accept the prospective, per capita payment from the commissioner in return for the provision of comprehensive and coordinated health care services for eligible individuals enrolled in the program;

(3) may contract with other health care and social service practitioners to provide services to enrollees; and

(4) shall institute recipient grievance procedures according to the method established by the project, utilizing applicable requirements of chapter 62D. Disputes not resolved through this process shall be appealable to the commissioner as provided in subdivision 11.

(b) Demonstration providers must comply with the standards for claims settlement under section 72A.201, subdivisions 4, 5, 7, and 8, when contracting with other health care and social service practitioners to provide services to enrollees. A demonstration provider must pay a clean claim, as defined in Code of Federal Regulations, title 42, section 447.45(b), within 30 business days of the date of acceptance of the claim.

(c) Managed care plans and county-based purchasing plans must comply with section 62Q.83.

Sec. 22. **STUDY OF PHARMACY AND PROVIDER CHOICE OF BIOLOGICAL PRODUCTS.**

The commissioner of health, within the limits of existing resources, shall analyze the effect of Minnesota Statutes, section 62W.0751, on the net price for different payors of biological products, interchangeable biological products, and biosimilar products. The commissioner of health shall report findings to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance, and insurance, by December 15, 2023.

Sec. 23. **STUDY OF TEMPERATURE MONITORING.**

The Board of Pharmacy shall conduct a study to determine the appropriateness and feasibility of requiring mail order and specialty pharmacies to enclose in each medication's packaging a method by which the patient can easily detect improper storage or temperature variations that may have occurred during the delivery of a medication. The board shall report the results of the study by January 15, 2022, to the chairs and ranking minority members of the legislative committees with jurisdiction over health finance and policy.

ARTICLE 6
HEALTH INSURANCE

Section 1. Minnesota Statutes 2020, section 62A.04, subdivision 2, is amended to read:

Subd. 2. **Required provisions.** Except as provided in subdivision 4 each such policy delivered or issued for delivery to any person in this state shall contain the provisions specified in this subdivision in the words in which the same appear in this section. The insurer may, at its option, substitute for one or more of such provisions corresponding provisions of different wording approved by the commissioner which are in each instance not less favorable in any respect to the insured or the beneficiary. Such provisions shall be preceded individually by the caption appearing in this subdivision or, at the option of the insurer, by such appropriate individual or group captions or subcaptions as the commissioner may approve.

(1) A provision as follows:

ENTIRE CONTRACT; CHANGES: This policy, including the endorsements and the attached papers, if any, constitutes the entire contract of insurance. No change in this policy shall be valid until approved by an executive officer of the insurer and unless such approval be endorsed hereon or attached hereto. No agent has authority to change this policy or to waive any of its provisions.

(2) A provision as follows:

TIME LIMIT ON CERTAIN DEFENSES: (a) After two years from the date of issue of this policy no misstatements, except fraudulent misstatements, made by the applicant in the application for such policy shall be used to void the policy or to deny a claim for loss incurred or disability (as defined in the policy) commencing after the expiration of such two year period.

The foregoing policy provision shall not be so construed as to affect any legal requirement for avoidance of a policy or denial of a claim during such initial two year period, nor to limit the application of clauses (1), (2), (3), (4) and (5), in the event of misstatement with respect to age or occupation or other insurance. A policy which the insured has the right to continue in force subject to its terms by the timely payment of premium (1) until at least age 50 or, (2) in the case of a policy issued after age 44, for at least five years from its date of issue, may contain in lieu of the foregoing the following provisions (from which the clause in parentheses may be omitted at the insurer's option) under the caption "INCONTESTABLE":

After this policy has been in force for a period of two years during the lifetime of the insured (excluding any period during which the insured is disabled), it shall become incontestable as to the statements contained in the application.

(b) No claim for loss incurred or disability (as defined in the policy) commencing after two years from the date of issue of this policy shall be reduced or denied on the ground that a disease or physical condition not excluded from coverage by name or specific description effective on the date of loss had existed prior to the effective date of coverage of this policy.

(3)(a) Except as required for qualified health plans sold through MNsure to individuals receiving advance payments of the premium tax credit, a provision as follows:

GRACE PERIOD: A grace period of ..... (insert a number not less than "7" for weekly premium policies, "10" for monthly premium policies and "31" for all other policies) days will be granted for the payment of each premium falling due after the first premium, during which grace period the policy shall continue in force.

A policy which contains a cancellation provision may add, at the end of the above provision,

subject to the right of the insurer to cancel in accordance with the cancellation provision hereof.

A policy in which the insurer reserves the right to refuse any renewal shall have, at the beginning of the above provision,

Unless not less than five days prior to the premium due date the insurer has delivered to the insured or has mailed to the insured's last address as shown by the records of the insurer written notice of its intention not to renew this policy beyond the period for which the premium has been accepted.

(b) For ~~qualified~~ individual and small group health plans ~~sold through MNsure to individuals receiving advance payments of the premium tax credit~~, a grace period provision must be included that complies with ~~the Affordable Care Act and is no less restrictive than the grace period required by the Affordable Care Act~~ section 62A.65, subdivision 2a.

(4) A provision as follows:

REINSTATEMENT: If any renewal premium be not paid within the time granted the insured for payment, a subsequent acceptance of premium by the insurer or by any agent duly authorized by the insurer to accept such premium, without requiring in connection therewith an application for reinstatement, shall reinstate the policy. If

the insurer or such agent requires an application for reinstatement and issues a conditional receipt for the premium tendered, the policy will be reinstated upon approval of such application by the insurer or, lacking such approval, upon the forty-fifth day following the date of such conditional receipt unless the insurer has previously notified the insured in writing of its disapproval of such application. For health plans described in section 62A.011, subdivision 3, clause (10), an insurer must accept payment of a renewal premium and reinstate the policy, if the insured applies for reinstatement no later than 60 days after the due date for the premium payment, unless:

(1) the insured has in the interim left the state or the insurer's service area; or

(2) the insured has applied for reinstatement on two or more prior occasions.

The reinstated policy shall cover only loss resulting from such accidental injury as may be sustained after the date of reinstatement and loss due to such sickness as may begin more than ten days after such date. In all other respects the insured and insurer shall have the same rights thereunder as they had under the policy immediately before the due date of the defaulted premium, subject to any provisions endorsed hereon or attached hereto in connection with the reinstatement. Any premium accepted in connection with a reinstatement shall be applied to a period for which premium has not been previously paid, but not to any period more than 60 days prior to the date of reinstatement. The last sentence of the above provision may be omitted from any policy which the insured has the right to continue in force subject to its terms by the timely payment of premiums (1) until at least age 50, or, (2) in the case of a policy issued after age 44, for at least five years from its date of issue.

(5) A provision as follows:

NOTICE OF CLAIM: Written notice of claim must be given to the insurer within 20 days after the occurrence or commencement of any loss covered by the policy, or as soon thereafter as is reasonably possible. Notice given by or on behalf of the insured or the beneficiary to the insurer at ..... (insert the location of such office as the insurer may designate for the purpose), or to any authorized agent of the insurer, with information sufficient to identify the insured, shall be deemed notice to the insurer.

In a policy providing a loss-of-time benefit which may be payable for at least two years, an insurer may at its option insert the following between the first and second sentences of the above provision:

Subject to the qualifications set forth below, if the insured suffers loss of time on account of disability for which indemnity may be payable for at least two years, the insured shall, at least once in every six months after having given notice of claim, give to the insurer notice of continuance of said disability, except in the event of legal incapacity. The period of six months following any filing of proof by the insured or any payment by the insurer on account of such claim or any denial of liability in whole or in part by the insurer shall be excluded in applying this provision. Delay in the giving of such notice shall not impair the insured's right to any indemnity which would otherwise have accrued during the period of six months preceding the date on which such notice is actually given.

(6) A provision as follows:

CLAIM FORMS: The insurer, upon receipt of a notice of claim, will furnish to the claimant such forms as are usually furnished by it for filing proofs of loss. If such forms are not furnished within 15 days after the giving of such notice the claimant shall be deemed to have complied with the requirements of this policy as to proof of loss upon submitting, within the time fixed in the policy for filing proofs of loss, written proof covering the occurrence, the character and the extent of the loss for which claim is made.

(7) A provision as follows:

PROOFS OF LOSS: Written proof of loss must be furnished to the insurer at its said office in case of claim for loss for which this policy provides any periodic payment contingent upon continuing loss within 90 days after the termination of the period for which the insurer is liable and in case of claim for any other loss within 90 days after the date of such loss. Failure to furnish such proof within the time required shall not invalidate nor reduce any claim if it was not reasonably possible to give proof within such time, provided such proof is furnished as soon as reasonably possible and in no event, except in the absence of legal capacity, later than one year from the time proof is otherwise required.

(8) A provision as follows:

TIME OF PAYMENT OF CLAIMS: Indemnities payable under this policy for any loss other than loss for which this policy provides periodic payment will be paid immediately upon receipt of due written proof of such loss. Subject to due written proof of loss, all accrued indemnities for loss for which this policy provides periodic payment will be paid..... (insert period for payment which must not be less frequently than monthly) and any balance remaining unpaid upon the termination of liability will be paid immediately upon receipt of due written proof.

(9) A provision as follows:

PAYMENT OF CLAIMS: Indemnity for loss of life will be payable in accordance with the beneficiary designation and the provisions respecting such payment which may be prescribed herein and effective at the time of payment. If no such designation or provision is then effective, such indemnity shall be payable to the estate of the insured. Any other accrued indemnities unpaid at the insured's death may, at the option of the insurer, be paid either to such beneficiary or to such estate. All other indemnities will be payable to the insured.

The following provisions, or either of them, may be included with the foregoing provision at the option of the insurer:

If any indemnity of this policy shall be payable to the estate of the insured, or to an insured or beneficiary who is a minor or otherwise not competent to give a valid release, the insurer may pay such indemnity, up to an amount not exceeding $..... (insert an amount which shall not exceed $1,000), to any relative by blood or connection by marriage of the insured or beneficiary who is deemed by the insurer to be equitably entitled thereto. Any payment made by the insurer in good faith pursuant to this provision shall fully discharge the insurer to the extent of such payment.

Subject to any written direction of the insured in the application or otherwise all or a portion of any indemnities provided by this policy on account of hospital, nursing, medical, or surgical services may, at the insurer's option and unless the insured requests otherwise in writing not later than the time of filing proofs of such loss, be paid directly to the hospital or person rendering such services; but it is not required that the service be rendered by a particular hospital or person.

(10) A provision as follows:

PHYSICAL EXAMINATIONS AND AUTOPSY: The insurer at its own expense shall have the right and opportunity to examine the person of the insured when and as often as it may reasonably require during the pendency of a claim hereunder and to make an autopsy in case of death where it is not forbidden by law.

(11) A provision as follows:

LEGAL ACTIONS: No action at law or in equity shall be brought to recover on this policy prior to the expiration of 60 days after written proof of loss has been furnished in accordance with the requirements of this policy. No such action shall be brought after the expiration of three years after the time written proof of loss is required to be furnished.

(12) A provision as follows:

CHANGE OF BENEFICIARY: Unless the insured makes an irrevocable designation of beneficiary, the right to change of beneficiary is reserved to the insured and the consent of the beneficiary or beneficiaries shall not be requisite to surrender or assignment of this policy or to any change of beneficiary or beneficiaries, or to any other changes in this policy. The first clause of this provision, relating to the irrevocable designation of beneficiary, may be omitted at the insurer's option.

EFFECTIVE DATE. This section is effective January 1, 2022, for health plans offered, sold, issued, or renewed on or after that date.

Sec. 2. Minnesota Statutes 2020, section 62A.10, is amended by adding a subdivision to read:

Subd. 5. **Prohibition on waiting periods that exceed 90 days.** (a) For purposes of this subdivision, "waiting period" means the period that must pass before coverage becomes effective for an individual who is otherwise eligible to enroll under the terms of a group health plan.

(b) A health carrier offering a group health plan must not apply a waiting period that exceeds 90 days, with exceptions for the circumstances described in paragraphs (c) to (e). A health carrier does not violate this subdivision solely because an individual is permitted to take additional time to elect coverage beyond the end of the 90-day waiting period.

(c) If a group health plan conditions eligibility on an employee working full time or regularly having a specified number of service hours per period, and the plan is unable to determine whether a newly hired employee is full time or reasonably expected to regularly work the specific number of hours per period, the plan may take a reasonable period of time, not to exceed 12 months beginning on any date between the employee's start date and the first day of the first calendar month after the employee's start date, to determine whether the employee meets the plan's eligibility condition.

(d) If a group health plan conditions eligibility on an employee having completed a cumulative number of service hours, the cumulative hours-of-service requirement must not exceed 1,200 hours.

(e) An orientation period may be added to the 90-day waiting period if the orientation period is one month or less. The one-month period is determined by adding one calendar month and subtracting one calendar day, measured from an employee's start date in a position that is otherwise eligible for coverage.

(f) A group health plan may treat an employee whose employment has terminated and is later rehired as newly eligible upon rehire and require the rehired employee to meet the plan's eligibility criteria and waiting period again, if doing so is reasonable under the circumstances. Treating an employee as rehired is reasonable if the employee has a break in service of at least 13 weeks, or at least 26 weeks if the employer is an educational institution.

EFFECTIVE DATE. This section is effective January 1, 2022, for health plans offered, sold, issued, or renewed on or after that date.

Sec. 3. Minnesota Statutes 2020, section 62A.65, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** No health carrier, as defined in section 62A.011, shall offer, sell, issue, or renew any individual health plan, as defined in section 62A.011, to a Minnesota resident except in compliance with this section. ~~This section does not apply to the Comprehensive Health Association established in section 62E.10.~~ A health carrier must only offer, sell, issue, or renew individual health plans on a guaranteed issue basis and at a premium rate that does not vary based on the health status of the individual.

EFFECTIVE DATE. This section is effective January 1, 2022, for health plans offered, sold, issued, or renewed on or after that date.

Sec. 4. Minnesota Statutes 2020, section 62A.65, is amended by adding a subdivision to read:

Subd. 2a. **Grace period for nonpayment of premium.** (a) Notwithstanding any other law to the contrary, an individual health plan may be canceled for nonpayment of premiums, but must include a grace period as described in this subdivision.

(b) The grace period must be three consecutive months. During the grace period, the health carrier must:

(1) pay all claims for services that would have been covered if the premium had been paid, which are provided to the enrollee during the first month of the grace period, and may pend claims for services provided to an enrollee in the second and third months of the grace period; and

(2) notify health care providers of the possibility of denied claims when an enrollee is in the second and third month of the grace period.

(c) In order to stop a cancellation, an enrollee must pay all outstanding premiums before the end of the grace period.

(d) If a health plan is canceled under this subdivision, the final day of the enrollment is the last day of the first month of the three-month grace period.

EFFECTIVE DATE. This section is effective January 1, 2022, for health plans offered, sold, issued, or renewed on or after that date.

Sec. 5. Minnesota Statutes 2020, section 62D.095, subdivision 2, is amended to read:

Subd. 2. **Co-payments.** A health maintenance contract may impose a co-payment and coinsurance consistent with ~~the provisions of the Affordable Care Act as defined under section 62A.011, subdivision 1a~~ state and federal law.

EFFECTIVE DATE. This section is effective January 1, 2022, for health plans offered, sold, issued, or renewed on or after that date.

Sec. 6. Minnesota Statutes 2020, section 62D.095, subdivision 3, is amended to read:

Subd. 3. **Deductibles.** A health maintenance contract may impose a deductible consistent with ~~the provisions of the Affordable Care Act as defined under section 62A.011, subdivision 1a~~ state and federal law.

EFFECTIVE DATE. This section is effective January 1, 2022, for health plans offered, sold, issued, or renewed on or after that date.

Sec. 7. Minnesota Statutes 2020, section 62D.095, subdivision 4, is amended to read:

Subd. 4. **Annual out-of-pocket maximums.** A health maintenance contract may impose an annual out-of-pocket maximum consistent with the provisions of ~~the Affordable Care Act as defined under section 62A.011, subdivision 1a~~ section 62Q.677, subdivision 6a.

EFFECTIVE DATE. This section is effective January 1, 2022, for health plans offered, sold, issued, or renewed on or after that date.

Sec. 8. Minnesota Statutes 2020, section 62D.095, subdivision 5, is amended to read:

Subd. 5. **Exceptions.** No co-payments or deductibles may be imposed on preventive ~~health care~~ items and services ~~consistent with the provisions of the Affordable Care Act as defined under section 62A.011, subdivision 1a,~~ as defined in section 62Q.46, subdivision 1.

EFFECTIVE DATE. This section is effective January 1, 2022, for health plans offered, sold, issued, or renewed on or after that date.

Sec. 9. Minnesota Statutes 2020, section 62Q.01, subdivision 2a, is amended to read:

Subd. 2a. **Dependent child to the limiting age.** "Dependent child to the limiting age" or "dependent children to the limiting age" means those individuals who are eligible and covered as a dependent child under the terms of a health plan who have not yet attained 26 years of age. A health plan company must not deny or restrict eligibility for a dependent child to the limiting age based on financial dependency, residency, marital status, or student status. For coverage under plans offered by the Minnesota Comprehensive Health Association, dependent to the limiting age means dependent as defined in section 62A.302, subdivision 3. Notwithstanding the provisions in this subdivision, a health plan may include:

(1) eligibility requirements regarding the absence of other health plan coverage ~~as permitted by the Affordable Care Act~~ for grandfathered plan coverage; or

(2) an age greater than 26 in its policy, contract, or certificate of coverage.

EFFECTIVE DATE. This section is effective January 1, 2022, for health plans offered, sold, issued, or renewed on or after that date.

Sec. 10. **[62Q.097] REQUIREMENTS FOR TIMELY PROVIDER CREDENTIALING.**

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Clean application for provider credentialing" or "clean application" means an application for provider credentialing submitted by a health care provider to a health plan company that is complete, is in the format required by the health plan company, and includes all information and substantiation required by the health plan company and does not require evaluation of any identified potential quality or safety concern.

(c) "Provider credentialing" means the process undertaken by a health plan company to evaluate and approve a health care provider's education, training, residency, licenses, certifications, and history of significant quality or safety concerns in order to approve the health care provider to provide health care services to patients at a clinic or facility.

Subd. 2. **Time limit for credentialing determination.** A health plan company that receives an application for provider credentialing must:

(1) if the application is determined to be a clean application for provider credentialing and if the health care provider submitting the application or the clinic or facility at which the health care provider provides services requests the information, affirm that the health care provider's application is a clean application and notify the health care provider or clinic or facility of the date by which the health plan company will make a determination on the health care provider's application;

(2) if the application is determined not to be a clean application, inform the health care provider of the application's deficiencies or missing information or substantiation within three business days after the health plan company determines the application is not a clean application; and

(3) make a determination on the health care provider's clean application within 45 days after receiving the clean application unless the health plan company identifies a substantive quality or safety concern in the course of provider credentialing that requires further investigation. Upon notice to the health care provider, clinic, or facility, the health plan company is allowed 30 additional days to investigate any quality or safety concerns.

EFFECTIVE DATE; APPLICATION. This section applies to applications for provider credentialing submitted to a health plan company on or after January 1, 2022.

Sec. 11. Minnesota Statutes 2020, section 62Q.46, is amended to read:

62Q.46 PREVENTIVE ITEMS AND SERVICES.

Subdivision 1. **Coverage for preventive items and services.** (a) "Preventive items and services" ~~has the meaning specified in the Affordable Care Act~~ means the items and services categorized as preventive under subdivision 1a.

(b) A health plan company must provide coverage for preventive items and services at a participating provider without imposing cost-sharing requirements, including a deductible, coinsurance, or co-payment. Nothing in this section prohibits a health plan company that has a network of providers from excluding coverage or imposing cost-sharing requirements for preventive items or services that are delivered by an out-of-network provider.

(c) A health plan company is not required to provide coverage for any items or services specified in any recommendation or guideline described in paragraph (a) if the recommendation or guideline is no longer included as a preventive item or service as defined in paragraph (a). Annually, a health plan company must determine whether any additional items or services must be covered without cost-sharing requirements or whether any items or services are no longer required to be covered.

(d) Nothing in this section prevents a health plan company from using reasonable medical management techniques to determine the frequency, method, treatment, or setting for a preventive item or service to the extent not specified in the recommendation or guideline.

(e) This section does not apply to grandfathered plans.

(f) This section does not apply to plans offered by the Minnesota Comprehensive Health Association.

Subd. 1a. **Preventive items and services.** The commissioner of commerce must provide health plan companies with information regarding which items and services must be categorized as preventive.

Subd. 2. **Coverage for office visits in conjunction with preventive items and services.** (a) A health plan company may impose cost-sharing requirements with respect to an office visit if a preventive item or service is billed separately or is tracked separately as individual encounter data from the office visit.

(b) A health plan company must not impose cost-sharing requirements with respect to an office visit if a preventive item or service is not billed separately or is not tracked separately as individual encounter data from the office visit and the primary purpose of the office visit is the delivery of the preventive item or service.

(c) A health plan company may impose cost-sharing requirements with respect to an office visit if a preventive item or service is not billed separately or is not tracked separately as individual encounter data from the office visit and the primary purpose of the office visit is not the delivery of the preventive item or service.

Subd. 3. **Additional services not prohibited.** Nothing in this section prohibits a health plan company from providing coverage for preventive items and services in addition to those specified in ~~the Affordable Care Act~~ subdivision 1a, or from denying coverage for preventive items and services that are not recommended as preventive items and services under ~~the Affordable Care Act~~ subdivision 1a. A health plan company may impose cost-sharing requirements for a treatment not described in ~~the Affordable Care Act~~ subdivision 1a even if the treatment results from a preventive item or service described in ~~the Affordable Care Act~~ subdivision 1a.

EFFECTIVE DATE. This section is effective January 1, 2022, for health plans offered, sold, issued, or renewed on or after that date.

Sec. 12. **[62Q.472] SCREENING AND TESTING FOR OPIOIDS.**

(a) A health plan company shall not place a lifetime or annual limit on screenings and urinalysis testing for opioids for an enrollee in an inpatient or outpatient substance use disorder treatment program when ordered by a health care provider and performed by an accredited clinical laboratory. A health plan company is not prohibited from conducting a medical necessity review when screenings or urinalysis testing for an enrollee exceeds 24 tests in any 12-month period.

(b) This section does not apply to managed care plans or county-based purchasing plans when the plan is providing coverage to public health care program enrollees under chapter 256B or 256L.

EFFECTIVE DATE. This section is effective January 1, 2022, and applies to health plans offered, issued, or renewed on or after that date.

Sec. 13. **[62Q.521] COVERAGE OF CONTRACEPTIVES AND CONTRACEPTIVE SERVICES.**

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Closely held for-profit entity" means an entity that:

(1) is not a nonprofit entity;

(2) has more than 50 percent of the value of its ownership interest owned directly or indirectly by five or fewer individuals, or has an ownership structure that is substantially similar; and

(3) has no publicly traded ownership interest, having any class of common equity securities required to be registered under United States Code, title 15, section 781.

For purposes of this paragraph:

(i) ownership interests owned by a corporation, partnership, estate, or trust are considered owned proportionately by that entity's shareholders, partners, or beneficiaries;

(ii) ownership interests owned by a nonprofit entity are considered owned by a single owner;

(iii) ownership interests owned by an individual are considered owned, directly or indirectly, by or for the individual's family. For purposes of this item, "family" means brothers and sisters, including half-brothers and half-sisters, a spouse, ancestors, and lineal descendants; and

(iv) if an individual or entity holds an option to purchase an ownership interest, the individual or entity is considered to be the owner of those ownership interests.

(c) "Contraceptive" means a drug, device, or other product approved by the Food and Drug Administration to prevent unintended pregnancy.

(d) "Contraceptive service" means consultation, examination, procedure, and medical service related to the prevention of unintended pregnancy. This includes but is not limited to voluntary sterilization procedures, patient education, counseling on contraceptives, and follow-up services related to contraceptives or contraceptive services, management of side effects, counseling for continued adherence, and device insertion or removal.

(e) "Eligible organization" means an organization that opposes providing coverage for some or all contraceptives or contraceptive services on account of religious objections and that is:

(1) organized as a nonprofit entity and holds itself as a religious employer; or

(2) organized and operates as a closely held for-profit entity, and the organization's highest governing body has adopted, under the organization's applicable rules of governance and consistent with state law, a resolution or similar action establishing that it objects to covering some or all contraceptives or contraceptive services on account of the owners' sincerely held religious beliefs.

(f) "Medical necessity" includes but is not limited to considerations such as severity of side effects, difference in permanence and reversibility of a contraceptive or contraceptive service, and ability to adhere to the appropriate use of the contraceptive method or service, as determined by the attending provider.

(g) "Religious employer" means an organization that is organized and operates as a nonprofit entity and meets the requirements of section 6033(a)(3)(A)(i) or (iii) of the Internal Revenue Code of 1986, as amended.

(h) "Therapeutic equivalent version" means a drug, device, or product that can be expected to have the same clinical effect and safety profile when administered to a patient under the conditions specified in the labeling, and that:

(1) is approved as safe and effective;

(2) is a pharmaceutical equivalent, (i) containing identical amounts of the same active drug ingredient in the same dosage form and route of administration, and (ii) meeting compendial or other applicable standards of strength, quality, purity, and identity;

(3) is bioequivalent in that:

(i) the drug, device, or product does not present a known or potential bioequivalence problem and meets an acceptable in vitro standard; or

(ii) if the drug, device, or product does present a known or potential bioequivalence problem, it is shown to meet an appropriate bioequivalence standard;

(4) is adequately labeled; and

(5) is manufactured in compliance with current manufacturing practice regulations.

Subd. 2. **Required coverage; cost-sharing prohibited.** (a) A health plan must provide coverage for all prescription contraceptives and contraceptive services.

(b) A health plan company must not impose cost-sharing requirements, including co-pays, deductibles, or co-insurance, for contraceptives or contraceptive services.

(c) Notwithstanding paragraph (b), a health plan that is a high-deductible health plan in conjunction with a health savings account must include cost-sharing for contraceptives and contraceptive services at the minimum level necessary to preserve the enrollee's ability to make tax exempt contributions and withdrawals from the health savings account, as provided by section 223 of the Internal Revenue Code of 1986, as amended.

(d) A health plan company must not impose any referral requirements, restrictions, or delays for contraceptives or contraceptive services.

(e) If more than one therapeutic equivalent version of a contraceptive is approved by the FDA, a health plan must cover at least one therapeutic equivalent version, but is not required to cover all therapeutic equivalent versions.

(f) For each health plan, a health plan company must list the contraceptives and contraceptive services that are covered without cost-sharing in a manner that is easily accessible to enrollees, health care providers, and representatives of health care providers. The list for each health plan must be promptly updated to reflect changes to the coverage.

(g) If an enrollee's attending provider recommends a particular contraceptive or contraceptive service based on a determination of medical necessity for that enrollee, the health plan must cover that contraceptive or contraceptive service without cost-sharing. The health plan company issuing the health plan must defer to the attending provider's determination that the particular contraceptive or contraceptive service is medically necessary for the enrollee.

Subd. 3. **Religious employers; exempt.** (a) A religious employer is not required to cover contraceptives or contraceptive services if the employer has religious objections to the coverage. A religious employer that chooses not to provide coverage for some or all contraceptives and contraceptive services must notify employees as part of the hiring process and all employees at least 30 days before:

(1) an employee enrolls in the health plan; or

(2) the effective date of the health plan, whichever occurs first.

(b) If the religious employer provides coverage for some contraceptives or contraceptive services, the notice must provide a list of the contraceptives or contraceptive services the employer refuses to cover.

Subd. 4. **Accommodation for eligible organizations.** (a) A health plan established or maintained by an eligible organization complies with the requirements of subdivision 2 to provide coverage of contraceptives and contraceptive services if the eligible organization provides notice to any health plan company the eligible organization contracts with that it is an eligible organization and that the eligible organization has a religious objection to coverage for all or a subset of contraceptives or contraceptive services.

(b) The notice from an eligible organization to a health plan company under paragraph (a) must include the name of the eligible organization, a statement that it objects to coverage for some or all of contraceptives or contraceptive services, including a list of the contraceptive services the eligible organization objects to, if applicable, and the health plan name. The notice must be executed by a person authorized to provide notice on behalf of the eligible organization.

(c) An eligible organization must provide a copy of the notice under paragraph (b) to prospective employees as part of the hiring process and to all employees at least 30 days before:

(1) an employee enrolls in the health plan; or

(2) the effective date of the health plan, whichever occurs first.

(d) A health plan company that receives a copy of the notice under paragraph (a) with respect to a health plan established or maintained by an eligible organization must:

(1) expressly exclude coverage for some or all contraceptives or contraceptive services from the health plan and provide separate payments for any contraceptive or contraceptive service required to be covered under subdivision 2 for enrollees as long as the enrollee remains enrolled in the health plan; or

(2) arrange for an issuer or other entity to provide payments for contraceptive services for plan participants and beneficiaries without imposing any cost-sharing requirements, or imposing a premium fee or other charge, or any portion thereof directly or indirectly, on the eligible organization, the group health plan, or plan participants or beneficiaries.

(e) The health plan company must not impose any cost-sharing requirements, including co-pays, deductibles, or co-insurance, or directly or indirectly impose any premium, fee, or other charge for contraceptive services or contraceptives on the eligible organization, health plan, or enrollee.

(f) On January 1, 2022, and every year thereafter a health plan company must notify the commissioner, in a manner to be determined by the commissioner, regarding the number of eligible organizations granted an accommodation under this subdivision.

EFFECTIVE DATE. This section is effective January 1, 2022, and applies to coverage offered, sold, issued, or renewed on or after that date.

Sec. 14. **[62Q.522] COVERAGE FOR PRESCRIPTION CONTRACEPTIVES; SUPPLY REQUIREMENTS.**

Subdivision 1. **Scope of coverage.** Except as otherwise provided in section 62Q.521, subdivision 3, all health plans that provide prescription coverage must comply with the requirements of this section.

Subd. 2. **Definition.** For purposes of this section, "prescription contraceptive" means any drug or device that requires a prescription and is approved by the Food and Drug Administration to prevent pregnancy. Prescription contraceptive does not include an emergency contraceptive drug that prevents pregnancy when administered after sexual contact.

Subd. 3. **Required coverage.** (a) Health plan coverage for a prescription contraceptive must provide a 12-month supply for any prescription contraceptive, regardless of whether the enrollee was covered by the health plan at the time of the first dispensing.

(b) The prescribing health care provider must determine the appropriate number of months to prescribe the prescription contraceptives for, up to 12 months.

EFFECTIVE DATE. This section is effective January 1, 2022, and applies to coverage offered, sold, issued, or renewed on or after that date.

Sec. 15. Minnesota Statutes 2020, section 62Q.677, is amended by adding a subdivision to read:

Subd. 6a. **Out-of-pocket annual maximum.** By October of each year, the commissioner of commerce must determine the maximum annual out-of-pocket limits applicable to individual health plans and small group health plans.

EFFECTIVE DATE. This section is effective January 1, 2022, for health plans offered, sold, issued, or renewed on or after that date.

Sec. 16. Minnesota Statutes 2020, section 62Q.81, is amended to read:

62Q.81 ESSENTIAL HEALTH BENEFIT PACKAGE REQUIREMENTS.

Subdivision 1. **Essential health benefits package.** (a) Health plan companies offering individual and small group health plans must include the essential health benefits package ~~required under section 1302(a) of the Affordable Care Act and as~~ described in this subdivision.

(b) The essential health benefits package means insurance coverage that:

(1) provides the essential health benefits ~~as outlined in the Affordable Care Act~~ described in subdivision 4;

(2) limits cost-sharing for ~~such~~ the coverage ~~in accordance with the Affordable Care Act~~, as described in subdivision 2; and

(3) ~~subject to subdivision 3,~~ provides bronze, silver, gold, or platinum level of coverage ~~in accordance with the Affordable Care Act~~, as described in subdivision 3.

Subd. 2. **Cost-sharing; coverage for enrollees under the age of 21.** (a) Cost-sharing includes (1) deductibles, coinsurance, co-payments, or similar charges, and (2) qualified medical expenses, as defined in section 223(d)(2) of the Internal Revenue Code of 1986, as amended. Cost-sharing does not include premiums, balance billing from non-network providers, or spending for noncovered services.

(b) Cost-sharing per year for individual health plans is limited to the amount allowed under section 223(c)(2)(A)(ii) of the Internal Revenue Code of 1986, as amended, increased by an amount equal to the product of that amount and the premium adjustment percentage. The premium adjustment percentage is the percentage that the average per capita premium for health insurance coverage in the United States for the preceding calendar year exceeds the average per capita premium for 2017. If the amount of the increase is not a multiple of $50, the increases must be rounded to the next lowest multiple of $50.

(c) Cost-sharing per year for small group health plans is limited to twice the amount allowed under paragraph (b).

(d) If a health plan company offers health plans in any level of coverage ~~specified under section 1302(d) of the Affordable Care Act, as~~ described in subdivision ~~1, paragraph (b), clause (3)~~ 3, the health plan company shall also offer coverage in that level to individuals who have not attained 21 years of age as of the beginning of a policy year.

Subd. 3. **Levels of coverage; alternative compliance for catastrophic plans.** (a) A health plan in the bronze level must provide a level of coverage designed to provide benefits that are actuarially equivalent to 60 percent of the full actuarial value of the benefits provided under the plan.

(b) A health plan in the silver level must provide a level of coverage designed to provide benefits that are actuarially equivalent to 70 percent of the full actuarial value of the benefits provided under the plan.

(c) A health plan in the gold level must provide a level of coverage designed to provide benefits that are actuarially equivalent to 80 percent of the full actuarial value of the benefits provided under the plan.

(d) A health plan in the platinum level must provide a level of coverage designed to provide benefits that are actuarially equivalent to 90 percent of the full actuarial value of the benefits provided under the plan.

(e) A health plan company that does not provide an individual or small group health plan in the bronze, silver, gold, or platinum level of coverage~~, as described in subdivision 1, paragraph (b), clause (3), shall be treated as meeting~~ meets the requirements of this section ~~1302(d) of the Affordable Care Act~~ with respect to any ~~policy~~ plan year if the health plan company provides a catastrophic plan that meets the following requirements ~~of section 1302(e) of the Affordable Care Act.~~:

(1) enrollment in the health plan is limited only to individuals that:

(i) have not attained age 30 before the beginning of the plan year;

(ii) are unable to access affordable coverage; or

(iii) are experiencing a hardship in reference to the individual's capability to access coverage; and

(2) the health plan provides:

(i) essential health benefits, except that the plan does not provide benefits for any plan year until the individual has incurred cost-sharing expenses in an amount equal to the limitation in effect under subdivision 2; and

(ii) coverage for at least three primary care visits.

Subd. 4. **Essential health benefits; definition.** (a) For purposes of this section, "essential health benefits" ~~has the meaning given under section 1302(b) of the Affordable Care Act and includes~~ means:

(1) ambulatory patient services;

(2) emergency services;

(3) hospitalization;

(4) laboratory services;

(5) maternity and newborn care;

(6) mental health and substance use disorder services, including behavioral health treatment;

(7) pediatric services, including oral and vision care;

(8) prescription drugs;

(9) preventive and wellness services and chronic disease management;

(10) rehabilitative and habilitative services and devices; and

(11) additional essential health benefits included in the ~~EHB benchmark plan, as defined under the Affordable Care Act~~ health plan described in paragraph (c).

(b) If a service provider does not have a contractual relationship with the health plan to provide services, emergency services must be provided without imposing any prior authorization requirement or limitation on coverage that is more restrictive than the requirements or limitations that apply to emergency services received from providers who have a contractual relationship with the health plan. If services are provided out-of-network, the cost-sharing must be equivalent to services provided in-network.

(c) The scope of essential health benefits under paragraph (a) must be equal to the scope of benefits provided under a typical employer plan.

(d) Essential health benefits must:

(1) reflect an appropriate balance among the categories to ensure benefits are not unduly weighted toward any category;

(2) not make coverage decisions, determine reimbursement rates, establish incentive programs, or design benefits in a manner that discriminates against individuals on the basis of age, disability, or expected length of life;

(3) account for the health care needs of diverse segments of the population, including women, children, persons with disabilities, and other groups; and

(4) ensure that health benefits established as essential are not subject to denial against the individual's wishes on the basis of the individual's age or expected length of life or of the individual's present or predicted disability, degree of medical dependency, or quality of life.

Subd. 5. **Exception.** This section does not apply to a dental plan ~~described in section 1311(d)(2)(B)(ii) of the Affordable Care Act~~ that is limited in scope and provides pediatric dental benefits.

EFFECTIVE DATE. This section is effective January 1, 2022, for health plans offered, sold, issued, or renewed on or after that date.

Sec. 17. Minnesota Statutes 2020, section 256B.0625, subdivision 10, is amended to read:

Subd. 10. **Laboratory ~~and~~, x-ray, and opioid screening services.** (a) Medical assistance covers laboratory and x-ray services.

(b) Medical assistance covers screening and urinalysis tests for opioids without lifetime or annual limits.

EFFECTIVE DATE. This section is effective January 1, 2022.

Sec. 18. Minnesota Statutes 2020, section 256B.0625, subdivision 13, is amended to read:

Subd. 13. **Drugs.** (a) Medical assistance covers drugs, except for fertility drugs when specifically used to enhance fertility, if prescribed by a licensed practitioner and dispensed by a licensed pharmacist, by a physician enrolled in the medical assistance program as a dispensing physician, or by a physician, a physician assistant, or an advanced practice registered nurse employed by or under contract with a community health board as defined in section 145A.02, subdivision 5, for the purposes of communicable disease control.

(b) The dispensed quantity of a prescription drug must not exceed a 34-day supply, unless authorized by the commissioner or as provided in paragraph (h).

(c) For the purpose of this subdivision and subdivision 13d, an "active pharmaceutical ingredient" is defined as a substance that is represented for use in a drug and when used in the manufacturing, processing, or packaging of a drug becomes an active ingredient of the drug product. An "excipient" is defined as an inert substance used as a diluent or vehicle for a drug. The commissioner shall establish a list of active pharmaceutical ingredients and excipients which are included in the medical assistance formulary. Medical assistance covers selected active pharmaceutical ingredients and excipients used in compounded prescriptions when the compounded combination is specifically approved by the commissioner or when a commercially available product:

(1) is not a therapeutic option for the patient;

(2) does not exist in the same combination of active ingredients in the same strengths as the compounded prescription; and

(3) cannot be used in place of the active pharmaceutical ingredient in the compounded prescription.

(d) Medical assistance covers the following over-the-counter drugs when prescribed by a licensed practitioner or by a licensed pharmacist who meets standards established by the commissioner, in consultation with the board of pharmacy: antacids, acetaminophen, family planning products, aspirin, insulin, products for the treatment of lice, vitamins for adults with documented vitamin deficiencies, vitamins for children under the age of seven and pregnant or nursing women, and any other over-the-counter drug identified by the commissioner, in consultation with the Formulary Committee, as necessary, appropriate, and cost-effective for the treatment of certain specified chronic diseases, conditions, or disorders, and this determination shall not be subject to the requirements of chapter 14. A pharmacist may prescribe over-the-counter medications as provided under this paragraph for purposes of receiving reimbursement under Medicaid. When prescribing over-the-counter drugs under this paragraph, licensed pharmacists must consult with the recipient to determine necessity, provide drug counseling, review drug therapy for potential adverse interactions, and make referrals as needed to other health care professionals.

(e) Effective January 1, 2006, medical assistance shall not cover drugs that are coverable under Medicare Part D as defined in the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, Public Law 108-173, section 1860D-2(e), for individuals eligible for drug coverage as defined in the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, Public Law 108-173, section 1860D-1(a)(3)(A). For these individuals, medical assistance may cover drugs from the drug classes listed in United States Code, title 42, section 1396r-8(d)(2), subject to this subdivision and subdivisions 13a to 13g, except that drugs listed in United States Code, title 42, section 1396r-8(d)(2)(E), shall not be covered.

(f) Medical assistance covers drugs acquired through the federal 340B Drug Pricing Program and dispensed by 340B covered entities and ambulatory pharmacies under common ownership of the 340B covered entity. Medical assistance does not cover drugs acquired through the federal 340B Drug Pricing Program and dispensed by 340B contract pharmacies.

(g) Notwithstanding paragraph (a), medical assistance covers self-administered hormonal contraceptives prescribed and dispensed by a licensed pharmacist in accordance with section 151.37, subdivision 14; nicotine replacement medications prescribed and dispensed by a licensed pharmacist in accordance with section 151.37, subdivision 15; and opiate antagonists used for the treatment of an acute opiate overdose prescribed and dispensed by a licensed pharmacist in accordance with section 151.37, subdivision 16.

(h) Medical assistance coverage for a prescription contraceptive must provide a 12-month supply for any prescription contraceptive. The prescribing health care provider must determine the appropriate number of months to prescribe the prescription contraceptives, up to 12 months. For the purposes of this paragraph, "prescription contraceptive" means any drug or device that requires a prescription and is approved by the Food and Drug Administration to prevent pregnancy. Prescription contraceptive does not include an emergency contraceptive drug approved to prevent pregnancy when administered after sexual contact.

EFFECTIVE DATE. This section applies to medical assistance and MinnesotaCare coverage effective January 1, 2022.

Sec. 19. **COMMISSIONER OF COMMERCE; DETERMINATION OF PREVENTIVE ITEMS AND SERVICES.**

The commissioner of commerce must determine the items and services that are preventive under Minnesota Statutes, section 62Q.46, subdivision 1a. Items and services that are preventive must include:

(1) evidence-based items or services that have in effect a rating of A or B pursuant to the recommendations of the United States Preventive Services Task Force in effect January 1, 2021, and with respect to the individual involved;

(2) immunizations for routine use in children, adolescents, and adults that have in effect a recommendation from the Advisory Committee on Immunization Practices of the Centers for Disease Control and Prevention with respect to the individual involved. For the purposes of this clause, a recommendation from the Advisory Committee on Immunization Practices of the Centers for Disease Control and Prevention is considered in effect after it has been adopted by the Director of the Centers for Disease Control and Prevention and a recommendation is considered to be for routine use if it is listed on the Immunization Schedules of the Centers for Disease Control and Prevention;

(3) with respect to infants, children, and adolescents, evidence-informed preventive care and screenings provided for in comprehensive guidelines supported by the Health Resources and Services Administration; and

(4) with respect to women, additional preventive care and screenings not described in clause (1), as provided for in comprehensive guidelines supported by the Health Resources and Services Administration.

ARTICLE 7
TELEHEALTH

Section 1. **[62A.673] COVERAGE OF SERVICES PROVIDED THROUGH TELEHEALTH.**

Subdivision 1. **Citation.** This section may be cited as the "Minnesota Telehealth Act."

Subd. 2. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given.

(b) "Distant site" means a site at which a health care provider is located while providing health care services or consultations by means of telehealth.

(c) "Health care provider" means a health care professional who is licensed or registered by the state to perform health care services within the provider's scope of practice and in accordance with state law. A health care provider includes a mental health professional as defined under section 245.462, subdivision 18, or 245.4871, subdivision 27; a mental health practitioner as defined under section 245.462, subdivision 17, or 245.4871, subdivision 26; a treatment coordinator under section 245G.11, subdivision 7; an alcohol and drug counselor under section 245G.11, subdivision 5; and a recovery peer under section 245G.11, subdivision 8.

(d) "Health carrier" has the meaning given in section 62A.011, subdivision 2.

(e) "Health plan" has the meaning given in section 62A.011, subdivision 3. Health plan includes dental plans as defined in section 62Q.76, subdivision 3, but does not include dental plans that provide indemnity-based benefits, regardless of expenses incurred, and are designed to pay benefits directly to the policy holder.

(f) "Originating site" means a site at which a patient is located at the time health care services are provided to the patient by means of telehealth. For purposes of store-and-forward transfer, the originating site also means the location at which a health care provider transfers or transmits information to the distant site.

(g) "Store-and-forward transfer" means the asynchronous electronic transfer of a patient's medical information or data from an originating site to a distant site for the purposes of diagnostic and therapeutic assistance in the care of a patient.

(h) "Telehealth" means the delivery of health care services or consultations through the use of real-time, two-way interactive audio and visual or audio-only communications to provide or support health care delivery and facilitate the assessment, diagnosis, consultation, treatment, education, and care management of a patient's health care. Telehealth includes the application of secure video conferencing, store-and-forward transfers, and synchronous interactions between a patient located at an originating site and a health care provider located at a distant site. Telehealth includes audio-only communication between a health care provider and a patient if the communication is a scheduled appointment and the standard of care for the service can be met through the use of audio-only communication. Telehealth does not include communication between health care providers or between a health care provider and a patient that consists solely of an e-mail or facsimile transmission. Telehealth does not include communication between health care providers that consists solely of a telephone conversation.

(i) "Telemonitoring services" means the remote monitoring of clinical data related to the enrollee's vital signs or biometric data by a monitoring device or equipment that transmits the data electronically to a health care provider for analysis. Telemonitoring is intended to collect an enrollee's health-related data for the purpose of assisting a health care provider in assessing and monitoring the enrollee's medical condition or status.

Subd. 3. **Coverage of telehealth.** (a) A health plan sold, issued, or renewed by a health carrier in Minnesota must (1) cover benefits delivered through telehealth in the same manner as any other benefits covered under the health plan, and (2) comply with this section.

(b) Coverage for services delivered through telehealth must not be limited on the basis of geography, location, or distance for travel.

(c) A health carrier must not create a separate provider network or provide incentives to enrollees to use a separate provider network to deliver services through telehealth that does not include network providers who provide in-person care to patients for the same service.

(d) A health carrier may require a deductible, co-payment, or coinsurance payment for a health care service provided through telehealth, provided that the deductible, co-payment, or coinsurance payment is not in addition to, and does not exceed, the deductible, co-payment, or coinsurance applicable for the same service provided through in-person contact.

(e) Nothing in this section:

(1) requires a health carrier to provide coverage for services that are not medically necessary or are not covered under the enrollee's health plan; or

(2) prohibits a health carrier from:

(i) establishing criteria that a health care provider must meet to demonstrate the safety or efficacy of delivering a particular service through telehealth for which the health carrier does not already reimburse other health care providers for delivering the service through telehealth;

(ii) establishing reasonable medical management techniques, provided the criteria or techniques are not unduly burdensome or unreasonable for the particular service; or

(iii) requiring documentation or billing practices designed to protect the health carrier or patient from fraudulent claims, provided the practices are not unduly burdensome or unreasonable for the particular service.

(f) Nothing in this section requires the use of telehealth when a health care provider determines that the delivery of a health care service through telehealth is not appropriate or when an enrollee chooses not to receive a health care service through telehealth.

Subd. 4. **Parity between telehealth and in-person services.** (a) A health carrier must not restrict or deny coverage of a health care service that is covered under a health plan solely:

(1) because the health care service provided by the health care provider through telehealth is not provided through in-person contact; or

(2) based on the communication technology or application used to deliver the health care service through telehealth, provided the technology or application complies with this section and is appropriate for the particular service.

(b) Prior authorization may be required for health care services delivered through telehealth only if prior authorization is required before the delivery of the same service through in-person contact.

(c) A health carrier may require a utilization review for services delivered through telehealth, provided the utilization review is conducted in the same manner and uses the same clinical review criteria as a utilization review for the same services delivered through in-person contact.

Subd. 5. **Reimbursement for services delivered through telehealth.** (a) A health carrier must reimburse the health care provider for services delivered through telehealth on the same basis and at the same rate as the health carrier would apply to those services if the services had been delivered by the health care provider through in-person contact.

(b) A health carrier must not deny or limit reimbursement based solely on a health care provider delivering the service or consultation through telehealth instead of through in-person contact.

(c) A health carrier must not deny or limit reimbursement based solely on the technology and equipment used by the health care provider to deliver the health care service or consultation through telehealth, provided the technology and equipment used by the provider meets the requirements of this section and is appropriate for the particular service.

Subd. 6. **Telehealth equipment.** (a) A health carrier must not require a health care provider to use specific telecommunications technology and equipment as a condition of coverage under this section, provided the health care provider uses telecommunications technology and equipment that complies with current industry interoperable standards and complies with standards required under the federal Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, and regulations promulgated under that Act, unless authorized under this section.

(b) A health carrier must provide coverage for health care services delivered through telehealth by means of the use of audio-only telephone communication if the communication is a scheduled appointment and the standard of care for that particular service can be met through the use of audio-only communication.

Subd. 7. **Telemonitoring services.** A health carrier must provide coverage for telemonitoring services if:

(1) the telemonitoring service is medically appropriate based on the enrollee's medical condition or status;

(2) the enrollee is cognitively and physically capable of operating the monitoring device or equipment, or the enrollee has a caregiver who is willing and able to assist with the monitoring device or equipment; and

(3) the enrollee resides in a setting that is suitable for telemonitoring and not in a setting that has health care staff on site.

EFFECTIVE DATE. This section is effective January 1, 2022.

Sec. 2. Minnesota Statutes 2020, section 147.033, is amended to read:

147.033 PRACTICE OF ~~TELEMEDICINE~~ TELEHEALTH.

Subdivision 1. **Definition.** For the purposes of this section, ~~"telemedicine" means the delivery of health care services or consultations while the patient is at an originating site and the licensed health care provider is at a distant site. A communication between licensed health care providers that consists solely of a telephone conversation, e-mail, or facsimile transmission does not constitute telemedicine consultations or services. A communication between a licensed health care provider and a patient that consists solely of an e-mail or facsimile transmission does not constitute telemedicine consultations or services. Telemedicine may be provided by means of real-time two-way interactive audio, and visual communications, including the application of secure video conferencing or store-and-forward technology to provide or support health care delivery, that facilitate the assessment, diagnosis, consultation, treatment, education, and care management of a patient's health care.~~ "telehealth" has the meaning given in section 62A.673, subdivision 2, paragraph (h).

Subd. 2. **Physician-patient relationship.** A physician-patient relationship may be established through ~~telemedicine~~ telehealth.

Subd. 3. **Standards of practice and conduct.** A physician providing health care services by ~~telemedicine~~ telehealth in this state shall be held to the same standards of practice and conduct as provided in this chapter for in-person health care services.

Sec. 3. Minnesota Statutes 2020, section 151.37, subdivision 2, is amended to read:

Subd. 2. **Prescribing and filing.** (a) A licensed practitioner in the course of professional practice only, may prescribe, administer, and dispense a legend drug, and may cause the same to be administered by a nurse, a physician assistant, or medical student or resident under the practitioner's direction and supervision, and may cause a person who is an appropriately certified, registered, or licensed health care professional to prescribe, dispense, and administer the same within the expressed legal scope of the person's practice as defined in Minnesota Statutes. A licensed practitioner may prescribe a legend drug, without reference to a specific patient, by directing a licensed dietitian or licensed nutritionist, pursuant to section 148.634; a nurse, pursuant to section 148.235, subdivisions 8 and 9; physician assistant; medical student or resident; or pharmacist according to section 151.01, subdivision 27, to adhere to a particular practice guideline or protocol when treating patients whose condition falls within such guideline or protocol, and when such guideline or protocol specifies the circumstances under which the legend drug is to be prescribed and administered. An individual who verbally, electronically, or otherwise transmits a written, oral, or electronic order, as an agent of a prescriber, shall not be deemed to have prescribed the legend drug. This paragraph applies to a physician assistant only if the physician assistant meets the requirements of ~~section 147A.18~~ sections 147A.02 and 147A.09.

(b) The commissioner of health, if a licensed practitioner, or a person designated by the commissioner who is a licensed practitioner, may prescribe a legend drug to an individual or by protocol for mass dispensing purposes where the commissioner finds that the conditions triggering section 144.4197 or 144.4198, subdivision 2, paragraph (b), exist. The commissioner, if a licensed practitioner, or a designated licensed practitioner, may prescribe, dispense, or administer a legend drug or other substance listed in subdivision 10 to control tuberculosis and other communicable diseases. The commissioner may modify state drug labeling requirements, and medical screening criteria and documentation, where time is critical and limited labeling and screening are most likely to ensure legend drugs reach the maximum number of persons in a timely fashion so as to reduce morbidity and mortality.

(c) A licensed practitioner that dispenses for profit a legend drug that is to be administered orally, is ordinarily dispensed by a pharmacist, and is not a vaccine, must file with the practitioner's licensing board a statement indicating that the practitioner dispenses legend drugs for profit, the general circumstances under which the

practitioner dispenses for profit, and the types of legend drugs generally dispensed. It is unlawful to dispense legend drugs for profit after July 31, 1990, unless the statement has been filed with the appropriate licensing board. For purposes of this paragraph, "profit" means (1) any amount received by the practitioner in excess of the acquisition cost of a legend drug for legend drugs that are purchased in prepackaged form, or (2) any amount received by the practitioner in excess of the acquisition cost of a legend drug plus the cost of making the drug available if the legend drug requires compounding, packaging, or other treatment. The statement filed under this paragraph is public data under section 13.03. This paragraph does not apply to a licensed doctor of veterinary medicine or a registered pharmacist. Any person other than a licensed practitioner with the authority to prescribe, dispense, and administer a legend drug under paragraph (a) shall not dispense for profit. To dispense for profit does not include dispensing by a community health clinic when the profit from dispensing is used to meet operating expenses.

(d) A prescription drug order for the following drugs is not valid, unless it can be established that the prescription drug order was based on a documented patient evaluation, including an examination, adequate to establish a diagnosis and identify underlying conditions and contraindications to treatment:

(1) controlled substance drugs listed in section 152.02, subdivisions 3 to 5;

(2) drugs defined by the Board of Pharmacy as controlled substances under section 152.02, subdivisions 7, 8, and 12;

(3) muscle relaxants;

(4) centrally acting analgesics with opioid activity;

(5) drugs containing butalbital; or

(6) phosphodiesterase type 5 inhibitors when used to treat erectile dysfunction.

~~For purposes of prescribing drugs listed in clause (6), the requirement for a documented patient evaluation, including an examination, may be met through the use of telemedicine, as defined in section 147.033, subdivision 1.~~

(e) For the purposes of paragraph (d), the requirement for an examination shall be met if:

(1) an in-person examination has been completed in any of the following circumstances:

~~(1)~~ (i) the prescribing practitioner examines the patient at the time the prescription or drug order is issued;

~~(2)~~ (ii) the prescribing practitioner has performed a prior examination of the patient;

~~(3)~~ (iii) another prescribing practitioner practicing within the same group or clinic as the prescribing practitioner has examined the patient;

~~(4)~~ (iv) a consulting practitioner to whom the prescribing practitioner has referred the patient has examined the patient; or

~~(5)~~ (v) the referring practitioner has performed an examination in the case of a consultant practitioner issuing a prescription or drug order when providing services by means of telemedicine~~.~~; or

(2) the prescription order is for a drug listed in paragraph (d), clause (6), or for medication assisted therapy for a substance use disorder, and the prescribing practitioner has completed an examination of the patient via telehealth as defined in section 62A.673, subdivision 2, paragraph (h).

(f) Nothing in paragraph (d) or (e) prohibits a licensed practitioner from prescribing a drug through the use of a guideline or protocol pursuant to paragraph (a).

(g) Nothing in this chapter prohibits a licensed practitioner from issuing a prescription or dispensing a legend drug in accordance with the Expedited Partner Therapy in the Management of Sexually Transmitted Diseases guidance document issued by the United States Centers for Disease Control.

(h) Nothing in paragraph (d) or (e) limits prescription, administration, or dispensing of legend drugs through a public health clinic or other distribution mechanism approved by the commissioner of health or a community health board in order to prevent, mitigate, or treat a pandemic illness, infectious disease outbreak, or intentional or accidental release of a biological, chemical, or radiological agent.

(i) No pharmacist employed by, under contract to, or working for a pharmacy located within the state and licensed under section 151.19, subdivision 1, may dispense a legend drug based on a prescription that the pharmacist knows, or would reasonably be expected to know, is not valid under paragraph (d).

(j) No pharmacist employed by, under contract to, or working for a pharmacy located outside the state and licensed under section 151.19, subdivision 1, may dispense a legend drug to a resident of this state based on a prescription that the pharmacist knows, or would reasonably be expected to know, is not valid under paragraph (d).

(k) Nothing in this chapter prohibits the commissioner of health, if a licensed practitioner, or, if not a licensed practitioner, a designee of the commissioner who is a licensed practitioner, from prescribing legend drugs for field-delivered therapy in the treatment of a communicable disease according to the Centers For Disease Control and Prevention Partner Services Guidelines.

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

Sec. 4. Minnesota Statutes 2020, section 245G.01, subdivision 13, is amended to read:

Subd. 13. **Face-to-face.** "Face-to-face" means two-way, real-time, interactive ~~and visual~~ communication between a client and a treatment service provider and includes services delivered in person or via ~~telemedicine~~ telehealth with priority being given to interactive audio and visual communication, if available. Meetings required by section 245G.22, subdivision 4, must be conducted by interactive video and visual communication.

EFFECTIVE DATE. This section is effective January 1, 2022, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 5. Minnesota Statutes 2020, section 245G.01, subdivision 26, is amended to read:

Subd. 26. **~~Telemedicine~~ Telehealth.** ~~"Telemedicine"~~ "Telehealth" means the delivery of a substance use disorder treatment service while the client is at an originating site and the ~~licensed~~ health care provider is at a distant site via telehealth as defined in section 256B.0625, subdivision 3b, and as specified in section 254B.05, subdivision 5, paragraph (f).

Sec. 6. Minnesota Statutes 2020, section 245G.06, subdivision 1, is amended to read:

Subdivision 1. **General.** Each client must have a person-centered individual treatment plan developed by an alcohol and drug counselor within ten days from the day of service initiation for a residential program and within five calendar days on which a treatment session has been provided from the day of service initiation for a client in a nonresidential program. Opioid treatment programs must complete the individual treatment plan within 21 days from the day of service initiation. The individual treatment plan must be signed by the client and the alcohol and

drug counselor and document the client's involvement in the development of the plan. The individual treatment plan is developed upon the qualified staff member's dated signature. Treatment planning must include ongoing assessment of client needs. An individual treatment plan must be updated based on new information gathered about the client's condition, the client's level of participation, and on whether methods identified have the intended effect. A change to the plan must be signed by the client and the alcohol and drug counselor. If the client chooses to have family or others involved in treatment services, the client's individual treatment plan must include how the family or others will be involved in the client's treatment. If a client is receiving treatment services or an assessment via telehealth and the license holder documents the reason the client's signature cannot be obtained, the alcohol and drug counselor may document the client's verbal approval or electronic written approval of the treatment plan or change to the treatment plan in lieu of the client's signature.

Sec. 7. Minnesota Statutes 2020, section 254A.19, subdivision 5, is amended to read:

Subd. 5. **Assessment via ~~telemedicine~~ telehealth.** Notwithstanding Minnesota Rules, part 9530.6615, subpart 3, item A, a chemical use assessment may be conducted via ~~telemedicine~~ telehealth as defined in section 256B.0625, subdivision 3b.

EFFECTIVE DATE. This section is effective January 1, 2022, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 8. Minnesota Statutes 2020, section 254B.05, subdivision 5, is amended to read:

Subd. 5. **Rate requirements.** (a) The commissioner shall establish rates for substance use disorder services and service enhancements funded under this chapter.

(b) Eligible substance use disorder treatment services include:

(1) outpatient treatment services that are licensed according to sections 245G.01 to 245G.17, or applicable tribal license;

(2) comprehensive assessments provided according to sections 245.4863, paragraph (a), and 245G.05;

(3) care coordination services provided according to section 245G.07, subdivision 1, paragraph (a), clause (5);

(4) peer recovery support services provided according to section 245G.07, subdivision 2, clause (8);

(5) on July 1, 2019, or upon federal approval, whichever is later, withdrawal management services provided according to chapter 245F;

(6) medication-assisted therapy services that are licensed according to sections 245G.01 to 245G.17 and 245G.22, or applicable tribal license;

(7) medication-assisted therapy plus enhanced treatment services that meet the requirements of clause (6) and provide nine hours of clinical services each week;

(8) high, medium, and low intensity residential treatment services that are licensed according to sections 245G.01 to 245G.17 and 245G.21 or applicable tribal license which provide, respectively, 30, 15, and five hours of clinical services each week;

(9) hospital-based treatment services that are licensed according to sections 245G.01 to 245G.17 or applicable tribal license and licensed as a hospital under sections 144.50 to 144.56;

(10) adolescent treatment programs that are licensed as outpatient treatment programs according to sections 245G.01 to 245G.18 or as residential treatment programs according to Minnesota Rules, parts 2960.0010 to 2960.0220, and 2960.0430 to 2960.0490, or applicable tribal license;

(11) high-intensity residential treatment services that are licensed according to sections 245G.01 to 245G.17 and 245G.21 or applicable tribal license, which provide 30 hours of clinical services each week provided by a state-operated vendor or to clients who have been civilly committed to the commissioner, present the most complex and difficult care needs, and are a potential threat to the community; and

(12) room and board facilities that meet the requirements of subdivision 1a.

(c) The commissioner shall establish higher rates for programs that meet the requirements of paragraph (b) and one of the following additional requirements:

(1) programs that serve parents with their children if the program:

(i) provides on-site child care during the hours of treatment activity that:

(A) is licensed under chapter 245A as a child care center under Minnesota Rules, chapter 9503; or

(B) meets the licensure exclusion criteria of section 245A.03, subdivision 2, paragraph (a), clause (6), and meets the requirements under section 245G.19, subdivision 4; or

(ii) arranges for off-site child care during hours of treatment activity at a facility that is licensed under chapter 245A as:

(A) a child care center under Minnesota Rules, chapter 9503; or

(B) a family child care home under Minnesota Rules, chapter 9502;

(2) culturally specific programs as defined in section 254B.01, subdivision 4a, or programs or subprograms serving special populations, if the program or subprogram meets the following requirements:

(i) is designed to address the unique needs of individuals who share a common language, racial, ethnic, or social background;

(ii) is governed with significant input from individuals of that specific background; and

(iii) employs individuals to provide individual or group therapy, at least 50 percent of whom are of that specific background, except when the common social background of the individuals served is a traumatic brain injury or cognitive disability and the program employs treatment staff who have the necessary professional training, as approved by the commissioner, to serve clients with the specific disabilities that the program is designed to serve;

(3) programs that offer medical services delivered by appropriately credentialed health care staff in an amount equal to two hours per client per week if the medical needs of the client and the nature and provision of any medical services provided are documented in the client file; and

(4) programs that offer services to individuals with co-occurring mental health and chemical dependency problems if:

(i) the program meets the co-occurring requirements in section 245G.20;

(ii) 25 percent of the counseling staff are licensed mental health professionals, as defined in section 245.462, subdivision 18, clauses (1) to (6), or are students or licensing candidates under the supervision of a licensed alcohol and drug counselor supervisor and licensed mental health professional, except that no more than 50 percent of the mental health staff may be students or licensing candidates with time documented to be directly related to provisions of co-occurring services;

(iii) clients scoring positive on a standardized mental health screen receive a mental health diagnostic assessment within ten days of admission;

(iv) the program has standards for multidisciplinary case review that include a monthly review for each client that, at a minimum, includes a licensed mental health professional and licensed alcohol and drug counselor, and their involvement in the review is documented;

(v) family education is offered that addresses mental health and substance abuse disorders and the interaction between the two; and

(vi) co-occurring counseling staff shall receive eight hours of co-occurring disorder training annually.

(d) In order to be eligible for a higher rate under paragraph (c), clause (1), a program that provides arrangements for off-site child care must maintain current documentation at the chemical dependency facility of the child care provider's current licensure to provide child care services. Programs that provide child care according to paragraph (c), clause (1), must be deemed in compliance with the licensing requirements in section 245G.19.

(e) Adolescent residential programs that meet the requirements of Minnesota Rules, parts 2960.0430 to 2960.0490 and 2960.0580 to 2960.0690, are exempt from the requirements in paragraph (c), clause (4), items (i) to (iv).

(f) Subject to federal approval, chemical dependency services that are otherwise covered as direct face-to-face services may be provided via ~~two-way interactive video~~ telehealth as defined in section 256B.0625, subdivision 3b. The use of ~~two-way interactive video~~ telehealth to deliver services must be medically appropriate to the condition and needs of the person being served. Reimbursement shall be at the same rates and under the same conditions that would otherwise apply to direct face-to-face services. ~~The interactive video equipment and connection must comply with Medicare standards in effect at the time the service is provided.~~

(g) For the purpose of reimbursement under this section, substance use disorder treatment services provided in a group setting without a group participant maximum or maximum client to staff ratio under chapter 245G shall not exceed a client to staff ratio of 48 to one. At least one of the attending staff must meet the qualifications as established under this chapter for the type of treatment service provided. A recovery peer may not be included as part of the staff ratio.

EFFECTIVE DATE. This section is effective January 1, 2022, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 9. Minnesota Statutes 2020, section 256B.0621, subdivision 10, is amended to read:

Subd. 10. **Payment rates.** The commissioner shall set payment rates for targeted case management under this subdivision. Case managers may bill according to the following criteria:

(1) for relocation targeted case management, case managers may bill for direct case management activities, including face-to-face contact, telephone contact, and interactive video contact ~~according to section 256B.0924, subdivision 4a~~, in the lesser of:

(i) 180 days preceding an eligible recipient's discharge from an institution; or

(ii) the limits and conditions which apply to federal Medicaid funding for this service;

(2) for home care targeted case management, case managers may bill for direct case management activities, including face-to-face and telephone contacts; and

(3) billings for targeted case management services under this subdivision shall not duplicate payments made under other program authorities for the same purpose.

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

Sec. 10. Minnesota Statutes 2020, section 256B.0625, subdivision 3b, is amended to read:

Subd. 3b. **~~Telemedicine~~ Telehealth services.** (a) Medical assistance covers medically necessary services and consultations delivered by a ~~licensed~~ health care provider ~~via telemedicine~~ through telehealth in the same manner as if the service or consultation was delivered ~~in person~~ through in-person contact. ~~Coverage is limited to three telemedicine services per enrollee per calendar week, except as provided in paragraph (f). Telemedicine~~ Services or consultations delivered through telehealth shall be paid at the full allowable rate.

(b) The commissioner ~~shall~~ may establish criteria that a health care provider must attest to in order to demonstrate the safety or efficacy of delivering a particular service ~~via telemedicine~~ through telehealth. The attestation may include that the health care provider:

(1) has identified the categories or types of services the health care provider will provide ~~via telemedicine~~ through telehealth;

(2) has written policies and procedures specific to ~~telemedicine~~ services delivered through telehealth that are regularly reviewed and updated;

(3) has policies and procedures that adequately address patient safety before, during, and after the ~~telemedicine~~ service is ~~rendered~~ delivered through telehealth;

(4) has established protocols addressing how and when to discontinue telemedicine services; and

(5) has an established quality assurance process related to ~~telemedicine~~ delivering services through telehealth.

(c) As a condition of payment, a licensed health care provider must document each occurrence of a health service ~~provided by telemedicine~~ delivered through telehealth to a medical assistance enrollee. Health care service records for services ~~provided by telemedicine~~ delivered through telehealth must meet the requirements set forth in Minnesota Rules, part 9505.2175, subparts 1 and 2, and must document:

(1) the type of service ~~provided by telemedicine~~ delivered through telehealth;

(2) the time the service began and the time the service ended, including an a.m. and p.m. designation;

(3) the ~~licensed~~ health care provider's basis for determining that ~~telemedicine~~ telehealth is an appropriate and effective means for delivering the service to the enrollee;

(4) the mode of transmission ~~of~~ used to deliver the ~~telemedicine~~ service through telehealth and records evidencing that a particular mode of transmission was utilized;

(5) the location of the originating site and the distant site;

(6) if the claim for payment is based on a physician's ~~telemedicine~~ consultation with another physician through telehealth, the written opinion from the consulting physician providing the ~~telemedicine~~ telehealth consultation; and

(7) compliance with the criteria attested to by the health care provider in accordance with paragraph (b).

(d) For purposes of this subdivision, unless otherwise covered under this chapter~~, "telemedicine" is defined as the delivery of health care services or consultations while the patient is at an originating site and the licensed health care provider is at a distant site. A communication between licensed health care providers, or a licensed health care provider and a patient that consists solely of a telephone conversation, e-mail, or facsimile transmission does not constitute telemedicine consultations or services. Telemedicine may be provided by means of real-time two-way, interactive audio and visual communications, including the application of secure video conferencing or store-and-forward technology to provide or support health care delivery, which facilitate the assessment, diagnosis, consultation, treatment, education, and care management of a patient's health care.~~:

(1) "telehealth" means the delivery of health care services or consultations through the use of real-time, two-way interactive audio and visual or audio-only communications to provide or support health care delivery and facilitate the assessment, diagnosis, consultation, treatment, education, and care management of a patient's health care. Telehealth includes the application of secure video conferencing, store-and-forward transfers, and synchronous interactions between a patient located at an originating site and a health care provider located at a distant site. Unless interactive visual and audio communication is specifically required, telehealth includes audio-only communication between a health care provider and a patient, if the communication is a scheduled appointment with the health care provider and the standard of care for the service can be met through the use of audio-only communication. Telehealth does not include communication between health care providers, or communication between a health care provider and a patient that consists solely of an e-mail or facsimile transmission;

~~(e) For purposes of this section, "licensed~~ (2) " health care provider" means a ~~licensed~~ health care provider ~~under section 62A.671, subdivision 6~~ as defined under section 62A.673, a community paramedic as defined under section 144E.001, subdivision 5f, ~~or a mental health practitioner defined under section 245.462, subdivision 17, or 245.4871, subdivision 26, working under the general supervision of a mental health professional, and~~ a community health worker who meets the criteria under subdivision 49, paragraph (a)~~; "health care provider" is defined under section 62A.671, subdivision 3;~~, a mental health certified peer specialist under section 256B.0615, subdivision 5, a mental health certified family peer specialist under section 256B.0616, subdivision 5, a mental health rehabilitation worker under section 256B.0623, subdivision 5, paragraph (a), clause (4), and paragraph (b), a mental health behavioral aide under section 256B.0943, subdivision 7, paragraph (b), clause (3), a treatment coordinator under section 245G.11, subdivision 7, an alcohol and drug counselor under section 245G.11, subdivision 5, a recovery peer under section 245G.11, subdivision 8, and a mental health case manager under section 245.462, subdivision 4; and

(3) "originating site" ~~is defined under section 62A.671, subdivision 7~~, "distant site," and "store-and-forward transfer" have the meanings given in section 62A.673, subdivision 2.

~~(f) The limit on coverage of three telemedicine services per enrollee per calendar week does not apply if:~~

~~(1) the telemedicine services provided by the licensed health care provider are for the treatment and control of tuberculosis; and~~

~~(2) the services are provided in a manner consistent with the recommendations and best practices specified by the Centers for Disease Control and Prevention and the commissioner of health.~~

EFFECTIVE DATE. This section is effective January 1, 2022, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 11. Minnesota Statutes 2020, section 256B.0625, is amended by adding a subdivision to read:

Subd. 3h. **Telemonitoring services.** (a) Medical assistance covers telemonitoring services if a recipient:

(1) has been diagnosed and is receiving services for at least one of the following chronic conditions: hypertension, cancer, congestive heart failure, chronic obstructive pulmonary disease, asthma, or diabetes;

(2) requires at least five times per week monitoring to manage the chronic condition, as ordered by the recipient's health care provider;

(3) has had two or more emergency room or inpatient hospitalization stays within the last 12 months due to the chronic condition or the recipient's health care provider has identified that telemonitoring services would likely prevent the recipient's admission or readmission to a hospital, emergency room, or nursing facility;

(4) is cognitively and physically capable of operating the monitoring device or equipment, or the recipient has a caregiver who is willing and able to assist with the monitoring device or equipment; and

(5) resides in a setting that is suitable for telemonitoring and not in a setting that has health care staff on site.

(b) For purposes of this subdivision, "telemonitoring services" means the remote monitoring of data related to a recipient's vital signs or biometric data by a monitoring device or equipment that transmits the data electronically to a provider for analysis. The assessment and monitoring of the health data transmitted by telemonitoring must be performed by one of the following licensed health care professionals: physician, podiatrist, registered nurse, advanced practice registered nurse, physician assistant, respiratory therapist, or licensed professional working under the supervision of a medical director.

Sec. 12. Minnesota Statutes 2020, section 256B.0625, subdivision 13h, is amended to read:

Subd. 13h. **Medication therapy management services.** (a) Medical assistance covers medication therapy management services for a recipient taking prescriptions to treat or prevent one or more chronic medical conditions. For purposes of this subdivision, "medication therapy management" means the provision of the following pharmaceutical care services by a licensed pharmacist to optimize the therapeutic outcomes of the patient's medications:

(1) performing or obtaining necessary assessments of the patient's health status;

(2) formulating a medication treatment plan, which may include prescribing medications or products in accordance with section 151.37, subdivision 14, 15, or 16;

(3) monitoring and evaluating the patient's response to therapy, including safety and effectiveness;

(4) performing a comprehensive medication review to identify, resolve, and prevent medication-related problems, including adverse drug events;

(5) documenting the care delivered and communicating essential information to the patient's other primary care providers;

(6) providing verbal education and training designed to enhance patient understanding and appropriate use of the patient's medications;

(7) providing information, support services, and resources designed to enhance patient adherence with the patient's therapeutic regimens; and

(8) coordinating and integrating medication therapy management services within the broader health care management services being provided to the patient.

Nothing in this subdivision shall be construed to expand or modify the scope of practice of the pharmacist as defined in section 151.01, subdivision 27.

(b) To be eligible for reimbursement for services under this subdivision, a pharmacist must meet the following requirements:

(1) have a valid license issued by the Board of Pharmacy of the state in which the medication therapy management service is being performed;

(2) have graduated from an accredited college of pharmacy on or after May 1996, or completed a structured and comprehensive education program approved by the Board of Pharmacy and the American Council of Pharmaceutical Education for the provision and documentation of pharmaceutical care management services that has both clinical and didactic elements; and

~~(3) be practicing in an ambulatory care setting as part of a multidisciplinary team or have developed a structured patient care process that is offered in a private or semiprivate patient care area that is separate from the commercial business that also occurs in the setting, or in home settings, including long-term care settings, group homes, and facilities providing assisted living services, but excluding skilled nursing facilities; and~~

~~(4)~~ (3) make use of an electronic patient record system that meets state standards.

(c) For purposes of reimbursement for medication therapy management services, the commissioner may enroll individual pharmacists as medical assistance providers. The commissioner may also establish ~~contact requirements between the pharmacist and recipient, including limiting~~ limits on the number of reimbursable consultations per recipient.

(d) ~~If there are no pharmacists who meet the requirements of paragraph (b) practicing within a reasonable geographic distance of the patient, a pharmacist who meets the requirements may provide The~~ Medication therapy management services may be provided via ~~two-way interactive video~~ telehealth as defined in subdivision 3b and may be delivered into a patient's residence. Reimbursement shall be at the same rates and under the same conditions that would otherwise apply to the services provided. To qualify for reimbursement under this paragraph, the pharmacist providing the services must meet the requirements of paragraph (b)~~, and must be located within an ambulatory care setting that meets the requirements of paragraph (b), clause (3). The patient must also be located within an ambulatory care setting that meets the requirements of paragraph (b), clause (3). Services provided under this paragraph may not be transmitted into the patient's residence~~.

~~(e) Medication therapy management services may be delivered into a patient's residence via secure interactive video if the medication therapy management services are performed electronically during a covered home care visit by an enrolled provider. Reimbursement shall be at the same rates and under the same conditions that would otherwise apply to the services provided. To qualify for reimbursement under this paragraph, the pharmacist providing the services must meet the requirements of paragraph (b) and must be located within an ambulatory care setting that meets the requirements of paragraph (b), clause (3).~~

Sec. 13. Minnesota Statutes 2020, section 256B.0625, subdivision 20, is amended to read:

Subd. 20. **Mental health case management.** (a) To the extent authorized by rule of the state agency, medical assistance covers case management services to persons with serious and persistent mental illness and children with severe emotional disturbance. Services provided under this section must meet the relevant standards in sections 245.461 to 245.4887, the Comprehensive Adult and Children's Mental Health Acts, Minnesota Rules, parts 9520.0900 to 9520.0926, and 9505.0322, excluding subpart 10.

(b) Entities meeting program standards set out in rules governing family community support services as defined in section 245.4871, subdivision 17, are eligible for medical assistance reimbursement for case management services for children with severe emotional disturbance when these services meet the program standards in Minnesota Rules, parts 9520.0900 to 9520.0926 and 9505.0322, excluding subparts 6 and 10.

(c) Medical assistance and MinnesotaCare payment for mental health case management shall be made on a monthly basis. In order to receive payment for an eligible child, the provider must document at least a face-to-face contact or a contact by interactive video that meets the requirements of subdivision 20b with the child, the child's parents, or the child's legal representative. To receive payment for an eligible adult, the provider must document:

(1) at least a face-to-face contact, or a contact by interactive video that meets the requirements of subdivision 20b, with the adult or the adult's legal representative or a contact by interactive video that meets the requirements of subdivision 20b; or

(2) at least a telephone contact with the adult or the adult's legal representative and document a face-to-face contact or a contact by interactive video that meets the requirements of subdivision 20b with the adult or the adult's legal representative within the preceding two months.

(d) Payment for mental health case management provided by county or state staff shall be based on the monthly rate methodology under section 256B.094, subdivision 6, paragraph (b), with separate rates calculated for child welfare and mental health, and within mental health, separate rates for children and adults.

(e) Payment for mental health case management provided by Indian health services or by agencies operated by Indian tribes may be made according to this section or other relevant federally approved rate setting methodology.

(f) Payment for mental health case management provided by vendors who contract with a county or Indian tribe shall be based on a monthly rate negotiated by the host county or tribe. The negotiated rate must not exceed the rate charged by the vendor for the same service to other payers. If the service is provided by a team of contracted vendors, the county or tribe may negotiate a team rate with a vendor who is a member of the team. The team shall determine how to distribute the rate among its members. No reimbursement received by contracted vendors shall be returned to the county or tribe, except to reimburse the county or tribe for advance funding provided by the county or tribe to the vendor.

(g) If the service is provided by a team which includes contracted vendors, tribal staff, and county or state staff, the costs for county or state staff participation in the team shall be included in the rate for county-provided services. In this case, the contracted vendor, the tribal agency, and the county may each receive separate payment for services provided by each entity in the same month. In order to prevent duplication of services, each entity must document, in the recipient's file, the need for team case management and a description of the roles of the team members.

(h) Notwithstanding section 256B.19, subdivision 1, the nonfederal share of costs for mental health case management shall be provided by the recipient's county of responsibility, as defined in sections 256G.01 to 256G.12, from sources other than federal funds or funds used to match other federal funds. If the service is provided by a tribal agency, the nonfederal share, if any, shall be provided by the recipient's tribe. When this service is paid by the state without a federal share through fee-for-service, 50 percent of the cost shall be provided by the recipient's county of responsibility.

(i) Notwithstanding any administrative rule to the contrary, prepaid medical assistance and MinnesotaCare include mental health case management. When the service is provided through prepaid capitation, the nonfederal share is paid by the state and the county pays no share.

(j) The commissioner may suspend, reduce, or terminate the reimbursement to a provider that does not meet the reporting or other requirements of this section. The county of responsibility, as defined in sections 256G.01 to 256G.12, or, if applicable, the tribal agency, is responsible for any federal disallowances. The county or tribe may share this responsibility with its contracted vendors.

(k) The commissioner shall set aside a portion of the federal funds earned for county expenditures under this section to repay the special revenue maximization account under section 256.01, subdivision 2, paragraph (o). The repayment is limited to:

(1) the costs of developing and implementing this section; and

(2) programming the information systems.

(l) Payments to counties and tribal agencies for case management expenditures under this section shall only be made from federal earnings from services provided under this section. When this service is paid by the state without a federal share through fee-for-service, 50 percent of the cost shall be provided by the state. Payments to county-contracted vendors shall include the federal earnings, the state share, and the county share.

(m) Case management services under this subdivision do not include therapy, treatment, legal, or outreach services.

(n) If the recipient is a resident of a nursing facility, intermediate care facility, or hospital, and the recipient's institutional care is paid by medical assistance, payment for case management services under this subdivision is limited to the lesser of:

(1) the last 180 days of the recipient's residency in that facility and may not exceed more than six months in a calendar year; or

(2) the limits and conditions which apply to federal Medicaid funding for this service.

(o) Payment for case management services under this subdivision shall not duplicate payments made under other program authorities for the same purpose.

(p) If the recipient is receiving care in a hospital, nursing facility, or residential setting licensed under chapter 245A or 245D that is staffed 24 hours a day, seven days a week, mental health targeted case management services must actively support identification of community alternatives for the recipient and discharge planning.

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

Sec. 14. Minnesota Statutes 2020, section 256B.0625, subdivision 20b, is amended to read:

Subd. 20b. **~~Mental health~~ Targeted case management face-to-face contact through interactive video.** ~~(a) Subject to federal approval, contact made for targeted case management by interactive video shall be eligible for payment if:~~

~~(1) the person receiving targeted case management services is residing in:~~

~~(i) a hospital;~~

~~(ii) a nursing facility; or~~

~~(iii) a residential setting licensed under chapter 245A or 245D or a boarding and lodging establishment or lodging establishment that provides supportive services or health supervision services according to section 157.17 that is staffed 24 hours a day, seven days a week;~~

~~(2) interactive video is in the best interests of the person and is deemed appropriate by the person receiving targeted case management or the person's legal guardian, the case management provider, and the provider operating the setting where the person is residing;~~

~~(3) the use of interactive video is approved as part of the person's written personal service or case plan, taking into consideration the person's vulnerability and active personal relationships; and~~

~~(4) interactive video is used for up to, but not more than, 50 percent of the minimum required face-to-face contact.~~ (a) Minimum required face-to-face contacts for targeted case management may be provided through interactive video if interactive video is in the best interests of the person and is deemed appropriate by the person receiving targeted case management or the person's legal guardian and the case management provider.

(b) The person receiving targeted case management or the person's legal guardian has the right to choose and consent to the use of interactive video under this subdivision and has the right to refuse the use of interactive video at any time.

(c) The commissioner ~~shall~~ may establish criteria that a targeted case management provider must attest to in order to demonstrate the safety or efficacy of ~~delivering the service~~ meeting the minimum face-to-face contact requirements for targeted case management via interactive video. ~~The attestation may include that the case management provider has:~~

~~(1) written policies and procedures specific to interactive video services that are regularly reviewed and updated;~~

~~(2) policies and procedures that adequately address client safety before, during, and after the interactive video services are rendered;~~

~~(3) established protocols addressing how and when to discontinue interactive video services; and~~

~~(4) established a quality assurance process related to interactive video services.~~

(d) As a condition of payment, the targeted case management provider must document the following for each occurrence of targeted case management provided by interactive video for the purpose of face-to-face contact:

(1) the time the ~~service~~ contact began and the time the ~~service~~ contact ended, including an a.m. and p.m. designation;

(2) the basis for determining that interactive video is an appropriate and effective means for ~~delivering the service to~~ contacting the person receiving targeted case management services;

(3) the mode of transmission of the interactive video services and records evidencing that a particular mode of transmission was utilized; and

(4) the location of the originating site and the distant site~~; and~~.

~~(5) compliance with the criteria attested to by the targeted case management provider as provided in paragraph (c).~~

(e) Interactive video must not be used to meet minimum face-to-face contact requirements for children who are in out-of-home placement or receiving case management services for child protection reasons.

(f) For the purposes of this section, "interactive video" means real-time, two-way interactive audio and visual communications.

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

Sec. 15. Minnesota Statutes 2020, section 256B.0625, subdivision 46, is amended to read:

Subd. 46. **Mental health ~~telemedicine~~ telehealth.** ~~Effective January 1, 2006, and~~ Subject to federal approval, mental health services that are otherwise covered by medical assistance as direct face-to-face services may be provided via ~~two-way interactive video~~ telehealth as defined in subdivision 3b. Use of ~~two-way interactive video~~ telehealth to deliver services must be medically appropriate to the condition and needs of the person being served. Reimbursement is at the same rates and under the same conditions that would otherwise apply to the service. ~~The interactive video equipment and connection must comply with Medicare standards in effect at the time the service is provided.~~

EFFECTIVE DATE. This section is effective January 1, 2022, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 16. Minnesota Statutes 2020, section 256B.0911, subdivision 1a, is amended to read:

Subd. 1a. **Definitions.** For purposes of this section, the following definitions apply:

(a) Until additional requirements apply under paragraph (b), "long-term care consultation services" means:

(1) intake for and access to assistance in identifying services needed to maintain an individual in the most inclusive environment;

(2) providing recommendations for and referrals to cost-effective community services that are available to the individual;

(3) development of an individual's person-centered community support plan;

(4) providing information regarding eligibility for Minnesota health care programs;

(5) ~~face-to-face~~ long-term care consultation assessments conducted according to subdivision 3a, which may be completed in a hospital, nursing facility, intermediate care facility for persons with developmental disabilities (ICF/DDs), regional treatment centers, or the person's current or planned residence;

(6) determination of home and community-based waiver and other service eligibility as required under chapter 256S and sections 256B.0913, 256B.092, and 256B.49, including level of care determination for individuals who need an institutional level of care as determined under subdivision 4e, based on a long-term care consultation assessment and community support plan development, appropriate referrals to obtain necessary diagnostic information, and including an eligibility determination for consumer-directed community supports;

(7) providing recommendations for institutional placement when there are no cost-effective community services available;

(8) providing access to assistance to transition people back to community settings after institutional admission;

(9) providing information about competitive employment, with or without supports, for school-age youth and working-age adults and referrals to the Disability Hub and Disability Benefits 101 to ensure that an informed choice about competitive employment can be made. For the purposes of this subdivision, "competitive employment" means work in the competitive labor market that is performed on a full-time or part-time basis in an integrated setting, and for which an individual is compensated at or above the minimum wage, but not less than the customary wage and level of benefits paid by the employer for the same or similar work performed by individuals without disabilities;

(10) providing information about independent living to ensure that an informed choice about independent living can be made; and

(11) providing information about self-directed services and supports, including self-directed funding options, to ensure that an informed choice about self-directed options can be made.

(b) Upon statewide implementation of lead agency requirements in subdivisions 2b, 2c, and 3a, "long-term care consultation services" also means:

(1) service eligibility determination for the following state plan services:

(i) personal care assistance services under section 256B.0625, subdivisions 19a and 19c;

(ii) consumer support grants under section 256.476; or

(iii) community first services and supports under section 256B.85;

(2) notwithstanding provisions in Minnesota Rules, parts 9525.0004 to 9525.0024, gaining access to:

(i) relocation targeted case management services available under section 256B.0621, subdivision 2, clause (4);

(ii) case management services targeted to vulnerable adults or developmental disabilities under section 256B.0924; and

(iii) case management services targeted to people with developmental disabilities under Minnesota Rules, part 9525.0016;

(3) determination of eligibility for semi-independent living services under section 252.275; and

(4) obtaining necessary diagnostic information to determine eligibility under clauses (2) and (3).

(c) "Long-term care options counseling" means the services provided by sections 256.01, subdivision 24, and 256.975, subdivision 7, and also includes telephone assistance and follow up once a long-term care consultation assessment has been completed.

(d) "Minnesota health care programs" means the medical assistance program under this chapter and the alternative care program under section 256B.0913.

(e) "Lead agencies" means counties administering or tribes and health plans under contract with the commissioner to administer long-term care consultation services.

(f) "Person-centered planning" is a process that includes the active participation of a person in the planning of the person's services, including in making meaningful and informed choices about the person's own goals, talents, and objectives, as well as making meaningful and informed choices about the services the person receives, the settings in which the person receives the services, and the setting in which the person lives.

(g) "Informed choice" means a voluntary choice of services, settings, living arrangement, and work by a person from all available service and setting options based on accurate and complete information concerning all available service and setting options and concerning the person's own preferences, abilities, goals, and objectives. In order for a person to make an informed choice, all available options must be developed and presented to the person in a way the person can understand to empower the person to make fully informed choices.

(h) "Available service and setting options" or "available options," with respect to the home and community-based waivers under chapter 256S and sections 256B.092 and 256B.49, means all services and settings defined under the waiver plan for which a waiver applicant or waiver participant is eligible.

(i) "Independent living" means living in a setting that is not controlled by a provider.

Sec. 17. Minnesota Statutes 2020, section 256B.0911, subdivision 3a, is amended to read:

Subd. 3a. **Assessment and support planning.** (a) Persons requesting assessment, services planning, or other assistance intended to support community-based living, including persons who need assessment in order to determine waiver or alternative care program eligibility, must be visited by a long-term care consultation team within 20 calendar days after the date on which an assessment was requested or recommended. Upon statewide implementation of subdivisions 2b, 2c, and 5, this requirement also applies to an assessment of a person requesting personal care assistance services. The commissioner shall provide at least a 90-day notice to lead agencies prior to the effective date of this requirement. ~~Face-to-face~~ Assessments must be conducted according to paragraphs (b) to ~~(i)~~ (q).

(b) Upon implementation of subdivisions 2b, 2c, and 5, lead agencies shall use certified assessors to conduct the assessment. For a person with complex health care needs, a public health or registered nurse from the team must be consulted.

(c) The MnCHOICES assessment provided by the commissioner to lead agencies must be used to complete a comprehensive, conversation-based, person-centered assessment. The assessment must include the health, psychological, functional, environmental, and social needs of the individual necessary to develop a person-centered community support plan that meets the individual's needs and preferences.

(d) Except as provided in paragraph (q), the assessment must be conducted by a certified assessor in a face-to-face conversational interview with the person being assessed. The person's legal representative must provide input during the assessment process and may do so remotely if requested. At the request of the person, other individuals may participate in the assessment to provide information on the needs, strengths, and preferences of the person necessary to develop a community support plan that ensures the person's health and safety. Except for legal representatives or family members invited by the person, persons participating in the assessment may not be a provider of service or have any financial interest in the provision of services. For persons who are to be assessed for elderly waiver customized living or adult day services under chapter 256S, with the permission of the person being assessed or the person's designated or legal representative, the client's current or proposed provider of services may submit a copy of the provider's nursing assessment or written report outlining its recommendations regarding the client's care needs. The person conducting the assessment must notify the provider of the date by which this information is to be submitted. This information shall be provided to the person conducting the assessment prior to the assessment. For a person who is to be assessed for waiver services under section 256B.092 or 256B.49, with the permission of the person being assessed or the person's designated legal representative, the person's current provider of services may submit a written report outlining recommendations regarding the person's care needs the person completed in consultation with someone who is known to the person and has interaction with the person on a regular basis. The provider must submit the report at least 60 days before the end of the person's current service agreement. The certified assessor must consider the content of the submitted report prior to finalizing the person's assessment or reassessment.

(e) The certified assessor and the individual responsible for developing the coordinated service and support plan must complete the community support plan and the coordinated service and support plan no more than 60 calendar days from the assessment visit. The person or the person's legal representative must be provided with a written community support plan within the timelines established by the commissioner, regardless of whether the person is eligible for Minnesota health care programs.

(f) For a person being assessed for elderly waiver services under chapter 256S, a provider who submitted information under paragraph (d) shall receive the final written community support plan when available and the Residential Services Workbook.

(g) The written community support plan must include:

(1) a summary of assessed needs as defined in paragraphs (c) and (d);

(2) the individual's options and choices to meet identified needs, including:

(i) all available options for case management services and providers;

(ii) all available options for employment services, settings, and providers;

(iii) all available options for living arrangements;

(iv) all available options for self-directed services and supports, including self-directed budget options; and

(v) service provided in a non-disability-specific setting;

(3) identification of health and safety risks and how those risks will be addressed, including personal risk management strategies;

(4) referral information; and

(5) informal caregiver supports, if applicable.

For a person determined eligible for state plan home care under subdivision 1a, paragraph (b), clause (1), the person or person's representative must also receive a copy of the home care service plan developed by the certified assessor.

(h) A person may request assistance in identifying community supports without participating in a complete assessment. Upon a request for assistance identifying community support, the person must be transferred or referred to long-term care options counseling services available under sections 256.975, subdivision 7, and 256.01, subdivision 24, for telephone assistance and follow up.

(i) The person has the right to make the final decision:

(1) between institutional placement and community placement after the recommendations have been provided, except as provided in section 256.975, subdivision 7a, paragraph (d);

(2) between community placement in a setting controlled by a provider and living independently in a setting not controlled by a provider;

(3) between day services and employment services; and

(4) regarding available options for self-directed services and supports, including self-directed funding options.

(j) The lead agency must give the person receiving long-term care consultation services or the person's legal representative, materials, and forms supplied by the commissioner containing the following information:

(1) written recommendations for community-based services and consumer-directed options;

(2) documentation that the most cost-effective alternatives available were offered to the individual. For purposes of this clause, "cost-effective" means community services and living arrangements that cost the same as or less than institutional care. For an individual found to meet eligibility criteria for home and community-based service programs under chapter 256S or section 256B.49, "cost-effectiveness" has the meaning found in the federally approved waiver plan for each program;

(3) the need for and purpose of preadmission screening conducted by long-term care options counselors according to section 256.975, subdivisions 7a to 7c, if the person selects nursing facility placement. If the individual selects nursing facility placement, the lead agency shall forward information needed to complete the level of care determinations and screening for developmental disability and mental illness collected during the assessment to the long-term care options counselor using forms provided by the commissioner;

(4) the role of long-term care consultation assessment and support planning in eligibility determination for waiver and alternative care programs, and state plan home care, case management, and other services as defined in subdivision 1a, paragraphs (a), clause (6), and (b);

(5) information about Minnesota health care programs;

(6) the person's freedom to accept or reject the recommendations of the team;

(7) the person's right to confidentiality under the Minnesota Government Data Practices Act, chapter 13;

(8) the certified assessor's decision regarding the person's need for institutional level of care as determined under criteria established in subdivision 4e and the certified assessor's decision regarding eligibility for all services and programs as defined in subdivision 1a, paragraphs (a), clause (6), and (b);

(9) the person's right to appeal the certified assessor's decision regarding eligibility for all services and programs as defined in subdivision 1a, paragraphs (a), clauses (6), (7), and (8), and (b), and incorporating the decision regarding the need for institutional level of care or the lead agency's final decisions regarding public programs eligibility according to section 256.045, subdivision 3. The certified assessor must verbally communicate this appeal right to the person and must visually point out where in the document the right to appeal is stated; and

(10) documentation that available options for employment services, independent living, and self-directed services and supports were described to the individual.

(k) ~~Face-to-face~~ Assessment completed as part of an eligibility determination for multiple programs for the alternative care, elderly waiver, developmental disabilities, community access for disability inclusion, community alternative care, and brain injury waiver programs under chapter 256S and sections 256B.0913, 256B.092, and 256B.49 is valid to establish service eligibility for no more than 60 calendar days after the date of assessment.

(l) The effective eligibility start date for programs in paragraph (k) can never be prior to the date of assessment. If an assessment was completed more than 60 days before the effective waiver or alternative care program eligibility start date, assessment and support plan information must be updated and documented in the department's Medicaid Management Information System (MMIS). Notwithstanding retroactive medical assistance coverage of state plan services, the effective date of eligibility for programs included in paragraph (k) cannot be prior to the date the most recent updated assessment is completed.

(m) If an eligibility update is completed within 90 days of the previous ~~face-to-face~~ assessment and documented in the department's Medicaid Management Information System (MMIS), the effective date of eligibility for programs included in paragraph (k) is the date of the previous ~~face-to-face~~ assessment when all other eligibility requirements are met.

(n) At the time of reassessment, the certified assessor shall assess each person receiving waiver residential supports and services currently residing in a community residential setting, licensed adult foster care home that is either not the primary residence of the license holder or in which the license holder is not the primary caregiver, family adult foster care residence, customized living setting, or supervised living facility to determine if that person would prefer to be served in a community-living setting as defined in section 256B.49, subdivision 23, in a setting not controlled by a provider, or to receive integrated community supports as described in section 245D.03, subdivision 1, paragraph (c), clause (8). The certified assessor shall offer the person, through a person-centered planning process, the option to receive alternative housing and service options.

(o) At the time of reassessment, the certified assessor shall assess each person receiving waiver day services to determine if that person would prefer to receive employment services as described in section 245D.03, subdivision 1, paragraph (c), clauses (5) to (7). The certified assessor shall describe to the person through a person-centered planning process the option to receive employment services.

(p) At the time of reassessment, the certified assessor shall assess each person receiving non-self-directed waiver services to determine if that person would prefer an available service and setting option that would permit self-directed services and supports. The certified assessor shall describe to the person through a person-centered planning process the option to receive self-directed services and supports.

(q) All assessments performed according to this subdivision must be face-to-face unless the assessment is a reassessment meeting the requirements of this paragraph. Subject to federal approval, remote reassessments conducted by interactive video or telephone may substitute for face-to-face reassessments for services provided by alternative care under section 256B.0913, the elderly waiver under chapter 256S, the developmental disabilities waiver under section 256B.092, and the community access for disability inclusion, community alternative care, and brain injury waiver programs under section 256B.49. Remote reassessments may be substituted for two consecutive reassessments if followed by a face-to-face reassessment. A remote reassessment is permitted only if the person being reassessed, the person's legal representative, and the lead agency case manager all agree that there is no change in the person's condition, there is no need for a change in service, and that a remote reassessment is appropriate. The person being reassessed, or the person's legal representative, has the right to refuse a remote reassessment at any time. During a remote reassessment, if the certified assessor determines in the assessor's sole judgment that a remote reassessment is inappropriate, the certified assessor shall suspend the remote reassessment and schedule a face-to-face reassessment to complete the reassessment. All other requirements of a face-to-face reassessment apply to a remote reassessment.

Sec. 18. Minnesota Statutes 2020, section 256B.0911, subdivision 3f, is amended to read:

Subd. 3f. **Long-term care reassessments and community support plan updates.** (a) Prior to a ~~face-to-face~~ reassessment, the certified assessor must review the person's most recent assessment. Reassessments must be tailored using the professional judgment of the assessor to the person's known needs, strengths, preferences, and circumstances. Reassessments provide information to support the person's informed choice and opportunities to express choice regarding activities that contribute to quality of life, as well as information and opportunity to identify goals related to desired employment, community activities, and preferred living environment. Reassessments require a review of the most recent assessment, review of the current coordinated service and support plan's effectiveness, monitoring of services, and the development of an updated person-centered community support plan. Reassessments must verify continued eligibility, offer alternatives as warranted, and provide an opportunity for quality assurance of service delivery. ~~Face-to-face~~ Reassessments must be conducted annually or as required by

federal and state laws and rules. For reassessments, the certified assessor and the individual responsible for developing the coordinated service and support plan must ensure the continuity of care for the person receiving services and complete the updated community support plan and the updated coordinated service and support plan no more than 60 days from the reassessment visit.

(b) The commissioner shall develop mechanisms for providers and case managers to share information with the assessor to facilitate a reassessment and support planning process tailored to the person's current needs and preferences.

Sec. 19. Minnesota Statutes 2020, section 256B.0911, subdivision 4d, is amended to read:

Subd. 4d. **Preadmission screening of individuals under 65 years of age.** (a) It is the policy of the state of Minnesota to ensure that individuals with disabilities or chronic illness are served in the most integrated setting appropriate to their needs and have the necessary information to make informed choices about home and community-based service options.

(b) Individuals under 65 years of age who are admitted to a Medicaid-certified nursing facility must be screened prior to admission according to the requirements outlined in section 256.975, subdivisions 7a to 7c. This shall be provided by the Senior LinkAge Line as required under section 256.975, subdivision 7.

(c) Individuals under 65 years of age who are admitted to nursing facilities with only a telephone screening must receive a face-to-face assessment from the long-term care consultation team member of the county in which the facility is located or from the recipient's county case manager within the timeline established by the commissioner, based on review of data.

(d) At the face-to-face assessment, the long-term care consultation team member or county case manager must perform the activities required under subdivision 3b.

(e) For individuals under 21 years of age, a screening interview which recommends nursing facility admission must be face-to-face and approved by the commissioner before the individual is admitted to the nursing facility.

(f) In the event that an individual under 65 years of age is admitted to a nursing facility on an emergency basis, the Senior LinkAge Line must be notified of the admission on the next working day, and a face-to-face assessment as described in paragraph (c) must be conducted within the timeline established by the commissioner, based on review of data.

(g) At the face-to-face assessment, the long-term care consultation team member or the case manager must present information about home and community-based options, including consumer-directed options, so the individual can make informed choices. If the individual chooses home and community-based services, the long-term care consultation team member or case manager must complete a written relocation plan within 20 working days of the visit. The plan shall describe the services needed to move out of the facility and a time line for the move which is designed to ensure a smooth transition to the individual's home and community.

(h) An individual under 65 years of age residing in a nursing facility shall receive a ~~face-to-face assessment~~ reassessment at least every 12 months to review the person's service choices and available alternatives unless the individual indicates, in writing, that annual visits are not desired. In this case, the individual must receive a ~~face-to-face assessment~~ reassessment at least once every 36 months for the same purposes. A remote reassessment is permitted only if the person being reassessed, the person's legal representative, and the lead agency case manager all agree that there is no change in the person's condition, there is no need for a change in service, and that a remote reassessment is appropriate. The person being reassessed, or the person's legal representative, has the right to refuse a remote reassessment at any time. During a remote reassessment, if the certified assessor determines in the assessor's sole judgment that a remote reassessment is inappropriate, the certified assessor shall suspend the remote reassessment and schedule a face-to-face reassessment to complete the reassessment. All other requirements of a face-to-face reassessment apply to a remote reassessment.

(i) Notwithstanding the provisions of subdivision 6, the commissioner may pay county agencies directly for ~~face-to-face~~ assessments for individuals under 65 years of age who are being considered for placement or residing in a nursing facility.

(j) Funding for preadmission screening follow-up shall be provided to the Disability Hub for the under-60 population by the Department of Human Services to cover options counseling salaries and expenses to provide the services described in subdivisions 7a to 7c. The Disability Hub shall employ, or contract with other agencies to employ, within the limits of available funding, sufficient personnel to provide preadmission screening follow-up services and shall seek to maximize federal funding for the service as provided under section 256.01, subdivision 2, paragraph (aa).

Sec. 20. Minnesota Statutes 2020, section 256B.0924, subdivision 6, is amended to read:

Subd. 6. **Payment for targeted case management.** (a) Medical assistance and MinnesotaCare payment for targeted case management shall be made on a monthly basis. In order to receive payment for an eligible adult, the provider must document at least one contact per month and not more than two consecutive months without a face-to-face contact or a contact by interactive video that meets the requirements of section 256B.0625, subdivision 20b, with the adult or the adult's legal representative, family, primary caregiver, or other relevant persons identified as necessary to the development or implementation of the goals of the personal service plan.

(b) Payment for targeted case management provided by county staff under this subdivision shall be based on the monthly rate methodology under section 256B.094, subdivision 6, paragraph (b), calculated as one combined average rate together with adult mental health case management under section 256B.0625, subdivision 20, except for calendar year 2002. In calendar year 2002, the rate for case management under this section shall be the same as the rate for adult mental health case management in effect as of December 31, 2001. Billing and payment must identify the recipient's primary population group to allow tracking of revenues.

(c) Payment for targeted case management provided by county-contracted vendors shall be based on a monthly rate negotiated by the host county. The negotiated rate must not exceed the rate charged by the vendor for the same service to other payers. If the service is provided by a team of contracted vendors, the county may negotiate a team rate with a vendor who is a member of the team. The team shall determine how to distribute the rate among its members. No reimbursement received by contracted vendors shall be returned to the county, except to reimburse the county for advance funding provided by the county to the vendor.

(d) If the service is provided by a team that includes contracted vendors and county staff, the costs for county staff participation on the team shall be included in the rate for county-provided services. In this case, the contracted vendor and the county may each receive separate payment for services provided by each entity in the same month. In order to prevent duplication of services, the county must document, in the recipient's file, the need for team targeted case management and a description of the different roles of the team members.

(e) Notwithstanding section 256B.19, subdivision 1, the nonfederal share of costs for targeted case management shall be provided by the recipient's county of responsibility, as defined in sections 256G.01 to 256G.12, from sources other than federal funds or funds used to match other federal funds.

(f) The commissioner may suspend, reduce, or terminate reimbursement to a provider that does not meet the reporting or other requirements of this section. The county of responsibility, as defined in sections 256G.01 to 256G.12, is responsible for any federal disallowances. The county may share this responsibility with its contracted vendors.

(g) The commissioner shall set aside five percent of the federal funds received under this section for use in reimbursing the state for costs of developing and implementing this section.

(h) Payments to counties for targeted case management expenditures under this section shall only be made from federal earnings from services provided under this section. Payments to contracted vendors shall include both the federal earnings and the county share.

(i) Notwithstanding section 256B.041, county payments for the cost of case management services provided by county staff shall not be made to the commissioner of management and budget. For the purposes of targeted case management services provided by county staff under this section, the centralized disbursement of payments to counties under section 256B.041 consists only of federal earnings from services provided under this section.

(j) If the recipient is a resident of a nursing facility, intermediate care facility, or hospital, and the recipient's institutional care is paid by medical assistance, payment for targeted case management services under this subdivision is limited to the lesser of:

(1) the last 180 days of the recipient's residency in that facility; or

(2) the limits and conditions which apply to federal Medicaid funding for this service.

(k) Payment for targeted case management services under this subdivision shall not duplicate payments made under other program authorities for the same purpose.

(l) Any growth in targeted case management services and cost increases under this section shall be the responsibility of the counties.

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

Sec. 21. Minnesota Statutes 2020, section 256B.094, subdivision 6, is amended to read:

Subd. 6. **Medical assistance reimbursement of case management services.** (a) Medical assistance reimbursement for services under this section shall be made on a monthly basis. Payment is based on face-to-face, interactive video, or telephone contacts between the case manager and the client, client's family, primary caregiver, legal representative, or other relevant person identified as necessary to the development or implementation of the goals of the individual service plan regarding the status of the client, the individual service plan, or the goals for the client. These contacts must meet the minimum standards in clauses (1) and (2):

(1) there must be a face-to-face contact, or a contact by interactive video that meets the requirements of section 256B.0625, subdivision 20b, at least once a month except as provided in clause (2); and

(2) for a client placed outside of the county of financial responsibility, or a client served by tribal social services placed outside the reservation, in an excluded time facility under section 256G.02, subdivision 6, or through the Interstate Compact for the Placement of Children, section 260.93, and the placement in either case is more than 60 miles beyond the county or reservation boundaries, there must be at least one contact per month and not more than two consecutive months without a face-to-face contact.

Face-to-face contacts under this paragraph may be conducted using interactive video for up to two consecutive contacts following each in-person contact.

(b) Except as provided under paragraph (c), the payment rate is established using time study data on activities of provider service staff and reports required under sections 245.482 and 256.01, subdivision 2, paragraph (p).

(c) Payments for tribes may be made according to section 256B.0625 or other relevant federally approved rate setting methodology for child welfare targeted case management provided by Indian health services and facilities operated by a tribe or tribal organization.

(d) Payment for case management provided by county or tribal social services contracted vendors shall be based on a monthly rate negotiated by the host county or tribal social services. The negotiated rate must not exceed the rate charged by the vendor for the same service to other payers. If the service is provided by a team of contracted vendors, the county or tribal social services may negotiate a team rate with a vendor who is a member of the team. The team shall determine how to distribute the rate among its members. No reimbursement received by contracted vendors shall be returned to the county or tribal social services, except to reimburse the county or tribal social services for advance funding provided by the county or tribal social services to the vendor.

(e) If the service is provided by a team that includes contracted vendors and county or tribal social services staff, the costs for county or tribal social services staff participation in the team shall be included in the rate for county or tribal social services provided services. In this case, the contracted vendor and the county or tribal social services may each receive separate payment for services provided by each entity in the same month. To prevent duplication of services, each entity must document, in the recipient's file, the need for team case management and a description of the roles and services of the team members.

(f) Separate payment rates may be established for different groups of providers to maximize reimbursement as determined by the commissioner. The payment rate will be reviewed annually and revised periodically to be consistent with the most recent time study and other data. Payment for services will be made upon submission of a valid claim and verification of proper documentation described in subdivision 7. Federal administrative revenue earned through the time study, or under paragraph (c), shall be distributed according to earnings, to counties, reservations, or groups of counties or reservations which have the same payment rate under this subdivision, and to the group of counties or reservations which are not certified providers under section 256F.10. The commissioner shall modify the requirements set out in Minnesota Rules, parts 9550.0300 to 9550.0370, as necessary to accomplish this.

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

Sec. 22. Minnesota Statutes 2020, section 256B.49, subdivision 14, is amended to read:

Subd. 14. **Assessment and reassessment.** (a) Assessments and reassessments shall be conducted by certified assessors according to section 256B.0911, subdivision 2b.

(b) There must be a determination that the client requires a hospital level of care or a nursing facility level of care as defined in section 256B.0911, subdivision 4e, at initial and subsequent assessments to initiate and maintain participation in the waiver program.

(c) Regardless of other assessments identified in section 144.0724, subdivision 4, as appropriate to determine nursing facility level of care for purposes of medical assistance payment for nursing facility services, only ~~face-to-face~~ assessments conducted according to section 256B.0911, subdivisions 3a, 3b, and 4d, that result in a hospital level of care determination or a nursing facility level of care determination must be accepted for purposes of initial and ongoing access to waiver services payment.

(d) Recipients who are found eligible for home and community-based services under this section before their 65th birthday may remain eligible for these services after their 65th birthday if they continue to meet all other eligibility factors.

Sec. 23. Minnesota Statutes 2020, section 256J.09, subdivision 3, is amended to read:

Subd. 3. **Submitting application form.** (a) A county agency must offer, in person or by mail, the application forms prescribed by the commissioner as soon as a person makes a written or oral inquiry. At that time, the county agency must:

(1) inform the person that assistance begins ~~with~~ on the date that the ~~signed~~ application is received by the county agency either as a written application; an application submitted by telephone; or an application submitted through Internet telepresence; or on the date that all eligibility criteria are met, whichever is later;

(2) inform a person that the person may submit the application by telephone or through Internet telepresence;

(3) inform a person that when the person submits the application by telephone or through Internet telepresence, the county agency must receive a signed written application within 30 days of the date that the person submitted the application by telephone or through Internet telepresence;

(4) inform the person that any delay in submitting the application will reduce the amount of assistance paid for the month of application;

~~(3)~~ (5) inform a person that the person may submit the application before an interview;

~~(4)~~ (6) explain the information that will be verified during the application process by the county agency as provided in section 256J.32;

~~(5)~~ (7) inform a person about the county agency's average application processing time and explain how the application will be processed under subdivision 5;

~~(6)~~ (8) explain how to contact the county agency if a person's application information changes and how to withdraw the application;

~~(7)~~ (9) inform a person that the next step in the application process is an interview and what a person must do if the application is approved including, but not limited to, attending orientation under section 256J.45 and complying with employment and training services requirements in sections 256J.515 to 256J.57;

~~(8)~~ (10) inform the person that ~~the~~ an interview must be conducted. The interview may be conducted face-to-face in the county office or at a location mutually agreed upon, through Internet telepresence, or ~~at a location mutually agreed upon~~ by telephone;

~~(9) inform a person who has received MFIP or DWP in the past 12 months of the option to have a face to face, Internet telepresence, or telephone interview;~~

~~(10)~~ (11) explain the child care and transportation services that are available under paragraph (c) to enable caregivers to attend the interview, screening, and orientation; and

~~(11)~~ (12) identify any language barriers and arrange for translation assistance during appointments, including, but not limited to, screening under subdivision 3a, orientation under section 256J.45, and assessment under section 256J.521.

(b) Upon receipt of a signed application, the county agency must stamp the date of receipt on the face of the application. The county agency must process the application within the time period required under subdivision 5. An applicant may withdraw the application at any time by giving written or oral notice to the county agency. The county agency must issue a written notice confirming the withdrawal. The notice must inform the applicant of the county agency's understanding that the applicant has withdrawn the application and no longer wants to pursue it. When, within ten days of the date of the agency's notice, an applicant informs a county agency, in writing, that the applicant does not wish to withdraw the application, the county agency must reinstate the application and finish processing the application.

(c) Upon a participant's request, the county agency must arrange for transportation and child care or reimburse the participant for transportation and child care expenses necessary to enable participants to attend the screening under subdivision 3a and orientation under section 256J.45.

Sec. 24. Minnesota Statutes 2020, section 256J.45, subdivision 1, is amended to read:

Subdivision 1. **County agency to provide orientation.** A county agency must provide ~~a face-to-face~~ an orientation to each MFIP caregiver unless the caregiver is:

(1) a single parent, or one parent in a two-parent family, employed at least 35 hours per week; or

(2) a second parent in a two-parent family who is employed for 20 or more hours per week provided the first parent is employed at least 35 hours per week.

The county agency must inform caregivers who are not exempt under clause (1) or (2) that failure to attend the orientation is considered an occurrence of noncompliance with program requirements, and will result in the imposition of a sanction under section 256J.46. If the client complies with the orientation requirement prior to the first day of the month in which the grant reduction is proposed to occur, the orientation sanction shall be lifted.

Sec. 25. Minnesota Statutes 2020, section 256S.05, subdivision 2, is amended to read:

Subd. 2. **Nursing facility level of care determination required.** Notwithstanding other assessments identified in section 144.0724, subdivision 4, only ~~face-to-face~~ assessments conducted according to section 256B.0911, subdivisions 3, 3a, and 3b, that result in a nursing facility level of care determination at initial and subsequent assessments shall be accepted for purposes of a participant's initial and ongoing participation in the elderly waiver and a service provider's access to service payments under this chapter.

Sec. 26. **STUDY OF TELEHEALTH.**

(a) The commissioner of health, in consultation with the commissioners of human services and commerce, shall study the impact of telehealth payment methodologies and expansion under the Minnesota Telehealth Act on the coverage and provision of health care services under public health care programs and private health insurance. The study shall review and make recommendations related to:

(1) the impact of telehealth payment methodologies and expansion on access to health care services, quality of care, and value-based payments and innovation in care delivery;

(2) the short-term and long-term impacts of telehealth payment methodologies and expansion in reducing health care disparities and providing equitable access for underserved communities;

(3) the use of audio-only communication in supporting equitable access to health care services, including behavioral health services for the elderly, rural communities, and communities of color, and eliminating barriers for vulnerable and underserved populations;

(4) whether there is evidence to suggest that increased access to telehealth improves health outcomes and, if so, for which services and populations; and

(5) the effect of payment parity on public and private health care costs, health care premiums, and health outcomes.

(b) When conducting the study, the commissioner shall consult with stakeholders and communities impacted by telehealth payment and expansion. The commissioner, notwithstanding Minnesota Statutes, section 62U.04, subdivision 11, may use data available under that section to conduct the study. The commissioner shall report findings to the chairs and ranking minority members of the legislative committees with jurisdiction over health care policy and finance and commerce, by February 15, 2023.

Sec. 27. **EFFECTIVE DATE.**

The amendments in this article to, or establishing, the following provisions of Minnesota Statutes are effective January 1, 2022: 245G.01, subdivision 26; 245G.06, subdivision 1; 256B.0596; and 256B.0625, subdivisions 3h and 13h.

Sec. 28. **EXPIRATION DATE.**

(a) The amendments in this article to, or establishing, the following provisions of Minnesota Statutes expire July 1, 2023: 245G.01, subdivision 13; 245G.01, subdivision 26; 245G.06, subdivision 1; 254A.19, subdivision 5; 254B.05, subdivision 5; 256B.0596; and 256B.0625, subdivisions 3b, 3h, 13h, and 46.

(b) Notwithstanding paragraph (a), the definition of "originating site" in Minnesota Statutes, section 256B.0625, subdivision 3b, paragraph (d), clause (3), shall not expire.

Sec. 29. **REVISOR INSTRUCTION.**

The revisor of statutes shall substitute the term "telemedicine" with "telehealth" whenever the term appears in Minnesota Statutes and substitute Minnesota Statutes, section 62A.673, whenever references to Minnesota Statutes, sections 62A.67, 62A.671, and 62A.672, appear in Minnesota Statutes.

Sec. 30. **REPEALER.**

(a) Minnesota Statutes 2020, sections 62A.67; 62A.671; and 62A.672, are repealed.

(b) Minnesota Statutes 2020, sections 256B.0596; and 256B.0924, subdivision 4a, are repealed upon federal approval. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

ARTICLE 8
APPROPRIATIONS

Section 1. **HEALTH AND HUMAN SERVICES 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 "2022" and "2023" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively. "The first year" is fiscal year 2022. "The second year" is fiscal year 2023. "The biennium" is fiscal years 2022 and 2023.

	APPROPRIATIONS Available for the Year Ending June 30	
	2022	**2023**

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

Subdivision 1. **Total Appropriation** **$8,944,696,000** **$9,423,461,000**

Appropriations by Fund

	2022	2023
General	7,786,104,000	8,289,809,000
State Government Special Revenue	4,299,000	4,299,000
Health Care Access	867,214,000	845,520,000
Federal TANF	282,623,000	278,803,000
Lottery Prize	1,896,000	1,896,000
Opiate Epidemic Response	2,560,000	2,560,000

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

Subd. 2. **TANF Maintenance of Effort**

(a) **Nonfederal Expenditures.** The commissioner shall ensure that sufficient qualified nonfederal expenditures are made each year to meet the state's maintenance of effort (MOE) requirements of the TANF block grant specified under Code of Federal Regulations, title 45, section 263.1. In order to meet these basic TANF/MOE requirements, the commissioner may report as TANF/MOE expenditures only nonfederal money expended for allowable activities listed in the following clauses:

(1) MFIP cash, diversionary work program, and food assistance benefits under Minnesota Statutes, chapter 256J;

(2) the child care assistance programs under Minnesota Statutes, sections 119B.03 and 119B.05, and county child care administrative costs under Minnesota Statutes, section 119B.15;

(3) state and county MFIP administrative costs under Minnesota Statutes, chapters 256J and 256K;

(4) state, county, and tribal MFIP employment services under Minnesota Statutes, chapters 256J and 256K;

(5) expenditures made on behalf of legal noncitizen MFIP recipients who qualify for the MinnesotaCare program under Minnesota Statutes, chapter 256L;

(6) qualifying working family credit expenditures under Minnesota Statutes, section 290.0671;

(7) qualifying Minnesota education credit expenditures under Minnesota Statutes, section 290.0674; and

(8) qualifying Head Start expenditures under Minnesota Statutes, section 119A.50.

(b) **Nonfederal Expenditures; Reporting.** For the activities listed in paragraph (a), clauses (2) to (8), the commissioner may report only expenditures that are excluded from the definition of assistance under Code of Federal Regulations, title 45, section 260.31.

(c) **Certain Expenditures Required.** The commissioner shall ensure that the MOE used by the commissioner of management and budget for the February and November forecasts required under Minnesota Statutes, section 16A.103, contains expenditures under paragraph (a), clause (1), equal to at least 16 percent of the total required under Code of Federal Regulations, title 45, section 263.1.

(d) **Limitation; Exceptions.** The commissioner must not claim an amount of TANF/MOE in excess of the 75 percent standard in Code of Federal Regulations, title 45, section 263.1(a)(2), except:

(1) to the extent necessary to meet the 80 percent standard under Code of Federal Regulations, title 45, section 263.1(a)(1), if it is determined by the commissioner that the state will not meet the TANF work participation target rate for the current year;

(2) to provide any additional amounts under Code of Federal Regulations, title 45, section 264.5, that relate to replacement of TANF funds due to the operation of TANF penalties; and

(3) to provide any additional amounts that may contribute to avoiding or reducing TANF work participation penalties through the operation of the excess MOE provisions of Code of Federal Regulations, title 45, section 261.43 (a)(2).

(e) **Supplemental Expenditures.** For the purposes of paragraph (d), the commissioner may supplement the MOE claim with working family credit expenditures or other qualified expenditures to the extent such expenditures are otherwise available after considering the expenditures allowed in this subdivision.

(f) **Reduction of Appropriations; Exception.** The requirement in Minnesota Statutes, section 256.011, subdivision 3, that federal grants or aids secured or obtained under that subdivision be used to reduce any direct appropriations provided by law, does not apply if the grants or aids are federal TANF funds.

(g) **IT Appropriations Generally.** This appropriation includes funds for information technology projects, services, and support. Notwithstanding Minnesota Statutes, section 16E.0466, funding for information technology project costs shall be incorporated into

the service level agreement and paid to the Office of MN.IT Services by the Department of Human Services under the rates and mechanism specified in that agreement.

(h) **Receipts for Systems Project.** Appropriations and federal receipts for information systems projects for MAXIS, PRISM, MMIS, ISDS, METS, and SSIS must be deposited in the state systems account authorized in Minnesota Statutes, section 256.014. Money appropriated for computer projects approved by the commissioner of the Office of MN.IT Services, funded by the legislature, and approved by the commissioner of management and budget may be transferred from one project to another and from development to operations as the commissioner of human services considers necessary. Any unexpended balance in the appropriation for these projects does not cancel and is available for ongoing development and operations.

(i) **Federal SNAP Education and Training Grants.** Federal funds available during fiscal years 2022 and 2023 for Supplemental Nutrition Assistance Program Education and Training and SNAP Quality Control Performance Bonus grants are appropriated to the commissioner of human services for the purposes allowable under the terms of the federal award. This paragraph is effective the day following final enactment.

Subd. 3. **Information Technology**

(a) **IT Appropriations Generally.** This appropriation includes funds for information technology projects, services, and support. Notwithstanding Minnesota Statutes, section 16E.0466, funding for information technology project costs shall be incorporated into the service level agreement and paid to the Office of MN.IT Services by the Department of Human Services under the rates and mechanism specified in that agreement.

(b) **Receipts for Systems Project.** Appropriations and federal receipts for information systems projects for MAXIS, PRISM, MMIS, ISDS, METS, and SSIS must be deposited in the state systems account authorized in Minnesota Statutes, section 256.014. Money appropriated for computer projects approved by the commissioner of the Office of MN.IT Services, funded by the legislature, and approved by the commissioner of management and budget may be transferred from one project to another and from development to operations as the commissioner of human services considers necessary. Any unexpended balance in the appropriation for these projects does not cancel and is available for ongoing development and operations.

Subd. 4. **Central Office; Operations**

	Appropriations by Fund	
General	174,080,000	167,456,000
State Government Special Revenue	4,174,000	4,174,000
Health Care Access	16,966,000	16,966,000
Federal TANF	100,000	100,000

(a) **Administrative Recovery; Set-Aside.** The commissioner may invoice local entities through the SWIFT accounting system as an alternative means to recover the actual cost of administering the following provisions:

(1) Minnesota Statutes, section 125A.744, subdivision 3;

(2) Minnesota Statutes, section 245.495, paragraph (b);

(3) Minnesota Statutes, section 256B.0625, subdivision 20, paragraph (k);

(4) Minnesota Statutes, section 256B.0924, subdivision 6, paragraph (g);

(5) Minnesota Statutes, section 256B.0945, subdivision 4, paragraph (d); and

(6) Minnesota Statutes, section 256F.10, subdivision 6, paragraph (b).

(b) **Background Studies.** (1) $2,074,000 in fiscal year 2022 is from the general fund to provide a credit to providers who paid for emergency background studies in NETStudy 2.0.

(2) $2,061,000 in fiscal year 2022 is from the general fund to cover the costs of reprocessing emergency studies conducted under interagency agreements with other agencies.

(c) **Personal Care Assistance Compensation for Services Provided by a Parent or Spouse.** $349,000 in fiscal year 2022 is from the general fund for compensation for personal care assistance services provided by a parent or spouse under Laws 2020, Fifth Special Session chapter 3, article 10, section 3, as amended.

(d) **Family Foster Setting Background Studies.** $338,000 in fiscal year 2022 and $349,000 in fiscal year 2023 are from the general fund for costs related to implementing and administering licensed family foster setting background study requirements.

(e) **Cultural and Ethnic Communities Leadership Council.** $18,000 in fiscal year 2022 and $62,000 in fiscal year 2023 are from the general fund for the Cultural and Ethnic Communities Leadership Council.

(f) **Base Level Adjustment.** The general fund base is $162,024,000 in fiscal year 2024 and $162,255,000 in fiscal year 2025.

Subd. 5. **Central Office; Children and Families**

Appropriations by Fund		
General	18,382,000	18,407,000
Federal TANF	2,582,000	2,582,000

(a) **Financial Institution Data Match and Payment of Fees.** The commissioner is authorized to allocate up to $310,000 each year in fiscal year 2022 and fiscal year 2023 from the systems special revenue account to make payments to financial institutions in exchange for performing data matches between account information held by financial institutions and the public authority's database of child support obligors as authorized by Minnesota Statutes, section 13B.06, subdivision 7.

(b) **Base Level Adjustment.** The general fund base is $18,692,000 in fiscal year 2024 and $18,692,000 in fiscal year 2025.

Subd. 6. **Central Office; Health Care**

Appropriations by Fund		
General	26,005,000	23,992,000
Health Care Access	28,168,000	28,168,000

(a) **Case Management Benefit Study for American Indians.** $200,000 in fiscal year 2022 is from the general fund for a contract to conduct fiscal analysis and development of standards for a targeted case management benefit for American Indians. The commissioner of human services must consult the Minnesota Indian Affairs Council in the development of any request for proposal and in the evaluation of responses. This is a onetime appropriation. Any unencumbered balance remaining from the first year does not cancel and is available for the second year of the biennium.

(b) **Integrated Care for High-Risk Pregnant Women Grant Program.** $106,000 in fiscal year 2022 and $122,000 in fiscal year 2023 are from the general fund for administration of the integrated care for high-risk pregnant women grant program under Minnesota Statutes, section 256B.79.

(c) **Studies on Health Care Delivery.** $700,000 in fiscal year 2022 and $300,000 in fiscal year 2023 are from the general fund for the commissioner of human services to develop a legislative proposal for a public option program and to compare and report to the legislature on delivery and payment system models to deliver services to MinnesotaCare enrollees and certain medical assistance enrollees.

(d) **Base Level Adjustment.** The general fund base is $24,036,000 in fiscal year 2024 and $24,004,000 in fiscal year 2025.

Subd. 7. **Central Office; Continuing Care for Older Adults**

	Appropriations by Fund	
General	18,873,000	18,900,000
State Government Special Revenue	125,000	125,000

(a) **Assisted Living Survey.** $2,593,000 in fiscal year 2022 and $2,593,000 in fiscal year 2023 are from the general fund for development and administration of a resident experience survey and family survey for all assisted living facilities according to Minnesota Statutes, section 256B.439, subdivision 3c. These appropriations are available in either year of the biennium.

(b) **Base Level Adjustment.** The general fund base is $18,830,000 in fiscal year 2024 and $18,900,000 in fiscal year 2025.

Subd. 8. **Central Office; Community Supports**

	Appropriations by Fund	
General	35,294,000	35,846,000
Lottery Prize	163,000	163,000
Opioid Epidemic Response	60,000	60,000

(a) **Study of Self Directed Tiered Wage Structure.** $25,000 in fiscal year 2022 is from the general fund for a study of the feasibility of a tiered wage structure for individual providers. This is a onetime appropriation. This appropriation is available only if the labor agreement between the state of Minnesota and the Service Employees International Union Healthcare Minnesota under Minnesota Statutes, section 179A.54, is approved under Minnesota Statutes, section 3.855.

(b) **Substance Use Disorder Treatment Paperwork Reduction.** $234,000 in fiscal year 2022 and $201,000 in fiscal year 2023 are from the general fund for a contract with a vendor to develop, assess, and recommend systems improvements to minimize regulatory paperwork and improve systems for licensed substance use disorder programs. This is a onetime appropriation.

(c) **Case Management and Substance Use Disorder Treatment Rate Methodology Analysis.** $500,000 in fiscal year 2022 and $200,000 in fiscal year 2023 are from the general fund for the fiscal analysis needed to establish federally compliant payment methodologies for all medical assistance-funded case management services, including substance use disorder treatment rates. This is a onetime appropriation.

(d) **Substance Use Disorder Community of Practice.** $250,000 in fiscal year 2022 and $250,000 in fiscal year 2023 are from the general fund for the commissioner of human services to establish and administer the substance use disorder community of practice, including providing compensation for community of practice participants.

(e) **Sober Housing Program Recommendations Development.** $90,000 in fiscal year 2022 is from the general fund for developing recommendations related to sober housing programs and completing and submitting a report on the recommendations to the legislature.

(f) **Base Level Adjustment.** The general fund base is $34,634,000 in fiscal year 2024 and $34,666,000 in fiscal year 2025. The opiate epidemic response fund base is $60,000 in fiscal year 2024 and $0 in fiscal year 2025.

Subd. 9. **Forecasted Programs; MFIP/DWP**

Appropriations by Fund		
General	92,588,000	91,668,000
Federal TANF	104,285,000	104,410,000

Subd. 10. **Forecasted Programs; MFIP Child Care Assistance.** 146,000 569,000

Subd. 11. **Forecasted Programs; General Assistance.** 53,574,000 52,835,000

(a) **General Assistance Standard.** The commissioner shall set the monthly standard of assistance for general assistance units consisting of an adult recipient who is childless and unmarried or living apart from parents or a legal guardian at $203. The commissioner may reduce this amount according to Laws 1997, chapter 85, article 3, section 54.

(b) **Emergency General Assistance Limit.** The amount appropriated for emergency general assistance is limited to no more than $6,729,812 in fiscal year 2022 and $6,729,812 in fiscal year 2023. Funds to counties shall be allocated by the commissioner using the allocation method under Minnesota Statutes, section 256D.06.

Subd. 12. **Forecasted Programs; Minnesota Supplemental Aid**	51,779,000	52,486,000
Subd. 13. **Forecasted Programs; Housing Support**	184,005,000	191,966,000
Subd. 14. **Forecasted Programs; Northstar Care for Children**	110,583,000	121,246,000
Subd. 15. **Forecasted Programs; MinnesotaCare**	207,437,000	184,822,000

Generally. This appropriation is from the health care access fund.

Subd. 16. **Forecasted Programs; Medical Assistance**

Appropriations by Fund		
General	6,058,378,000	6,557,536,000
Health Care Access	611,178,000	612,099,000

Behavioral Health Services. $1,000,000 in fiscal year 2022 and $1,000,000 in fiscal year 2023 are for behavioral health services provided by hospitals identified under Minnesota Statutes, section 256.969, subdivision 2b, paragraph (a), clause (4). The increase in payments shall be made by increasing the adjustment under Minnesota Statutes, section 256.969, subdivision 2b, paragraph (e), clause (2).

Subd. 17. **Forecasted Programs; Alternative Care**	45,669,000	45,656,000

Alternative Care Transfer. Any money allocated to the alternative care program that is not spent for the purposes indicated does not cancel but must be transferred to the medical assistance account.

Subd. 18. **Forecasted Programs; Behavioral Health Fund**	132,377,000	116,706,000

(a) **Grants to Tribal Governments.** $28,873,377 in fiscal year 2022 is from the general fund to satisfy the value of overpayments owed by the Leech Lake Band of Ojibwe and White Earth Band of Chippewa to repay overpayments for medication-assisted treatment services between fiscal year 2014 and fiscal year 2019. The grant to the Leech Lake Band of Ojibwe shall be $14,666,122 and the grant to the White Earth Band of Chippewa shall be $14,207,215. This is a onetime appropriation.

(b) **Institutions for Mental Disease Payments.** $8,328,000 in fiscal year 2022 is from the general fund for the commissioner of human services to reimburse counties for the amount identified by the commissioner for the statewide county share of costs for which federal funds were claimed, but were not eligible for federal funding for substance use disorder services provided in institutions for mental disease, for claims paid between January 1, 2014, and June 30, 2019. The commissioner of human services shall allocate this appropriation between counties in the amount identified by the department that is owed by each county. Prior to a county receiving reimbursement, the county must pay in full any unpaid consolidated chemical dependency treatment fund invoiced county share. This is a onetime appropriation.

Subd. 19. **Grant Programs; Support Services Grants**

	Appropriations by Fund	
General	8,715,000	8,715,000
Federal TANF	96,312,000	96,311,000

Subd. 20. **Grant Programs; BSF Child Care Grants.** (17,000) (23,000)

Subd. 21. **Grant Programs; Child Support Enforcement Grants** 50,000 50,000

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

	Appropriations by Fund	
General	52,133,000	51,848,000
Federal TANF	140,000	140,000

(a) **Title IV-E Adoption Assistance.** The commissioner shall allocate funds from the Title IV-E reimbursement to the state from the Fostering Connections to Success and Increasing Adoptions Act for adoptive, foster, and kinship families as required in Minnesota Statutes, section 256N.261.

(b) **Indian Child Welfare Training.** $1,012,000 in fiscal year 2022 and $993,000 in fiscal year 2023 are from the general fund for the establishment and operation of the Tribal Training and Certification Partnership at the University of Minnesota-Duluth to provide training, establish federal Indian Child Welfare Act and Minnesota Family Preservation Act training requirements for county child welfare workers, and develop Indigenous child welfare training for American Indian Tribes. The base for this appropriation is $1,053,000 in fiscal year 2024 and $1,053,000 in fiscal year 2025.

(c) **Parent Support for Better Outcomes Grants.** $150,000 in fiscal year 2022 and $150,000 in fiscal year 2023 are from the general fund for grants to Minnesota One-Stop for Communities to provide mentoring, guidance, and support services to parents navigating the child welfare system in Minnesota, in order to promote the development of safe, stable, and healthy families. Grant money may be used for parent mentoring, peer-to-peer support groups, housing support services, training, staffing, and administrative costs.

Subd. 23. **Grant Programs; Children and Community Service Grants** 60,251,000 60,856,000

Subd. 24. **Grant Programs; Children and Economic Support Grants** 34,240,000 34,240,000

(a) **Minnesota Food Assistance Program.** Unexpended funds for the Minnesota food assistance program for fiscal year 2022 do not cancel but are available for this purpose in fiscal year 2023.

(b) **Emergency Shelters.** $2,500,000 in fiscal year 2022 and $2,500,000 in fiscal year 2023 are for short-term housing facilities to increase the supply and improve the condition of shelters for individuals and families without a permanent residence. The commissioner shall ensure that a portion of the funds are expended to provide for short-term housing facilities for tribes and shall ensure equitable geographic distribution of funds. This appropriation is available until June 30, 2026.

(c) **Emergency Services Grants.** $9,000,000 in fiscal year 2022 and $9,000,000 in fiscal year 2023 are to provide emergency services grants under Minnesota Statutes, section 256E.36.

Subd. 25. **Grant Programs; Health Care Grants**

Appropriations by Fund		
General	4,811,000	4,811,000
Health Care Access	3,465,000	3,465,000

Integrated Care for High Risk Pregnancies Initiative. $1,100,000 in fiscal year 2022 and $1,100,000 in fiscal year 2023 are from the general fund for the commissioner of human services to enter into a contract with the Integrated Care for High Risk Pregnancies (ICHRP) initiative to provide support to the integrated care for high-risk pregnant women grant program under Minnesota Statutes, section 256B.79.

Subd. 26. **Grant Programs; Other Long-Term Care Grants** 1,925,000 1,925,000

Subd. 27. **Grant Programs; Aging and Adult Services Grants**	32,495,000	32,495,000
Subd. 28. **Grant Programs; Deaf and Hard-of-Hearing Grants**	2,886,000	2,886,000
Subd. 29. **Grant Programs; Disabilities Grants**	20,251,000	18,863,000

Training Stipends for Direct Support Services Providers. $1,000,000 in fiscal year 2022 is from the general fund for stipends for individual providers of direct support services as defined in Minnesota Statutes, section 256B.0711, subdivision 1. These stipends are available to individual providers who have completed designated voluntary trainings made available through the State-Provider Cooperation Committee formed by the State of Minnesota and the Service Employees International Union Healthcare Minnesota. Any unspent appropriation in fiscal year 2022 is available in fiscal year 2023. This is a onetime appropriation. This appropriation is available only if the labor agreement between the state of Minnesota and the Service Employees International Union Healthcare Minnesota under Minnesota Statutes, section 179A.54, is approved under Minnesota Statutes, section 3.855.

Subd. 30. **Grant Programs; Housing Support Grants**	11,364,000	11,364,000

Long-Term Homeless Supportive Services. $1,000,000 in fiscal year 2022 and $1,000,000 in fiscal year 2023 are for long-term homeless supportive services under Minnesota Statutes, section 256K.26.

Subd. 31. **Grant Programs; Adult Mental Health Grants**

Appropriations by Fund		
General	84,073,000	84,074,000
Opiate Epidemic Response	2,000,000	2,000,000

(a) **Culturally and Linguistically Appropriate Services Implementation Grants.** $750,000 in fiscal year 2022 and $750,000 in fiscal year 2023 are from the general fund for grants to substance use disorder treatment providers to implement culturally and linguistically appropriate services standards, according to the implementation and transition plan developed by the commissioner. This is a onetime appropriation.

(b) **Base Level Adjustment.** The general fund base is $82,324,000 in fiscal year 2024 and $82,324,000 in fiscal year 2025. The opiate epidemic response fund base is $2,000,000 in fiscal year 2024 and $0 in fiscal year 2025.

Subd. 32. **Grant Programs; Child Mental Health Grants** 28,703,000 28,703,000

(a) **Children's Residential Facilities.** $3,000,000 in fiscal year 2022 and $3,000,000 in fiscal year 2023 are to reimburse counties for a portion of the costs of treatment in children's residential facilities. The commissioner shall distribute the appropriation on an annual basis to counties proportionally based on a methodology developed by the commissioner. Of this appropriation, $100,000 in fiscal year 2022 and $100,000 in fiscal year 2023 are available to the commissioner for administrative expenses.

(b) **Base Level Adjustment.** The general fund base is $28,726,000 in fiscal year 2024 and $28,726,000 in fiscal year 2025.

Subd. 33. **Grant Programs; Chemical Dependency Treatment Support Grants**

	Appropriations by Fund	
General	2,846,000	2,845,000
Lottery Prize	1,733,000	1,733,000
Opiate Epidemic Response	500,000	500,000

(a) **Problem Gambling.** $225,000 in fiscal year 2022 and $225,000 in fiscal year 2023 are from the lottery prize fund for a grant to the state affiliate recognized by the National Council on Problem Gambling. The affiliate must provide services to increase public awareness of problem gambling, education, and training for individuals and organizations providing effective treatment services to problem gamblers and their families, and research related to problem gambling.

(b) **Recovery Community Organization Grants.** $573,000 in fiscal year 2022 and $571,000 in fiscal year 2023 are from the general fund for grants to recovery community organizations, as defined in Minnesota Statutes, section 254B.01, subdivision 8, to provide for costs and community-based peer recovery support services that are not otherwise eligible for reimbursement under Minnesota Statutes, section 254B.05, as part of the continuum of care for substance use disorders.

(c) **Base Level Adjustment.** The general fund base is $2,636,000 in fiscal year 2024 and $2,636,000 in fiscal year 2025. The opiate epidemic response fund base is $500,000 in fiscal year 2024 and $0 in fiscal year 2025.

Subd. 34. **Direct Care and Treatment; Generally**

Transfer Authority. Money appropriated to budget activities under this subdivision and subdivisions 35 to 39, may be transferred between budget activities and between years of the biennium with the approval of the commissioner of management and budget.

Subd. 35. **Direct Care and Treatment; Mental Health and Substance Abuse**	139,946,000	144,103,000

(a) **Transfer Authority.** Money appropriated to support the continued operations of the Community Addiction Recovery Enterprise (C.A.R.E.) program may be transferred to the enterprise fund for C.A.R.E.

(b) **Operating Adjustment.** $2,307,000 in fiscal year 2022 and $2,453,000 in fiscal year 2023 are for the Community Addiction Recovery Enterprise program. The commissioner may transfer $2,307,000 in fiscal year 2022 and $2,453,000 in fiscal year 2023 to the enterprise fund for Community Addiction Recovery Enterprise.

Subd. 36. **Direct Care and Treatment; Community-Based Services**	18,771,000	19,752,000

(a) **Transfer Authority.** Money appropriated to support the continued operations of the Minnesota State Operated Community Services (MSOCS) program may be transferred to the enterprise fund for MSOCS.

(b) **Operating Adjustment.** $1,519,000 in fiscal year 2022 and $2,541,000 in fiscal year 2023 are for the Minnesota State Operated Community Services program. The commissioner may transfer $1,519,000 in fiscal year 2022 and $2,541,000 in fiscal year 2023 to the enterprise fund for Minnesota State Operated Community Services.

Subd. 37. **Direct Care and Treatment; Forensic Services**	119,854,000	122,206,000
Subd. 38. **Direct Care and Treatment; Sex Offender Program**	97,570,000	99,917,000

Transfer Authority. Money appropriated for the Minnesota sex offender program may be transferred between fiscal years of the biennium with the approval of the commissioner of management and budget.

Subd. 39. **Direct Care and Treatment; Operations**	63,504,000	65,910,000
Subd. 40. **Technical Activities**	79,204,000	78,260,000

(a) **Generally.** This appropriation is from the federal TANF fund.

(b) **Base Level Adjustment.** The TANF fund base is $71,493,000 in fiscal year 2024 and $71,493,000 in fiscal year 2025.

Sec. 3. **COMMISSIONER OF HEALTH**

Subdivision 1. **Total Appropriation** **$258,989,000** **$251,881,000**

Appropriations by Fund

	2022	2023
General	155,953,000	150,554,000
State Government Special Revenue	54,465,000	53,356,000
Health Care Access	36,858,000	36,258,000
Federal TANF	11,713,000	11,713,000

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

Subd. 2. **Health Improvement**

Appropriations by Fund

General	113,697,000	112,692,000
State Government Special Revenue	9,103,000	7,777,000
Health Care Access	36,858,000	36,258,000
Federal TANF	11,713,000	11,713,000

(a) **TANF Appropriations.** (1) $3,579,000 in fiscal year 2022 and $3,579,000 in fiscal year 2023 are from the TANF fund for home visiting and nutritional services listed under Minnesota Statutes, section 145.882, subdivision 7, clauses (6) and (7). Funds must be distributed to community health boards according to Minnesota Statutes, section 145A.131, subdivision 1;

(2) $2,000,000 in fiscal year 2022 and $2,000,000 in fiscal year 2023 are from the TANF fund for decreasing racial and ethnic disparities in infant mortality rates under Minnesota Statutes, section 145.928, subdivision 7;

(3) $4,978,000 in fiscal year 2022 and $4,978,000 in fiscal year 2023 are from the TANF fund for the family home visiting grant program according to Minnesota Statutes, section 145A.17. $4,000,000 of the funding in each fiscal year must be distributed to community health boards according to Minnesota Statutes, section 145A.131, subdivision 1. $978,000 of the funding in each fiscal year must be distributed to tribal governments according to Minnesota Statutes, section 145A.14, subdivision 2a;

(4) $1,156,000 in fiscal year 2022 and $1,156,000 in fiscal year 2023 are from the TANF fund for family planning grants under Minnesota Statutes, section 145.925; and

(5) the commissioner may use up to 6.23 percent of the funds appropriated from the TANF fund each fiscal year to conduct the ongoing evaluations required under Minnesota Statutes, section 145A.17, subdivision 7, and training and technical assistance as required under Minnesota Statutes, section 145A.17, subdivisions 4 and 5.

(b) **TANF Carryforward.** Any unexpended balance of the TANF appropriation in the first year of the biennium does not cancel but is available for the second year.

(c) **Maternal Morbidity and Death Studies.** $198,000 in fiscal year 2022 and $198,000 in fiscal year 2023 are from the general fund to be used to conduct maternal morbidity and death studies under Minnesota Statutes, sections 145.901 and 145.9013.

(d) **Comprehensive Advanced Life Support Educational Program.** $100,000 in fiscal year 2022 and $100,000 in fiscal year 2023 are from the general fund for the comprehensive advanced life support educational program under Minnesota Statutes, section 144.6062. This is a onetime appropriation.

(e) **Local Public Health Grants.** $2,978,000 in fiscal year 2022 and $2,978,000 in fiscal year 2023 are from the general fund for local public health grants under Minnesota Statutes, section 145A.131. The base for this appropriation is $2,500,000 in fiscal year 2024 and $2,500,000 in fiscal year 2025.

(f) **Public Health Infrastructure and Health Equity and Outreach.** $5,000,000 in fiscal year 2022 and $5,000,000 in fiscal year 2023 are from the general fund for purposes of Minnesota Statutes, sections 144.0661 to 144.0663, and to build public health infrastructure at the state and local levels to address current and future public health emergencies, conduct outreach to underserved communities in the state experiencing health disparities, and build systems at the state and local levels with the goals of reducing and eliminating health disparities in these communities.

(g) **Mental Health Cultural Community Continuing Education.** $500,000 in fiscal year 2022 and $500,000 in fiscal year 2023 are from the general fund for the mental health cultural community continuing education grant program.

(h) **Health Professional Education Loan Forgiveness Program.** $3,000,000 in fiscal year 2022 and $3,000,000 in fiscal year 2023 are from the general fund for loan forgiveness under the health professional education loan forgiveness program under Minnesota

Statutes, section 144.1501, for individuals who: (1) are eligible alcohol and drug counselors or eligible mental health professionals, as defined in Minnesota Statutes, section 144.1501, subdivision 1; and (2) are Black, Indigenous, or people of color, or members of an underrepresented community as defined in Minnesota Statutes, section 148E.010, subdivision 20. Loan forgiveness shall be provided according to this paragraph notwithstanding the priorities and distribution requirements for loan forgiveness in Minnesota Statutes, section 144.1501.

(i) **Birth Records; Homeless Youth.** $72,000 in fiscal year 2022 and $32,000 in fiscal year 2023 are from the general fund for administration and issuance of certified birth records and statements of no vital record found to homeless youth under Minnesota Statutes, section 144.2255.

(j) **Trauma-Informed Gun Violence Reduction Pilot Program.** $100,000 in fiscal year 2022 is from the general fund for the trauma-informed gun violence reduction pilot program.

(k) **Home Visiting for Pregnant Women and Families with Young Children.** $2,500,000 in fiscal year 2022 and $2,500,000 in fiscal year 2023 are from the general fund for grants for home visiting services under Minnesota Statutes, section 145.87.

(l) **Supporting Healthy Development of Babies During Pregnancy and Postpartum.** $279,000 in fiscal year 2022 and $279,000 in fiscal year 2023 are from the general fund for a grant to the Amherst H. Wilder Foundation for the African American Babies Coalition initiative for community-driven training and education on best practices to support healthy development of babies during pregnancy and postpartum. Grant funds must be used to build capacity in, train, educate, or improve practices among individuals, from youth to elders, serving families with members who are Black, Indigenous, or people of color, during pregnancy and postpartum. Of this appropriation, $19,000 in fiscal year 2022 and $19,000 in fiscal year 2023 are for the commissioner to use for administration. This is a onetime appropriation. Any unexpended balance in the first year of the biennium does not cancel and is available in the second year of the biennium.

(m) **Dignity in Pregnancy and Childbirth.** $1,695,000 in fiscal year 2022 and $908,000 in fiscal year 2023 are from the general fund for purposes of Minnesota Statutes, section 144.1461. Of this appropriation, $845,000 in fiscal year 2022 is for a grant to the University of Minnesota School of Public Health's Center for Antiracism Research for Health Equity, to develop a model curriculum on anti-racism and implicit bias for use by hospitals with obstetric care and birth centers to provide continuing education to staff caring for pregnant or postpartum women. The

model curriculum must be evidence-based and must meet the criteria in Minnesota Statutes, section 144.1461, subdivision 2, paragraph (a). The base for this appropriation is $907,000 in fiscal year 2024 and $860,000 in fiscal year 2025.

(n) **Recommendations to Expand Access to Data from the All-Payer Claims Database.** $55,000 in fiscal year 2022 is from the general fund for the commissioner to develop recommendations to expand access to data from the all-payer claims database under Minnesota Statutes, section 62U.04, to additional outside entities for public health or research purposes.

(o) **Base Level Adjustments.** The general fund base is $110,895,000 in fiscal year 2024 and $111,787,000 in fiscal year 2025. The state government special revenue fund base is $7,777,000 in fiscal year 2024 and $7,777,000 in fiscal year 2025. The health care access fund base is $36,858,000 in fiscal year 2024 and $36,258,000 in fiscal year 2025.

Subd. 3. **Health Protection**

Appropriations by Fund		
General	30,686,000	26,283,000
State Government Special Revenue	45,362,000	45,579,000

(a) **Lead Risk Assessments and Lead Orders.** $1,530,000 in fiscal year 2022 and $1,314,000 in fiscal year 2023 are from the general fund for implementation of the requirements for conducting lead risk assessments under Minnesota Statutes, section 144.9504, subdivision 2, and for issuance of lead orders under Minnesota Statutes, section 144.9504, subdivision 5.

(b) **Hospital Closure or Curtailment of Operations.** $10,000 in fiscal year 2022 and $1,000 in fiscal year 2023 are from the general fund for purposes of Minnesota Statutes, section 144.555, subdivisions 1a, 1b, and 2.

(c) **Transfer; Public Health Response Contingency Account.** The commissioner shall transfer $500,000 in fiscal year 2022 from the general fund to the public health response contingency account established in Minnesota Statutes, section 144.4199. This is a onetime transfer.

(d) **Skin Lightening Products Public Awareness and Education Grant Program.** $100,000 in fiscal year 2022 and $100,000 in fiscal year 2023 are from the general fund for a skin lightening products public awareness and education grant program. This is a onetime appropriation.

(e) **Base Level Adjustments.** The general fund base is $26,183,000 in fiscal year 2024 and $26,183,000 in fiscal year 2025. The state government special revenue fund base is $45,579,000 in fiscal year 2024 and $45,579,000 in fiscal year 2025.

Subd. 4. **Health Operations**	11,570,000	11,579,000

Sec. 4. **HEALTH-RELATED BOARDS**

Subdivision 1. **Total Appropriation**	**$27,535,000**	**$26,960,000**

Appropriations by Fund

State Government Special Revenue	27,459,000	26,884,000
Health Care Access	76,000	76,000

This appropriation is from the state government special revenue fund unless specified otherwise. The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Board of Behavioral Health and Therapy**	877,000	875,000
Subd. 3. **Board of Chiropractic Examiners**	666,000	666,000
Subd. 4. **Board of Dentistry**	4,228,000	3,753,000

(a) **Administrative Services Unit - Operating Costs.** Of this appropriation, $2,738,000 in fiscal year 2022 and $2,263,000 in fiscal year 2023 are for operating costs of the administrative services unit. The administrative services unit may receive and expend reimbursements for services it performs for other agencies.

(b) **Administrative Services Unit - Volunteer Health Care Provider Program.** Of this appropriation, $150,000 in fiscal year 2022 and $150,000 in fiscal year 2023 are to pay for medical professional liability coverage required under Minnesota Statutes, section 214.40.

(c) **Administrative Services Unit - Retirement Costs.** Of this appropriation, $475,000 in fiscal year 2022 is a onetime appropriation to the administrative services unit to pay for the retirement costs of health-related board employees. This funding may be transferred to the health board incurring retirement costs. Any board that has an unexpended balance for an amount transferred under this paragraph shall transfer the unexpended amount to the administrative services unit. These funds are available either year of the biennium.

(d) **Administrative Services Unit - Contested Cases and Other Legal Proceedings.** Of this appropriation, $200,000 in fiscal year 2022 and $200,000 in fiscal year 2023 are for costs of contested case hearings and other unanticipated costs of legal proceedings involving health-related boards funded under this section. Upon certification by a health-related board to the administrative services unit that costs will be incurred and that there is insufficient money available to pay for the costs out of money currently available to that board, the administrative services unit is authorized to transfer money from this appropriation to the board for payment of those costs with the approval of the commissioner of management and budget. The commissioner of management and budget must require any board that has an unexpended balance for an amount transferred under this paragraph to transfer the unexpended amount to the administrative services unit to be deposited in the state government special revenue fund.

Subd. 5. **Board of Dietetics and Nutrition Practice**	164,000	164,000
Subd. 6. **Board of Executives for Long Term Services and Supports**	693,000	635,000
Subd. 7. **Board of Marriage and Family Therapy**	413,000	410,000
Subd. 8. **Board of Medical Practice**	5,912,000	5,868,000

Health Professional Services Program. This appropriation includes $1,002,000 in fiscal year 2022 and $1,002,000 in fiscal year 2023 for the health professional services program.

Subd. 9. **Board of Nursing**	5,345,000	5,355,000
Subd. 10. **Board of Occupational Therapy Practice**	456,000	456,000
Subd. 11. **Board of Optometry**	238,000	238,000
Subd. 12. **Board of Pharmacy**	4,479,000	4,479,000

Appropriations by Fund

State Government Special Revenue	4,403,000	4,403,000
Health Care Access	76,000	76,000

Base Level Adjustment. The health care access fund base is $76,000 in fiscal year 2024, $38,000 in fiscal year 2025, and $0 in fiscal year 2026.

Subd. 13. **Board of Physical Therapy**	564,000	564,000
Subd. 14. **Board of Podiatric Medicine**	214,000	214,000

Subd. 15. **Board of Psychology**	1,362,000	1,360,000
Subd. 16. **Board of Social Work**	1,561,000	1,560,000
Subd. 17. **Board of Veterinary Medicine**	363,000	363,000

Sec. 5. **EMERGENCY MEDICAL SERVICES REGULATORY BOARD** **$4,453,000** **$3,829,000**

(a) **Cooper/Sams Volunteer Ambulance Program.** $950,000 in fiscal year 2022 and $950,000 in fiscal year 2023 are for the Cooper/Sams volunteer ambulance program under Minnesota Statutes, section 144E.40.

(1) Of this amount, $861,000 in fiscal year 2022 and $861,000 in fiscal year 2023 are for the ambulance service personnel longevity award and incentive program under Minnesota Statutes, section 144E.40.

(2) Of this amount, $89,000 in fiscal year 2022 and $89,000 in fiscal year 2023 are for the operations of the ambulance service personnel longevity award and incentive program under Minnesota Statutes, section 144E.40.

(b) **EMSRB Operations.** $1,880,000 in fiscal year 2022 and $1,880,000 in fiscal year 2023 are for board operations.

(c) **Regional Grants.** $585,000 in fiscal year 2022 and $585,000 in fiscal year 2023 are for regional emergency medical services programs, to be distributed equally to the eight emergency medical service regions under Minnesota Statutes, section 144E.52.

(d) **Ambulance Training Grant.** $361,000 in fiscal year 2022 and $361,000 in fiscal year 2023 are for training grants under Minnesota Statutes, section 144E.35.

(e) **Grants to Regional Emergency Medical Services Programs.** $650,000 in fiscal year 2022 is for grants to regional emergency medical services programs, to be distributed among the eight emergency medical services regions according to Minnesota Statutes, section 144E.50.

Sec. 6. **COUNCIL ON DISABILITY** **$1,022,000** **$1,038,000**

Sec. 7. **OMBUDSMAN FOR MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES** **$2,487,000** **$2,536,000**

Department of Psychiatry Monitoring. $100,000 in fiscal year 2022 and $100,000 in fiscal year 2023 are for monitoring the Department of Psychiatry at the University of Minnesota.

Sec. 8. **OMBUDSPERSONS FOR FAMILIES**	**$733,000**	**$744,000**
Sec. 9. **ATTORNEY GENERAL**	**$200,000**	**$200,000**

Excessive Drug Price Increases. This appropriation is for costs of expert witnesses and investigations under Minnesota Statutes, section 62J.844. This is a onetime appropriation.

Sec. 10. Laws 2019, First Special Session chapter 9, article 14, section 3, as amended by Laws 2019, First Special Session chapter 12, section 6, is amended to read:

Sec. 3. **COMMISSIONER OF HEALTH**

Subdivision 1. **Total Appropriation**	**$231,829,000**	**$ ~~236,188,000~~ 233,584,000**

Appropriations by Fund

	2020	2021
General	124,381,000	~~126,276,000~~ 125,881,000
State Government Special Revenue	58,450,000	~~61,367,000~~ 59,158,000
Health Care Access	37,285,000	36,832,000
Federal TANF	11,713,000	11,713,000

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

Subd. 2. **Health Improvement**

Appropriations by Fund

General	94,980,000	~~96,117,000~~ 95,722,000
State Government Special Revenue	7,614,000	~~7,558,000~~ 6,924,000
Health Care Access	37,285,000	36,832,000
Federal TANF	11,713,000	11,713,000

(a) **TANF Appropriations.** (1) $3,579,000 in fiscal year 2020 and $3,579,000 in fiscal year 2021 are from the TANF fund for home visiting and nutritional services under Minnesota Statutes, section 145.882, subdivision 7, clauses (6) and (7). Funds must be distributed to community health boards according to Minnesota Statutes, section 145A.131, subdivision 1;

(2) $2,000,000 in fiscal year 2020 and $2,000,000 in fiscal year 2021 are from the TANF fund for decreasing racial and ethnic disparities in infant mortality rates under Minnesota Statutes, section 145.928, subdivision 7;

(3) $4,978,000 in fiscal year 2020 and $4,978,000 in fiscal year 2021 are from the TANF fund for the family home visiting grant program under Minnesota Statutes, section 145A.17. $4,000,000 of the funding in each fiscal year must be distributed to community health boards according to Minnesota Statutes, section 145A.131, subdivision 1. $978,000 of the funding in each fiscal year must be distributed to tribal governments according to Minnesota Statutes, section 145A.14, subdivision 2a;

(4) $1,156,000 in fiscal year 2020 and $1,156,000 in fiscal year 2021 are from the TANF fund for family planning grants under Minnesota Statutes, section 145.925; and

(5) The commissioner may use up to 6.23 percent of the amounts appropriated from the TANF fund each year to conduct the ongoing evaluations required under Minnesota Statutes, section 145A.17, subdivision 7, and training and technical assistance as required under Minnesota Statutes, section 145A.17, subdivisions 4 and 5.

(b) **TANF Carryforward.** Any unexpended balance of the TANF appropriation in the first year of the biennium does not cancel but is available for the second year.

(c) **Comprehensive Suicide Prevention.** $2,730,000 in fiscal year 2020 and $2,730,000 in fiscal year 2021 are from the general fund for a comprehensive, community-based suicide prevention strategy. The funds are allocated as follows:

(1) $955,000 in fiscal year 2020 and $955,000 in fiscal year 2021 are for community-based suicide prevention grants authorized in Minnesota Statutes, section 145.56, subdivision 2. Specific emphasis must be placed on those communities with the greatest disparities. The base for this appropriation is $1,291,000 in fiscal year 2022 and $1,291,000 in fiscal year 2023;

(2) $683,000 in fiscal year 2020 and $683,000 in fiscal year 2021 are to support evidence-based training for educators and school staff and purchase suicide prevention curriculum for student use statewide, as authorized in Minnesota Statutes, section 145.56, subdivision 2. The base for this appropriation is $913,000 in fiscal year 2022 and $913,000 in fiscal year 2023;

(3) $137,000 in fiscal year 2020 and $137,000 in fiscal year 2021 are to implement the Zero Suicide framework with up to 20 behavioral and health care organizations each year to treat individuals at risk for suicide and support those individuals across systems of care upon discharge. The base for this appropriation is $205,000 in fiscal year 2022 and $205,000 in fiscal year 2023;

(4) $955,000 in fiscal year 2020 and $955,000 in fiscal year 2021 are to develop and fund a Minnesota-based network of National Suicide Prevention Lifeline, providing statewide coverage. The base for this appropriation is $1,321,000 in fiscal year 2022 and $1,321,000 in fiscal year 2023; and

(5) the commissioner may retain up to 18.23 percent of the appropriation under this paragraph to administer the comprehensive suicide prevention strategy.

(d) **Statewide Tobacco Cessation.** $1,598,000 in fiscal year 2020 and $2,748,000 in fiscal year 2021 are from the general fund for statewide tobacco cessation services under Minnesota Statutes, section 144.397. The base for this appropriation is $2,878,000 in fiscal year 2022 and $2,878,000 in fiscal year 2023.

(e) **Health Care Access Survey.** $225,000 in fiscal year 2020 and $225,000 in fiscal year 2021 are from the health care access fund to continue and improve the Minnesota Health Care Access Survey. These appropriations may be used in either year of the biennium.

(f) **Community Solutions for Healthy Child Development Grant Program.** $1,000,000 in fiscal year 2020 and $1,000,000 in fiscal year 2021 are for the community solutions for healthy child development grant program to promote health and racial equity for young children and their families under article 11, section 107. The commissioner may use up to 23.5 percent of the total appropriation for administration. The base for this appropriation is $1,000,000 in fiscal year 2022, $1,000,000 in fiscal year 2023, and $0 in fiscal year 2024.

(g) **Domestic Violence and Sexual Assault Prevention Program.** $375,000 in fiscal year 2020 and $375,000 in fiscal year 2021 are from the general fund for the domestic violence and sexual assault prevention program under article 11, section 108. This is a onetime appropriation.

(h) **Skin Lightening Products Public Awareness Grant Program.** $100,000 in fiscal year 2020 and $100,000 in fiscal year 2021 are from the general fund for a skin lightening products public awareness and education grant program. This is a onetime appropriation.

(i) **Cannabinoid Products Workgroup.** $8,000 in fiscal year 2020 is from the state government special revenue fund for the cannabinoid products workgroup. This is a onetime appropriation.

(j) **Base Level Adjustments.** The general fund base is $96,742,000 in fiscal year 2022 and $96,742,000 in fiscal year 2023. The health care access fund base is $37,432,000 in fiscal year 2022 and $36,832,000 in fiscal year 2023.

Subd. 3. **Health Protection**

Appropriations by Fund		
General	18,803,000	19,774,000
State Government Special Revenue	50,836,000	~~53,809,000~~ 52,234,000

(a) **Public Health Laboratory Equipment.** $840,000 in fiscal year 2020 and $655,000 in fiscal year 2021 are from the general fund for equipment for the public health laboratory. This is a onetime appropriation and is available until June 30, 2023.

(b) **Base Level Adjustment.** The general fund base is $19,119,000 in fiscal year 2022 and $19,119,000 in fiscal year 2023. The state government special revenue fund base is $53,782,000 in fiscal year 2022 and $53,782,000 in fiscal year 2023.

Subd. 4. **Health Operations** 10,598,000 10,385,000

Base Level Adjustment. The general fund base is $10,912,000 in fiscal year 2022 and $10,912,000 in fiscal year 2023.

EFFECTIVE DATE. This section is effective the day following final enactment and the reductions in subdivisions 1 to 3 are onetime reductions.

Sec. 11. **APPROPRIATION; MINNESOTA FAMILY INVESTMENT PROGRAM SUPPLEMENTAL PAYMENT.**

$24,235,000 in fiscal year 2021 is appropriated from the TANF fund to the commissioner of human services to provide a onetime cash benefit of up to $750 for each household enrolled in the Minnesota family investment program or diversionary work program under Minnesota Statutes, chapter 256J, at the time that the cash benefit is distributed. The commissioner shall distribute these funds through existing systems and in a manner that minimizes the burden to families. This is a onetime appropriation.

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

Sec. 12. **APPROPRIATION; REFINANCING OF EMERGENCY CHILD CARE GRANTS; CANCELLATION.**

$26,622,626 in fiscal year 2021 is appropriated from the coronavirus relief federal fund to the commissioner of human services for fiscal year 2020 to replace a portion of the general fund appropriation in Laws 2020, chapter 71, article 1, section 2, subdivision 9. The general fund appropriation that is replaced by coronavirus relief funds under this section is canceled to the general fund. This is a onetime appropriation.

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

Sec. 13. **CANCELLATION; TRANSFER FROM STATE GOVERNMENT SPECIAL REVENUE FUND TO GENERAL FUND.**

The $77,000 transfer each year from the state government special revenue fund to the general fund under Laws 2008, chapter 364, section 17, paragraph (b), is canceled. This section does not expire.

EFFECTIVE DATE. This section is effective June 30, 2021.

Sec. 14. **FEDERAL FUNDS FOR VACCINE ACTIVITIES; APPROPRIATION.**

Federal funds made available to the commissioner of health for vaccine activities are appropriated to the commissioner for that purpose and shall be used to support work under Minnesota Statutes, sections 144.0661 to 144.0663.

Sec. 15. **FEDERAL FUNDS REPLACEMENT; APPROPRIATION.**

Notwithstanding any law to the contrary, the commissioner of management and budget must determine whether the expenditures authorized under this act are eligible uses of federal funding received under the Coronavirus State Fiscal Recovery Fund or any other federal funds received by the state under the American Rescue Plan Act, Public Law 117-2. If the commissioner of management and budget determines an expenditure is eligible for funding under Public Law 117-2, the amount of the eligible expenditure is appropriated from the account where those amounts have been deposited and the corresponding general fund amounts appropriated under this act are canceled to the general fund.

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

Sec. 16. **TRANSFERS; HUMAN SERVICES.**

Subdivision 1. **Grants.** The commissioner of human services, with the approval of the commissioner of management and budget, may transfer unencumbered appropriation balances for the biennium ending June 30, 2023, within fiscal years among the MFIP, general assistance, medical assistance, MinnesotaCare, MFIP child care assistance under Minnesota Statutes, section 119B.05, Minnesota supplemental aid program, group residential housing program, the entitlement portion of Northstar Care for Children under Minnesota Statutes, chapter 256N, and the entitlement portion of the chemical dependency consolidated treatment fund, and between fiscal years of the biennium. The commissioner shall inform the chairs and ranking minority members of the senate Health and Human Services Finance Division and the house of representatives Health Finance and Policy Committee and Human Services Finance and Policy Committee quarterly about transfers made under this subdivision.

Subd. 2. **Administration.** Positions, salary money, and nonsalary administrative money may be transferred within the Department of Human Services as the commissioners consider necessary, with the advance approval of the commissioner of management and budget. The commissioner shall inform the chairs and ranking minority members of the senate Health and Human Services Finance Division and the house of representatives Health Finance and Policy Committee and Human Services Finance and Policy Committee quarterly about transfers made under this subdivision.

Sec. 17. **TRANSFERS; HEALTH.**

Positions, salary money, and nonsalary administrative money may be transferred within the Department of Health as the commissioner considers necessary, with the advance approval of the commissioner of management and budget. The commissioner shall inform 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. 18. **INDIRECT COSTS NOT TO FUND PROGRAMS.**

The commissioners of health and human services shall not use indirect cost allocations to pay for the operational costs of any program for which they are responsible.

Sec. 19. **APPROPRIATION ENACTED MORE THAN ONCE.**

If an appropriation in this act is enacted more than once in the 2021 legislative session, the appropriation must be given effect only once.

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

Sec. 20. **EXPIRATION OF UNCODIFIED LANGUAGE.**

All uncodified language contained in this article expires on June 30, 2023, unless a different expiration date is explicit.

Sec. 21. **REPEALER.**

Minnesota Statutes 2020, section 16A.724, subdivision 2, is repealed effective June 30, 2025.

Sec. 22. **EFFECTIVE DATE.**

This article is effective July 1, 2021, unless a different effective date is specified."

Delete the title and insert:

"A bill for an act relating to health; modifying provisions governing health care, human services, licensing and background studies, the Department of Health, health-related licensing boards, prescription drugs, health insurance, and telehealth; establishing a budget for health and human services; making technical and conforming changes; requiring reports; transferring money; appropriating money; amending Minnesota Statutes 2020, sections 62A.04, subdivision 2; 62A.10, by adding a subdivision; 62A.65, subdivision 1, by adding a subdivision; 62C.01, by adding a subdivision; 62D.01, by adding a subdivision; 62D.095, subdivisions 2, 3, 4, 5; 62J.495, subdivisions 1, 2, 3, 4; 62J.497, subdivisions 1, 3; 62J.498; 62J.4981; 62J.4982; 62J.63, subdivisions 1, 2; 62Q.01, subdivision 2a; 62Q.02; 62Q.46; 62Q.677, by adding a subdivision; 62Q.81; 62U.04, subdivisions 4, 5, 11; 62V.05, by adding a subdivision; 62W.11; 62W.12; 103H.201, subdivision 1; 122A.18, subdivision 8; 144.0724, subdivisions 1, 2, 3a, 5, 7, 8, 9, 12; 144.1205, subdivisions 2, 4, 8, 9, by adding a subdivision; 144.125, subdivision 1; 144.1481, subdivision 1; 144.1911, subdivision 6; 144.212, by adding a subdivision; 144.225, subdivisions 2, 7; 144.226, by adding subdivisions; 144.55, subdivisions 4, 6; 144.551, subdivision 1, by adding a subdivision; 144.555; 144.9501, subdivision 17; 144.9502, subdivision 3; 144.9504, subdivisions 2, 5; 144G.08, subdivision 7, as amended; 144G.84; 145.893, subdivision 1; 145.894; 145.897; 145.899; 145.901, subdivisions 2, 4; 147.033; 151.01, by adding subdivisions; 151.071, subdivisions 1, 2; 151.37, subdivision 2; 151.555, subdivisions 1, 7, 11, by adding a subdivision; 152.01, subdivision 23; 152.02, subdivisions 2, 3; 152.11, subdivision 1a, by adding a subdivision; 152.12, by adding a subdivision; 152.125, subdivision 3; 152.22, subdivisions 6, 11, by adding subdivisions; 152.23; 152.25, by adding a subdivision; 152.26; 152.27, subdivisions 3, 4, 6; 152.28, subdivision 1; 152.29, subdivisions 1, 3, by adding subdivisions; 152.31; 152.32, subdivision 3; 156.12, subdivision 2; 171.07, by adding a subdivision; 174.30, subdivision 3; 245A.05; 245A.07, subdivision 1; 245A.10, subdivision 4; 245A.16, by adding a subdivision; 245C.02, subdivisions 4a, 5, by adding subdivisions; 245C.03; 245C.05, subdivisions 1, 2, 2a, 2b, 2c, 2d, 4; 245C.08, subdivision 3, by adding a subdivision; 245C.10, subdivision 15, by adding subdivisions; 245C.13, subdivision 2; 245C.14, subdivision 1, by adding a subdivision; 245C.15, by adding a subdivision; 245C.16, subdivisions 1, 2; 245C.17, subdivision 1, by adding a subdivision; 245C.18; 245C.24, subdivisions 2, 3, 4, by

adding a subdivision; 245C.32, subdivision 1a; 245G.01, subdivisions 13, 26; 245G.06, subdivision 1; 254A.19, subdivision 5; 254B.05, subdivision 5; 256.01, subdivision 28; 256.969, subdivisions 2b, 9, by adding a subdivision; 256.9695, subdivision 1; 256.98, subdivision 1; 256.983; 256B.04, subdivisions 12, 14; 256B.055, subdivision 6; 256B.056, subdivision 10; 256B.057, subdivision 3; 256B.06, subdivision 4; 256B.0621, subdivision 10; 256B.0625, subdivisions 3b, 3c, 3d, 3e, 9, 10, 13, 13c, 13d, 13h, 17, 17b, 18, 18b, 20, 20b, 30, 31, 46, 52, 58, by adding subdivisions; 256B.0631, subdivision 1; 256B.0638, subdivisions 3, 5, 6; 256B.0659, subdivision 13; 256B.0911, subdivisions 1a, 3a, 3f, 4d; 256B.0924, subdivision 6; 256B.094, subdivision 6; 256B.0949, by adding a subdivision; 256B.196, subdivision 2; 256B.49, subdivision 14; 256B.69, subdivisions 6, 6d, by adding subdivisions; 256B.6928, subdivision 5; 256B.75; 256B.76, subdivisions 2, 4; 256B.766; 256B.767; 256B.79, subdivisions 1, 3; 256J.09, subdivision 3; 256J.45, subdivision 1; 256L.01, subdivision 5; 256L.03, subdivision 5; 256L.04, subdivision 7b; 256L.05, subdivision 3a; 256L.11, subdivisions 6a, 7; 256S.05, subdivision 2; 260C.215, subdivision 4; 295.53, subdivision 1; 326.71, subdivision 4; 326.75, subdivisions 1, 2, 3; Laws 2019, First Special Session chapter 9, article 14, section 3, as amended; Laws 2020, First Special Session chapter 7, section 1, subdivision 2, as amended; Laws 2020, Seventh Special Session chapter 1, article 6, section 12, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 62A; 62J; 62Q; 62W; 144; 145; 151; 245C; 256B; repealing Minnesota Statutes 2020, sections 16A.724, subdivision 2; 62A.67; 62A.671; 62A.672; 62J.63, subdivision 3; 144.0721, subdivision 1; 144.0722; 144.0724, subdivision 10; 144.693; 245C.10, subdivisions 2, 2a, 3, 4, 5, 6, 7, 8, 9, 9a, 10, 11, 12, 13, 14, 16; 256B.0596; 256B.0625, subdivisions 18c, 18d, 18e, 18h; 256B.0924, subdivision 4a; Minnesota Rules, parts 9505.0275; 9505.1693; 9505.1696, subparts 1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22; 9505.1699; 9505.1701; 9505.1703; 9505.1706; 9505.1712; 9505.1715; 9505.1718; 9505.1724; 9505.1727; 9505.1730; 9505.1733; 9505.1736; 9505.1739; 9505.1742; 9505.1745; 9505.1748."

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

The report was adopted.

Pinto from the Committee on Early Childhood Finance and Policy to which was referred:

H. F. No. 2230, A bill for an act relating to education finance; making changes to early learning programs; appropriating money; amending Minnesota Statutes 2020, sections 119A.52; 119B.13, subdivision 1; 124D.1158; 124D.13, subdivision 2; 124D.151, subdivision 6; 124D.165, subdivision 3; 124D.59, subdivision 2; 126C.05, subdivisions 1, 3; proposing coding for new law in Minnesota Statutes, chapter 145.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
CHILD CARE ASSISTANCE

Section 1. Minnesota Statutes 2020, section 119B.03, subdivision 4, is amended to read:

Subd. 4. **Funding priority.** (a) First priority for child care assistance under the basic sliding fee program must be given to eligible non-MFIP families who do not have a high school diploma or commissioner of education-selected high school equivalency certification or who need remedial and basic skill courses in order to pursue employment or to pursue education leading to employment and who need child care assistance to participate in the education program. This includes student parents as defined under section 119B.011, subdivision 19b. Within this priority, the following subpriorities must be used:

(1) child care needs of minor parents;

(2) child care needs of parents under 21 years of age; and

(3) child care needs of other parents within the priority group described in this paragraph.

(b) Second priority must be given to ~~parents who have completed their MFIP or DWP transition year, or parents who are no longer receiving or eligible for diversionary work program supports~~ families in which at least one parent is a veteran, as defined under section 197.447.

(c) Third priority must be given to eligible families who ~~are eligible for portable basic sliding fee assistance through the portability pool under subdivision 9~~ do not meet the specifications of paragraph (a), (b), (d), or (e).

(d) Fourth priority must be given to families ~~in which at least one parent is a veteran as defined under section 197.447~~ who are eligible for portable basic sliding fee assistance through the portability pool under subdivision 9.

(e) Fifth priority must be given to eligible families receiving services under section 119B.011, subdivision 20a, if the parents have completed their MFIP or DWP transition year, or if the parents are no longer receiving or eligible for DWP supports.

~~(e)~~ (f) Families under paragraph ~~(b)~~ (e) must be added to the basic sliding fee waiting list on the date they ~~begin the~~ complete their transition year under section 119B.011, subdivision 20~~, and must be moved into the basic sliding fee program as soon as possible after they complete their transition year~~.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 2. Minnesota Statutes 2020, section 119B.03, subdivision 6, is amended to read:

Subd. 6. **Allocation formula.** The allocation component of basic sliding fee state and federal funds shall be allocated on a calendar year basis. Funds shall be allocated first in amounts equal to each county's guaranteed floor according to subdivision 8, with any remaining available funds allocated according to the following formula:

(a) One-fourth of the funds shall be allocated in proportion to each county's total expenditures for the basic sliding fee child care program reported during the most recent fiscal year completed at the time of the notice of allocation.

(b) Up to one-fourth of the funds shall be allocated in proportion to the number of families participating in the transition year child care program as reported during and averaged over the most recent six months completed at the time of the notice of allocation. Funds in excess of the amount necessary to serve all families in this category shall be allocated according to paragraph ~~(f)~~ (e).

~~(c) Up to one-fourth of the funds shall be allocated in proportion to the average of each county's most recent six months of reported first, second, and third priority waiting list as defined in subdivision 2 and the reinstatement list of those families whose assistance was terminated with the approval of the commissioner under Minnesota Rules, part 3400.0183, subpart 1. Funds in excess of the amount necessary to serve all families in this category shall be allocated according to paragraph (f).~~

~~(d)~~ (c) Up to ~~one fourth~~ one-half of the funds shall be allocated in proportion to the average of each county's most recent ~~six~~ 12 months of reported waiting list as defined in subdivision 2 and the reinstatement list of those families whose assistance was terminated with the approval of the commissioner under Minnesota Rules, part 3400.0183, subpart 1. Funds in excess of the amount necessary to serve all families in this category shall be allocated according to paragraph ~~(f)~~ (e).

~~(e)~~ (d) The amount necessary to serve all families in paragraphs (b)~~, (c),~~ and ~~(d)~~ (c) shall be calculated based on the basic sliding fee average cost of care per family in the county with the highest cost in the most recently completed calendar year.

~~(f)~~ (e) Funds in excess of the amount necessary to serve all families in paragraphs (b)~~, (c),~~ and ~~(d)~~ (c) shall be allocated in proportion to each county's total expenditures for the basic sliding fee child care program reported during the most recent fiscal year completed at the time of the notice of allocation.

EFFECTIVE DATE. This section is effective January 1, 2022. The 2022 calendar year shall be a phase-in year for the allocation formula in this section using phase-in provisions determined by the commissioner of human services.

Sec. 3. Minnesota Statutes 2020, section 119B.09, subdivision 4, is amended to read:

Subd. 4. **Eligibility; annual income; calculation.** (a) Annual income of the applicant family is the current monthly income of the family multiplied by 12 or the income for the 12-month period immediately preceding the date of application, or income calculated by the method which provides the most accurate assessment of income available to the family.

(b) Self-employment income must be calculated based on gross receipts less operating expenses.

(c) Income changes are processed under section 119B.025, subdivision 4. Included lump sums counted as income under section ~~256P.06, subdivision 3~~ 119B.011, subdivision 15, must be annualized over 12 months. Income must be verified with documentary evidence. If the applicant does not have sufficient evidence of income, verification must be obtained from the source of the income.

EFFECTIVE DATE. This section is effective March 1, 2023.

Sec. 4. Minnesota Statutes 2020, section 119B.11, subdivision 2a, is amended to read:

Subd. 2a. **Recovery of overpayments.** (a) An amount of child care assistance paid to a recipient or provider in excess of the payment due is recoverable by the county agency or commissioner under paragraphs (b) and (c), even when the overpayment was caused by agency error or circumstances outside the responsibility and control of the family or provider.

(b) An overpayment must be recouped or recovered from the family if the overpayment benefited the family by causing the family to pay less for child care expenses than the family otherwise would have been required to pay under child care assistance program requirements. If the family remains eligible for child care assistance, the overpayment must be recovered through recoupment as identified in Minnesota Rules, part 3400.0187, except that the overpayments must be calculated and collected on a service period basis. If the family no longer remains eligible for child care assistance, the county or commissioner may choose to initiate efforts to recover overpayments from the family for overpayment less than $50. If the overpayment is greater than or equal to $50, the county or commissioner shall seek voluntary repayment of the overpayment from the family. If the county or commissioner is unable to recoup the overpayment through voluntary repayment, the county or commissioner shall initiate civil court proceedings to recover the overpayment unless the county's or commissioner's costs to recover the overpayment will exceed the amount of the overpayment. A family with an outstanding debt under this subdivision is not eligible for child care assistance until: (1) the debt is paid in full; ~~or~~ (2) satisfactory arrangements are made with the county or commissioner to retire the debt consistent with the requirements of this chapter and Minnesota Rules, chapter 3400, and the family is in compliance with the arrangements; or (3) the commissioner determines that it is in the best interests of the state to compromise debts owed to the state pursuant to section 16D.15. The commissioner's authority to recoup and recover overpayments from families in this paragraph is limited to investigations conducted under chapter 245E.

(c) The county or commissioner must recover an overpayment from a provider if the overpayment did not benefit the family by causing it to receive more child care assistance or to pay less for child care expenses than the family otherwise would have been eligible to receive or required to pay under child care assistance program requirements, and benefited the provider by causing the provider to receive more child care assistance than otherwise would have been paid on the family's behalf under child care assistance program requirements. If the provider continues to care for children receiving child care assistance, the overpayment must be recovered through ~~reductions in child care assistance payments for services as described in an agreement with the county~~ recoupment as identified in Minnesota Rules, part 3400.0187. The provider may not charge families using that provider more to cover the cost of recouping the overpayment. If the provider no longer cares for children receiving child care assistance, the county or commissioner may choose to initiate efforts to recover overpayments of less than $50 from the provider. If the overpayment is greater than or equal to $50, the county or commissioner shall seek voluntary repayment of the overpayment from the provider. If the county or commissioner is unable to recoup the overpayment through voluntary repayment, the county or commissioner shall initiate civil court proceedings to recover the overpayment unless the county's or commissioner's costs to recover the overpayment will exceed the amount of the overpayment. A provider with an outstanding debt under this subdivision is not eligible to care for children receiving child care assistance until:

(1) the debt is paid in full; ~~or~~

(2) satisfactory arrangements are made with the county or commissioner to retire the debt consistent with the requirements of this chapter and Minnesota Rules, chapter 3400, and the provider is in compliance with the arrangements~~.~~; or

(3) the commissioner determines that it is in the best interests of the state to compromise debts owed to the state pursuant to section 16D.15.

(d) When both the family and the provider acted together to intentionally cause the overpayment, both the family and the provider are jointly liable for the overpayment regardless of who benefited from the overpayment. The county or commissioner must recover the overpayment as provided in paragraphs (b) and (c). When the family or the provider is in compliance with a repayment agreement, the party in compliance is eligible to receive child care assistance or to care for children receiving child care assistance despite the other party's noncompliance with repayment arrangements.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 5. Minnesota Statutes 2020, section 119B.125, subdivision 1, is amended to read:

Subdivision 1. **Authorization.** ~~Except as provided in subdivision 5,~~ A county or the commissioner must authorize the provider chosen by an applicant or a participant before the county can authorize payment for care provided by that provider. The commissioner must establish the requirements necessary for authorization of providers. A provider must be reauthorized every two years. A legal, nonlicensed family child care provider also must be reauthorized when another person over the age of 13 joins the household, a current household member turns 13, or there is reason to believe that a household member has a factor that prevents authorization. The provider is required to report all family changes that would require reauthorization. When a provider has been authorized for payment for providing care for families in more than one county, the county responsible for reauthorization of that provider is the county of the family with a current authorization for that provider and who has used the provider for the longest length of time.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 6. Minnesota Statutes 2020, section 119B.13, subdivision 1, is amended to read:

Subdivision 1. **Subsidy restrictions.** (a) The maximum rate paid for child care assistance in any county or county price cluster under the child care fund shall be ~~the greater of the 25th percentile of the 2018 child care provider rate survey or the rates in effect at the time of the update.~~ set in accordance with rates and policies established by the commissioner, dependent on federal funds, and consistent with federal law, up to a maximum of the 75th percentile of the most recent child care provider rate survey, but in no event shall the maximum rate be less than the greater of the 50th percentile of the most recent child care provider rate survey or the rates in effect at the time of the update. The rate increase is effective no later than the first full service period on or after January 1 of the year following the provider rate survey. For a child care provider located within the boundaries of a city located in two or more of the counties of Benton, Sherburne, and Stearns, the maximum rate paid for child care assistance shall be equal to the maximum rate paid in the county with the highest maximum reimbursement rates or the provider's charge, whichever is less. The commissioner may: (1) assign a county with no reported provider prices to a similar price cluster; and (2) consider county level access when determining final price clusters.

(b) A rate which includes a special needs rate paid under subdivision 3 may be in excess of the maximum rate allowed under this subdivision.

(c) The department shall monitor the effect of this paragraph on provider rates. The county shall pay the provider's full charges for every child in care up to the maximum established. The commissioner shall determine the maximum rate for each type of care on an hourly, full-day, and weekly basis, including special needs and disability care.

(d) If a child uses one provider, the maximum payment for one day of care must not exceed the daily rate. The maximum payment for one week of care must not exceed the weekly rate.

(e) If a child uses two providers under section 119B.097, the maximum payment must not exceed:

(1) the daily rate for one day of care;

(2) the weekly rate for one week of care by the child's primary provider; and

(3) two daily rates during two weeks of care by a child's secondary provider.

(f) Child care providers receiving reimbursement under this chapter must not be paid activity fees or an additional amount above the maximum rates for care provided during nonstandard hours for families receiving assistance.

(g) If the provider charge is greater than the maximum provider rate allowed, the parent is responsible for payment of the difference in the rates in addition to any family co-payment fee.

~~(h) All maximum provider rates changes shall be implemented on the Monday following the effective date of the maximum provider rate.~~

~~(i) Beginning September 21, 2020,~~ (h) The maximum registration fee paid for child care assistance in any county or county price cluster under the child care fund shall be ~~the greater of the 25th percentile of the 2018 child care provider rate survey or the registration fee in effect at the time of the update.~~ set in accordance with rates and policies established by the commissioner, dependent on federal funds, and consistent with federal law, up to a maximum of the 75th percentile of the most recent child care provider rate survey, but in no event shall the maximum registration fee be less than the greater of the 50th percentile of the most recent child care provider rate survey or the registration fee in effect at the time of the update. Each maximum registration fee update must be implemented on the same schedule as maximum child care assistance rate increases under paragraph (a). Maximum

registration fees must be set for licensed family child care and for child care centers. For a child care provider located in the boundaries of a city located in two or more of the counties of Benton, Sherburne, and Stearns, the maximum registration fee paid for child care assistance shall be equal to the maximum registration fee paid in the county with the highest maximum registration fee or the provider's charge, whichever is less.

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

Sec. 7. Minnesota Statutes 2020, section 119B.13, subdivision 1a, is amended to read:

Subd. 1a. **Legal nonlicensed family child care provider rates.** (a) Legal nonlicensed family child care providers receiving reimbursement under this chapter must be paid on an hourly basis for care provided to families receiving assistance.

(b) The maximum rate paid to legal nonlicensed family child care providers must be ~~68~~ 90 percent of the county maximum hourly rate for licensed family child care providers. The rate increase is effective the first full service period on or after January 1 of the year following the provider rate survey. In counties or county price clusters where the maximum hourly rate for licensed family child care providers is higher than the maximum weekly rate for those providers divided by 50, the maximum hourly rate that may be paid to legal nonlicensed family child care providers is the rate equal to the maximum weekly rate for licensed family child care providers divided by 50 and then multiplied by ~~0.68~~ 0.90. The maximum payment to a provider for one day of care must not exceed the maximum hourly rate times ten. The maximum payment to a provider for one week of care must not exceed the maximum hourly rate times 50.

(c) A rate which includes a special needs rate paid under subdivision 3 may be in excess of the maximum rate allowed under this subdivision.

(d) Legal nonlicensed family child care providers receiving reimbursement under this chapter may not be paid registration fees for families receiving assistance.

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

Sec. 8. Minnesota Statutes 2020, section 119B.13, subdivision 6, is amended to read:

Subd. 6. **Provider payments.** (a) A provider shall bill only for services documented according to section 119B.125, subdivision 6. The provider shall bill for services provided within ten days of the end of the service period. Payments under the child care fund shall be made within 21 days of receiving a complete bill from the provider. Counties or the state may establish policies that make payments on a more frequent basis.

(b) If a provider has received an authorization of care and been issued a billing form for an eligible family, the bill must be submitted within 60 days of the last date of service on the bill. A bill submitted more than 60 days after the last date of service must be paid if the county determines that the provider has shown good cause why the bill was not submitted within 60 days. Good cause must be defined in the county's child care fund plan under section 119B.08, subdivision 3, and the definition of good cause must include county error. Any bill submitted more than a year after the last date of service on the bill must not be paid.

(c) If a provider provided care for a time period without receiving an authorization of care and a billing form for an eligible family, payment of child care assistance may only be made retroactively for a maximum of ~~six~~ three months from the date the provider is issued an authorization of care and billing form. For a family at application, if a provider provided child care during a time period without receiving an authorization of care and a billing form, a county may only make child care assistance payments to the provider retroactively from the date that child care began, or from the date that the family's eligibility began under section 119B.09, subdivision 7, or from the date that the family meets authorization requirements, not to exceed six months from the date the provider is issued an authorization of care and billing form, whichever is later.

(d) A county or the commissioner may refuse to issue a child care authorization to a certified, licensed, or legal nonlicensed provider, revoke an existing child care authorization to a certified, licensed, or legal nonlicensed provider, stop payment issued to a certified, licensed, or legal nonlicensed provider, or refuse to pay a bill submitted by a certified, licensed, or legal nonlicensed provider if:

(1) the provider admits to intentionally giving the county materially false information on the provider's billing forms;

(2) a county or the commissioner finds by a preponderance of the evidence that the provider intentionally gave the county materially false information on the provider's billing forms, or provided false attendance records to a county or the commissioner;

(3) the provider is in violation of child care assistance program rules, until the agency determines those violations have been corrected;

(4) the provider is operating after:

(i) an order of suspension of the provider's license issued by the commissioner;

(ii) an order of revocation of the provider's license issued by the commissioner; or

(iii) ~~a final order of conditional license issued by the commissioner for as long as the conditional license is in effect~~ an order of decertification issued to the provider;

(5) the provider submits false attendance reports or refuses to provide documentation of the child's attendance upon request;

(6) the provider gives false child care price information; or

(7) the provider fails to report decreases in a child's attendance as required under section 119B.125, subdivision 9.

(e) For purposes of paragraph (d), clauses (3), (5), (6), and (7), the county or the commissioner may withhold the provider's authorization or payment for a period of time not to exceed three months beyond the time the condition has been corrected.

(f) A county's payment policies must be included in the county's child care plan under section 119B.08, subdivision 3. If payments are made by the state, in addition to being in compliance with this subdivision, the payments must be made in compliance with section 16A.124.

(g) If the commissioner or responsible county agency suspends or refuses payment to a provider under paragraph (d), clause (1) or (2), or chapter 245E and the provider has:

(1) a disqualification for wrongfully obtaining assistance under section 256.98, subdivision 8, paragraph (c);

(2) an administrative disqualification under section 256.046, subdivision 3; or

(3) a termination under section 245E.02, subdivision 4, paragraph (c), clause (4), or 245E.06;

then the provider forfeits the payment to the commissioner or the responsible county agency, regardless of the amount assessed in an overpayment, charged in a criminal complaint, or ordered as criminal restitution.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 9. Minnesota Statutes 2020, section 119B.13, subdivision 7, is amended to read:

Subd. 7. **Absent days.** (a) Licensed child care providers and license-exempt centers must not be reimbursed for more than 25 full-day absent days per child, excluding holidays, in a calendar year, or for more than ten consecutive full-day absent days. "Absent day" means any day that the child is authorized and scheduled to be in care with a licensed provider or license-exempt center, and the child is absent from the care for the entire day. Legal nonlicensed family child care providers must not be reimbursed for absent days. If a child attends for part of the time authorized to be in care in a day, but is absent for part of the time authorized to be in care in that same day, the absent time must be reimbursed but the time must not count toward the absent days limit. Child care providers must only be reimbursed for absent days if the provider has a written policy for child absences and charges all other families in care for similar absences.

(b) Notwithstanding paragraph (a), children with documented medical conditions that cause more frequent absences may exceed the 25 absent days limit, or ten consecutive full-day absent days limit. Absences due to a documented medical condition of a parent or sibling who lives in the same residence as the child receiving child care assistance do not count against the absent days limit in a calendar year. Documentation of medical conditions must be on the forms and submitted according to the timelines established by the commissioner. A public health nurse or school nurse may verify the illness in lieu of a medical practitioner. If a provider sends a child home early due to a medical reason, including, but not limited to, fever or contagious illness, the child care center director or lead teacher may verify the illness in lieu of a medical practitioner.

(c) Notwithstanding paragraph (a), children in families may exceed the absent days limit if at least one parent: (1) is under the age of 21; (2) does not have a high school diploma or commissioner of education-selected high school equivalency certification; and (3) is a student in a school district or another similar program that provides or arranges for child care, parenting support, social services, career and employment supports, and academic support to achieve high school graduation, upon request of the program and approval of the county. If a child attends part of an authorized day, payment to the provider must be for the full amount of care authorized for that day.

(d) Child care providers must be reimbursed for up to ten federal or state holidays or designated holidays per year when the provider charges all families for these days and the holiday or designated holiday falls on a day when the child is authorized to be in attendance. Parents may substitute other cultural or religious holidays for the ten recognized state and federal holidays. Holidays do not count toward the absent days limit.

(e) A family ~~or child care provider~~ must not be assessed an overpayment for an absent day payment unless (1) there was an error in the amount of care authorized for the family, or (2) all of the allowed full-day absent payments for the child have been paid~~, or (3) the family or provider did not timely report a change as required under law~~.

(f) The provider and family shall receive notification of the number of absent days used upon initial provider authorization for a family and ongoing notification of the number of absent days used as of the date of the notification.

(g) For purposes of this subdivision, "absent days limit" means 25 full-day absent days per child, excluding holidays, in a calendar year; and ten consecutive full-day absent days.

(h) For purposes of this subdivision, "holidays limit" means ten full-day holidays per child, excluding absent days, in a calendar year.

(i) If a day meets the criteria of an absent day or a holiday under this subdivision, the provider must bill that day as an absent day or holiday. A provider's failure to properly bill an absent day or a holiday results in an overpayment, regardless of whether the child reached, or is exempt from, the absent days limit or holidays limit for the calendar year.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 10. Minnesota Statutes 2020, section 119B.25, subdivision 3, is amended to read:

Subd. 3. **Financing program.** A nonprofit corporation that receives a grant under this section shall use the money to:

(1) establish a revolving loan fund to make loans to existing, expanding, and new licensed and legal unlicensed child care and early childhood education sites;

(2) establish a fund to guarantee private loans to improve or construct a child care or early childhood education site;

(3) establish a fund to provide forgivable loans or grants to match all or part of a loan made under this section;

(4) establish a fund as a reserve against bad debt; ~~and~~

(5) establish a fund to provide business planning assistance for child care providers~~.~~; and

(6) provide training and consultation for child care providers to build and strengthen their businesses and acquire key business skills.

The nonprofit corporation shall establish the terms and conditions for loans and loan guarantees including, but not limited to, interest rates, repayment agreements, private match requirements, and conditions for loan forgiveness. The nonprofit corporation shall establish a minimum interest rate for loans to ensure that necessary loan administration costs are covered. The nonprofit corporation may use interest earnings for administrative expenses.

Sec. 11. **REPEALER.**

Minnesota Statutes 2020, sections 119B.04; and 119B.125, subdivision 5, are repealed.

EFFECTIVE DATE. This section is effective August 1, 2021.

ARTICLE 2
CHILD CARE LICENSING

Section 1. **[245.975] OMBUDSPERSON FOR FAMILY CHILD CARE PROVIDERS.**

Subdivision 1. **Appointment.** The governor shall appoint an ombudsperson in the classified service to assist family child care providers with licensing, compliance, and other issues facing family child care providers. The ombudsperson must be selected without regard to the person's political affiliation.

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 their rights or program may have been adversely affected; and

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

(b) The ombudsperson must report annually by December 31 to the commissioner 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 to carry out the duties under this section. The commissioner shall determine the form of the report and may specify additional reporting requirements.

Subd. 3. **Staff.** The ombudsperson may appoint and compensate out of available funds a deputy, confidential secretary, and other employees in the unclassified service as authorized by law. The ombudsperson and the full-time staff are members of the Minnesota State Retirement Association. The ombudsperson may delegate to members of the staff any authority or duties of the office except the duty to provide reports to the governor, commissioner, or the legislature.

Subd. 4. **Access to records.** (a) The ombudsperson or designee, excluding volunteers, has access to 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 cannot consent and has no parent or legal guardian, then access to the data is authorized by this section.

(b) The ombudsperson and designees must adhere to the Minnesota Government Data Practices Act and may 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 and county agency must provide the ombudsperson copies of all fix-it tickets, correction orders, and licensing actions issued to family child care providers.

Subd. 5. **Independence of action.** In carrying out the duties under this section, the ombudsperson may act independently of the department to provide testimony to the legislature, make periodic reports to the legislature, and address areas of concern to child care providers.

Subd. 6. **Civil actions.** The ombudsperson or designee is not civilly liable for any action taken under this section if the action was taken in good faith, was within the scope of the ombudsperson's authority, and did not constitute willful or reckless misconduct.

Subd. 7. **Qualifications.** The ombudsperson must be a person who has knowledge and experience concerning the provision of family child care. The ombudsperson must be experienced in dealing with governmental entities, interpretation of laws and regulations, investigations, record keeping, report writing, public speaking, and management. A person is not eligible to serve as the ombudsperson while holding public office or while holding a family child care license.

Subd. 8. **Office support.** The commissioner shall provide the ombudsperson with the necessary office space, supplies, equipment, and clerical support to effectively perform the duties under this section.

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

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

Sec. 2. Minnesota Statutes 2020, section 245A.14, subdivision 4, is amended to read:

Subd. 4. **Special family ~~day~~ child care homes.** Nonresidential child care programs serving 14 or fewer children that are conducted at a location other than the license holder's own residence shall be licensed under this section and the rules governing family ~~day~~ child care or group family ~~day~~ child care if:

(a) the license holder is the primary provider of care and the nonresidential child care program is conducted in a dwelling that is located on a residential lot;

(b) the license holder is an employer who may or may not be the primary provider of care, and the purpose for the child care program is to provide child care services to children of the license holder's employees;

(c) the license holder is a church or religious organization;

(d) the license holder is a community collaborative child care provider. For purposes of this subdivision, a community collaborative child care provider is a provider participating in a cooperative agreement with a community action agency as defined in section 256E.31;

(e) the license holder is a not-for-profit agency that provides child care in a dwelling located on a residential lot and the license holder maintains two or more contracts with community employers or other community organizations to provide child care services. The county licensing agency may grant a capacity variance to a license holder licensed under this paragraph to exceed the licensed capacity of 14 children by no more than five children during transition periods related to the work schedules of parents, if the license holder meets the following requirements:

(1) the program does not exceed a capacity of 14 children more than a cumulative total of four hours per day;

(2) the program meets a one to seven staff-to-child ratio during the variance period;

(3) all employees receive at least an extra four hours of training per year than required in the rules governing family child care each year;

(4) the facility has square footage required per child under Minnesota Rules, part 9502.0425;

(5) the program is in compliance with local zoning regulations;

(6) the program is in compliance with the applicable fire code as follows:

(i) if the program serves more than five children older than 2-1/2 years of age, but no more than five children 2-1/2 years of age or less, the applicable fire code is educational occupancy, as provided in Group E Occupancy under the Minnesota State Fire Code 2015, Section 202; or

(ii) if the program serves more than five children 2-1/2 years of age or less, the applicable fire code is Group I-4 Occupancies, as provided in the Minnesota State Fire Code 2015, Section 202, unless the rooms in which the children are cared for are located on a level of exit discharge and each of these child care rooms has an exit door directly to the exterior, then the applicable fire code is Group E occupancies, as provided in the Minnesota State Fire Code 2015, Section 202; and

(7) any age and capacity limitations required by the fire code inspection and square footage determinations shall be printed on the license; or

(f) the license holder is the primary provider of care and has located the licensed child care program in a commercial space, if the license holder meets the following requirements:

(1) the program is in compliance with local zoning regulations;

(2) the program is in compliance with the applicable fire code as follows:

(i) if the program serves more than five children older than 2-1/2 years of age, but no more than five children 2-1/2 years of age or less, the applicable fire code is educational occupancy, as provided in Group E Occupancy under the Minnesota State Fire Code 2015, Section 202; or

(ii) if the program serves more than five children 2-1/2 years of age or less, the applicable fire code is Group I-4 Occupancies, as provided under the Minnesota State Fire Code 2015, Section 202;

(3) any age and capacity limitations required by the fire code inspection and square footage determinations are printed on the license; and

(4) the license holder prominently displays the license issued by the commissioner which contains the statement "This special family child care provider is not licensed as a child care center."

(g) ~~The commissioner may approve two or more licenses under paragraphs (a) to (f) to be issued at the same location or under one contiguous roof, if each license holder is able to demonstrate compliance with all applicable rules and laws. Each license holder must operate the license holder's respective licensed program as a distinct program and within the capacity, age, and ratio distributions of each license.~~ Notwithstanding Minnesota Rules, part 9502.0335, subpart 12, the commissioner may issue up to four licenses to an organization licensed under paragraphs (b), (c), or (e). Each license must have its own primary provider of care as required under paragraph (i). Each license must operate as a distinct and separate program in compliance with all applicable laws and regulations.

(h) ~~The commissioner may grant variances to this section to allow a primary provider of care, a not for profit organization, a church or religious organization, an employer, or a community collaborative to be licensed to provide child care under paragraphs (e) and (f) if the license holder meets the other requirements of the statute.~~ For licenses issued under paragraphs (b), (c), (d), (e), or (f), the commissioner may approve up to four licenses at the same location or under one contiguous roof if each license holder is able to demonstrate compliance with all applicable rules and laws. Each licensed program must operate as a distinct program and within the capacity, age, and ratio distributions of each license.

(i) For a license issued under paragraphs (b), (c), or (e), the license holder must designate a person to be the primary provider of care at the licensed location on a form and in a manner prescribed by the commissioner. The license holder shall notify the commissioner in writing before there is a change of the person designated to be the primary provider of care. The primary provider of care:

(1) must be the person who will be the provider of care at the program and present during the hours of operation;

(2) must operate the program in compliance with applicable laws and regulations under chapter 245A and Minnesota Rules, chapter 9502;

(3) is considered a child care background study subject as defined in section 245C.02, subdivision 6a, and must comply with background study requirements in chapter 245C; and

(4) must complete the training that is required of license holders in section 245A.50.

(j) For any license issued under this subdivision, the license holder must ensure that any other caregiver, substitute, or helper who assists in the care of children meets the training requirements in section 245A.50 and background study requirements under chapter 245C.

Sec. 3. Minnesota Statutes 2020, section 245A.50, subdivision 7, is amended to read:

Subd. 7. **Training requirements for family and group family child care.** (a) For purposes of family and group family child care, the license holder and each second adult caregiver must complete 16 hours of ongoing training each year. Repeat of topical training requirements in subdivisions 2 to 8 shall count toward the annual 16-hour training requirement. Additional ongoing training subjects to meet the annual 16-hour training requirement must be selected from the following areas:

(1) child development and learning training in understanding how a child develops physically, cognitively, emotionally, and socially, and how a child learns as part of the child's family, culture, and community;

(2) developmentally appropriate learning experiences, including training in creating positive learning experiences, promoting cognitive development, promoting social and emotional development, promoting physical development, promoting creative development; and behavior guidance;

(3) relationships with families, including training in building a positive, respectful relationship with the child's family;

(4) assessment, evaluation, and individualization, including training in observing, recording, and assessing development; assessing and using information to plan; and assessing and using information to enhance and maintain program quality;

(5) historical and contemporary development of early childhood education, including training in past and current practices in early childhood education and how current events and issues affect children, families, and programs;

(6) professionalism, including training in knowledge, skills, and abilities that promote ongoing professional development; and

(7) health, safety, and nutrition, including training in establishing healthy practices; ensuring safety; and providing healthy nutrition.

(b) A provider who is approved as a trainer through the Develop data system may count up to two hours of training instruction toward the annual 16-hour training requirement in paragraph (a). The provider may only count training instruction hours for the first instance in which they deliver a particular content-specific training during each licensing year. Hours counted as training instruction must be approved through the Develop data system with attendance verified on the trainer's individual learning record and must be in Knowledge and Competency Framework content area VII A (Establishing Healthy Practices) or B (Ensuring Safety).

Sec. 4. Minnesota Statutes 2020, section 245A.50, subdivision 9, is amended to read:

Subd. 9. **Supervising for safety; training requirement.** (a) Courses required by this subdivision must include the following health and safety topics:

(1) preventing and controlling infectious diseases;

(2) administering medication;

(3) preventing and responding to allergies;

(4) ensuring building and physical premises safety;

(5) handling and storing biological contaminants;

(6) preventing and reporting child abuse and maltreatment; and

(7) emergency preparedness.

(b) Before initial licensure and before caring for a child, all family child care license holders and each second adult caregiver shall complete and document the completion of the six-hour Supervising for Safety for Family Child Care course developed by the commissioner.

(c) The license holder must ensure and document that, before caring for a child, all substitutes have completed the four-hour Basics of Licensed Family Child Care for Substitutes course developed by the commissioner, which must include health and safety topics as well as child development and learning.

(d) The family child care license holder and each second adult caregiver shall complete and document:

(1) the annual completion of either:

(i) a two-hour active supervision course developed by the commissioner; or

(ii) any courses in the ensuring safety competency area under the health, safety, and nutrition standard of the Knowledge and Competency Framework that the commissioner has identified as an active supervision training course; and

(2) the completion at least once every five years of the two-hour courses Health and Safety I and Health and Safety II. When the training is due for the first time or expires, it must be taken no later than the day before the anniversary of the license holder's license effective date. A license holder's or second adult caregiver's completion of either training in a given year meets the annual active supervision training requirement in clause (1).

(e) At least once every three years, license holders must ensure and document that substitutes have completed the four-hour Basics of Licensed Family Child Care for Substitutes course. When the training expires, it must be retaken no later than the day before the anniversary of the license holder's license effective date.

Sec. 5. **CHILD CARE CENTER REGULATION MODERNIZATION.**

(a) The commissioner of human services shall contract with an experienced and independent organization or individual consultant to conduct the work outlined in this section. If practicable, the commissioner must contract with the National Association for Regulatory Administration.

(b) The consultant must develop a proposal for revised licensing standards that includes a risk-based model for monitoring compliance with child care center licensing standards, grounded in national regulatory best practices. Violations in the new model must be weighted to reflect the potential risk that the violations pose to children's health and safety, and licensing sanctions must be tied to the potential risk. The proposed new model must protect the health and safety of children in child care centers and be child-centered, family-friendly, and fair to providers.

(c) The consultant shall develop and implement a stakeholder engagement process that solicits input from parents, licensed child care centers, staff of the Department of Human Services, and experts in child development about appropriate licensing standards, appropriate tiers for violations of the standards based on the potential risk of harm that each violation poses, and appropriate licensing sanctions for each tier.

(d) The consultant shall solicit input from parents, licensed child care centers, and staff of the Department of Human Services about which child care centers should be eligible for abbreviated inspections that predict compliance with other licensing standards for licensed child care centers using key indicators previously identified by an empirically based statistical methodology developed by the National Association for Regulatory Administration and the Research Institute for Key Indicators.

(e) No later than February 1, 2024, the commissioner shall submit a report and proposed legislation required to implement the new licensing model to the chairs and ranking minority members of the legislative committees with jurisdiction over child care regulation.

Sec. 6. **FAMILY CHILD CARE REGULATION MODERNIZATION.**

(a) The commissioner of human services shall contract with an experienced and independent organization or individual consultant to conduct the work outlined in this section. If practicable, the commissioner must contract with the National Association for Regulatory Administration.

(b) The consultant must develop a proposal for updated family child care licensing standards and solicit input from stakeholders as described in paragraph (d).

(c) The consultant must develop a proposal for a risk-based model for monitoring compliance with family child care licensing standards, grounded in national regulatory best practices. Violations in the new model must be weighted to reflect the potential risk they pose to children's health and safety, and licensing sanctions must be tied to the potential risk. The proposed new model must protect the health and safety of children in family child care programs and be child-centered, family-friendly, and fair to providers.

(d) The consultant shall develop and implement a stakeholder engagement process that solicits input from parents, licensed family child care providers, county licensors, staff of the Department of Human Services, and experts in child development about licensing standards, tiers for violations of the standards based on the potential risk of harm that each violation poses, and licensing sanctions for each tier.

(e) The consultant shall solicit input from parents, licensed family child care providers, county licensors, and staff of the Department of Human Services about which family child care providers should be eligible for abbreviated inspections that predict compliance with other licensing standards for licensed family child care providers using key indicators previously identified by an empirically based statistical methodology developed by the National Association for Regulatory Administration and the Research Institute for Key Indicators.

(f) No later than February 1, 2024, the commissioner shall submit a report and proposed legislation required to implement the new licensing model and the new licensing standards to the chairs and ranking minority members of the legislative committees with jurisdiction over child care regulation.

Sec. 7. **DIRECTION TO COMMISSIONER OF HUMAN SERVICES; FAMILY CHILD CARE ONE-STOP ASSISTANCE NETWORK.**

By January 1, 2022, the commissioner of human services shall, in consultation with county agencies, providers, and other relevant stakeholders, develop a proposal to create, advertise, and implement a one-stop regional assistance network comprised of individuals who have experience starting a licensed family or group family child care program or technical expertise regarding the applicable licensing statutes and procedures, in order to assist individuals with matters relating to starting or sustaining a licensed family or group family child care program. The proposal shall include an estimated timeline for implementation of the assistance network, an estimated budget of the cost of the assistance network, and any necessary legislative proposals to implement the assistance network. The proposal shall also include a plan to raise awareness and distribute contact information for the assistance network to all licensed family or group family child care providers.

Sec. 8. **DIRECTION TO THE COMMISSIONER OF HUMAN SERVICES; RECOMMENDED FAMILY CHILD CARE ORIENTATION TRAINING.**

(a) By July 1, 2022, the commissioner of human services shall develop, in consultation with licensed family child care providers and representatives from counties, recommended orientation training for family child care license applicants to ensure that all family child care license applicants have access to information about Minnesota Statutes, chapters 245A and 245C, and Minnesota Rules, chapter 9502.

(b) The orientation training is voluntary and completion of the orientation is not required to receive or maintain a family child care license.

Sec. 9. **FAMILY CHILD CARE TRAINING ADVISORY COMMITTEE.**

Subdivision 1. **Formation; duties.** (a) The Family Child Care Training Advisory Committee shall advise the commissioner of human services on the training requirements for licensed family and group family child care providers. Beginning January 1, 2022, the advisory committee shall meet at least twice per year. The advisory committee shall annually elect a chair from among its members who shall establish the agenda for each meeting. The commissioner or commissioner's designee shall attend all advisory committee meetings.

(b) The Family Child Care Training Advisory Committee shall advise and make recommendations to the commissioner of human services and the contractors working on the family child care licensing modernization project on:

(1) updates to the rules and statutes governing family child care training, including technical updates to facilitate providers' understanding of training requirements;

(2) difficulties facing family child care providers in completing training requirements, including proposed solutions to provider difficulties; and

(3) other ideas for improving access to and quality of training for family child care providers.

(c) The Family Child Care Training Advisory Committee shall expire December 1, 2025.

Subd. 2. **Advisory committee members.** (a) The Family Child Care Training Advisory Committee consists of:

(1) four members representing family child care providers from greater Minnesota, including two appointed by the speaker of the house and two appointed by the senate majority leader;

(2) two members representing family child care providers from the seven-county metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2, including one appointed by the speaker of the house and one appointed by the senate majority leader;

(3) one member appointed by the Minnesota Association of Child Care Professionals;

(4) one member appointed by the Minnesota Child Care Provider Information Network;

(5) two members appointed by the Association of Minnesota Child Care Licensors, including one from greater Minnesota and one from the seven-county metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2; and

(6) five members with experience in child development, instructional design, and training delivery, with:

(i) one member appointed by Child Care Aware of Minnesota;

(ii) one member appointed by the Minnesota Initiative Foundations;

(iii) one member appointed by the Center for Inclusive Child Care;

(iv) one member appointed by the Greater Minnesota Partnership; and

(v) one member appointed by Achieve, the Minnesota Center for Professional Development.

(b) Advisory committee members shall not be employed by the Department of Human Services. Advisory committee members shall receive no compensation for their participation in the advisory committee.

(c) Advisory committee members must include representatives of diverse cultural communities.

(d) Advisory committee members shall serve two-year terms. Initial appointments to the advisory committee must be made by December 1, 2021. Subsequent appointments to the advisory committee must be made by December 1 of the year in which the member's term expires.

Subd. 3. **Commissioner report.** The commissioner of human services shall report annually by November 1 to the chairs and ranking minority members of the legislative committees with jurisdiction over early care and education programs on any recommendations from the Family Child Care Training Advisory Committee.

ARTICLE 3
MISCELLANEOUS HEALTH AND HUMAN SERVICES POLICIES

Section 1. **[119B.195] RETAINING EARLY EDUCATORS THROUGH ATTAINING INCENTIVES NOW (REETAIN) GRANT PROGRAM.**

Subdivision 1. **Establishment; purpose.** The retaining early educators through attaining incentives now (REETAIN) grant program is established to provide competitive grants to incentivize well-trained child care professionals to remain in the workforce. The overall goal of the REETAIN grant program is to create more consistent care for children over time.

Subd. 2. **Administration.** The commissioner shall administer the REETAIN grant program through a grant to a nonprofit with the demonstrated ability to manage benefit programs for child care professionals. Up to ten percent of grant money may be used for administration of the grant program.

Subd. 3. **Application.** Applicants must apply for the REETAIN grant program using the forms and according to timelines established by the commissioner.

Subd. 4. **Eligibility.** (a) To be eligible for a grant, an applicant must:

(1) be licensed to provide child care or work for a licensed child care program;

(2) work directly with children at least 30 hours per week;

(3) have worked in the applicant's current position for at least 12 months;

(4) agree to work in the early childhood care and education field for at least 12 months upon receiving a grant under this section;

(5) have a career lattice step of five or higher;

(6) have a current membership with the Minnesota quality improvement and registry tool;

(7) not be a current teacher education and compensation helps scholarship recipient; and

(8) meet any other requirements determined by the commissioner.

(b) Grant recipients must sign a contract agreeing to remain in the early childhood care and education field for 12 months.

Subd. 5. **Grant awards.** Grant awards must be made annually and may be made up to an amount per recipient determined by the commissioner. Grant recipients may use grant money for program supplies, training, or personal expenses.

Subd. 6. **Report.** By January 1 each year, the commissioner must report to the legislative committees with jurisdiction over child care about the number of grants awarded to recipients and outcomes of the grant program since the last report.

Sec. 2. Minnesota Statutes 2020, section 136A.128, subdivision 2, is amended to read:

Subd. 2. **Program components.** (a) The nonprofit organization must use the grant for:

(1) tuition scholarships up to ~~$5,000~~ $10,000 per year for courses leading to the nationally recognized child development associate credential or college-level courses leading to an associate's degree or bachelor's degree in early childhood development and school-age care; and

(2) education incentives of a minimum of ~~$100~~ $250 to participants in the tuition scholarship program if they complete a year of working in the early care and education field.

(b) Applicants for the scholarship must be employed by a licensed early childhood or child care program and working directly with children, a licensed family child care provider, employed by a public prekindergarten program, or an employee in a school-age program exempt from licensing under section 245A.03, subdivision 2, paragraph (a), clause (12). Lower wage earners must be given priority in awarding the tuition scholarships. Scholarship recipients must contribute at least ten percent of the total scholarship and must be sponsored by their employers, who must also contribute ~~ten~~ at least five percent of the total scholarship. Scholarship recipients who are self-employed must contribute 20 percent of the total scholarship.

Sec. 3. Minnesota Statutes 2020, section 136A.128, subdivision 4, is amended to read:

Subd. 4. **Administration.** A nonprofit organization that receives a grant under this section may use ~~five~~ ten percent of the grant amount to administer the program.

Sec. 4. Minnesota Statutes 2020, section 144.225, subdivision 2, is amended to read:

Subd. 2. **Data about births.** (a) Except as otherwise provided in this subdivision, data pertaining to the birth of a child to a woman who was not married to the child's father when the child was conceived nor when the child was born, including the original record of birth and the certified vital record, are confidential data. At the time of the birth of a child to a woman who was not married to the child's father when the child was conceived nor when the child was born, the mother may designate demographic data pertaining to the birth as public. Notwithstanding the designation of the data as confidential, it may be disclosed:

(1) to a parent or guardian of the child;

(2) to the child when the child is 16 years of age or older;

(3) under paragraph (b), (e), ~~or~~ (f), or (g); or

(4) pursuant to a court order. For purposes of this section, a subpoena does not constitute a court order.

(b) Unless the child is adopted, data pertaining to the birth of a child that are not accessible to the public become public data if 100 years have elapsed since the birth of the child who is the subject of the data, or as provided under section 13.10, whichever occurs first.

(c) If a child is adopted, data pertaining to the child's birth are governed by the provisions relating to adoption records, including sections 13.10, subdivision 5; 144.218, subdivision 1; 144.2252; and 259.89.

(d) The name and address of a mother under paragraph (a) and the child's date of birth may be disclosed to the county social services, Tribal health department, or public health member of a family services collaborative for purposes of providing services under section 124D.23.

(e) The commissioner of human services shall have access to birth records for:

(1) the purposes of administering medical assistance and the MinnesotaCare program;

(2) child support enforcement purposes; and

(3) other public health purposes as determined by the commissioner of health.

(f) Tribal child support programs shall have access to birth records for child support enforcement purposes.

(g) An entity administering a children's savings program that starts at birth shall have access to birth records for the purpose of opening an account in the program for the child as a beneficiary. For purposes of this paragraph, "children's savings program" means a long-term savings or investment program that helps children and their families build savings for the future.

Sec. 5. **REPORT ON PARTICIPATION IN EARLY CHILDHOOD PROGRAMS BY CHILDREN IN FOSTER CARE.**

Subdivision 1. **Reporting requirement.** (a) The commissioner of human services shall report on the participation in early care and education programs by children under age six who have experienced foster care, as defined in Minnesota Statutes, section 260C.007, subdivision 18, at any time during the reporting period.

(b) For purposes of this section, "early care and education program" means Early Head Start and Head Start under the federal Improving Head Start for School Readiness Act of 2007; special education programs under Minnesota Statutes, chapter 125A; early learning scholarships under Minnesota Statutes, section 124D.165; school readiness under Minnesota Statutes, sections 124D.15 and 124D.16; school readiness plus under Laws 2017, First Special Session chapter 5, article 8, section 9; voluntary prekindergarten under Minnesota Statutes, section 124D.151; child care assistance under Minnesota Statutes, chapter 119B; and other programs as determined by the commissioner.

Subd. 2. **Report content.** (a) The report shall provide counts and rates of participation by early care and education program and child's race, ethnicity, age, and county of residence. The report shall use the most current administrative data and systems, including the Early Childhood Longitudinal Data System, and include recommendations for collecting any other administrative data listed in this paragraph that is not currently available.

(b) The report shall include recommendations to:

(1) provide the data described in paragraph (a) on an annual basis as part of the report required under Minnesota Statutes, section 257.0725;

(2) facilitate children's continued participation in early care and education programs after reunification, adoption, or transfer of permanent legal and physical custody; and

(3) regularly report measures of early childhood well-being for children who have experienced foster care. "Measures of early childhood well-being" include administrative data from developmental screenings, school readiness assessments, well-child medical visits, and other sources as determined by the commissioner, in consultation with the commissioners of health, education, and management and budget, county social service and public health agencies, and school districts.

(c) The report shall include an implementation plan to increase the rates of participation among children and their foster families in early care and education programs, including processes for referrals and follow-up. The plan shall be developed in collaboration with affected communities and families, incorporating their experiences and feedback. Representatives from county public health agencies; county social service agencies, including child protection services; early childhood care and education providers; the judiciary; and school districts must collaborate on the plan's development and implementation strategy.

(d) The report shall identify barriers to be addressed to ensure that early care and education programs are responsive to the cultural, logistical, and racial equity concerns and needs of children's foster families and families of origin, and the report shall identify methods to ensure the experiences and feedback from children's foster families and families of origin are included in the ongoing implementation of early care and education programs.

Subd. 3. **Submission to legislature.** By June 30, 2022, the commissioner shall submit an interim progress report, including identification of potential administrative data sources and barriers and a listing of plan development participants, and by December 1, 2022, the commissioner shall submit the final report required under this section to the legislative committees with jurisdiction over early care and education programs.

Sec. 6. **CHILDREN WITH DISABILITIES INCLUSIVE CHILD CARE ACCESS EXPANSION GRANT PROGRAM.**

Subdivision 1. **Establishment.** (a) The commissioner of human services shall establish a competitive grant program to expand access to licensed family child care providers or licensed child care centers for children with disabilities including medical complexities. The commissioner shall award grants to counties or Tribes, including at least one county from the seven-county metropolitan area and at least one county or Tribe outside the seven-county metropolitan area, and grant funds shall be used to enable child care providers to develop an inclusive child care setting and offer care to children with disabilities and children without disabilities. Grants shall be awarded to at least two applicants beginning no later than December 1, 2021.

(b) For purposes of this section, "child with a disability" means a child who has a substantial delay or has an identifiable physical, medical, emotional, or mental condition that hinders development.

(c) For purposes of this section, "inclusive child care setting" means child care provided in a manner that serves children with disabilities in the same setting as children without disabilities.

Subd. 2. **Commissioner's duties.** To administer the grant program, the commissioner shall:

(1) consult with relevant stakeholders to develop a request for proposals that at least requires grant applicants to identify the items or services, and estimated accompanying costs where possible, needed to expand access to inclusive child care settings for children with disabilities;

(2) develop procedures for data collection, qualitative and quantitative measurement of grant program outcomes, and reporting requirements for grant recipients;

(3) convene a working group of grant recipients, partner child care providers, and participating families to assess progress on grant activities, share best practices, and collect and review data on grant activities; and

(4) by February 1, 2023, provide a report to the chairs and ranking minority members of the legislative committees with jurisdiction over early childhood programs on the activities and outcomes of the grant program, with legislative recommendations for implementing inclusive child care settings statewide. The report shall be made available to the public.

Subd. 3. **Grant activities.** Grant recipients shall use grant funds for the cost of facility modifications, resources, or services necessary to expand access to inclusive child care settings for children with disabilities, including:

(1) onetime needs to equip a child care setting to serve children with disabilities, including but not limited to environmental modifications; accessibility modifications; sensory adaptation; training materials and staff time for training, including for substitutes; or equipment purchases, including durable medical equipment;

(2) ongoing medical or disability-related services for children with disabilities in inclusive child care settings, including but not limited to mental health supports; inclusion specialist services; home care nursing; behavioral supports; coaching or training for staff and substitutes; substitute teaching time; or additional child care staff, an enhanced rate, or another mechanism to increase staff-to-child ratio; and

(3) other expenses determined by the grant recipient and each partner child care provider to be necessary to establish an inclusive child care setting and serve children with disabilities at the provider's location.

Subd. 4. **Requirements for grant recipients.** Upon receipt of grant funds and throughout the grant period, grant recipients shall:

(1) partner with at least two but no more than five child care providers, each of which must meet one of the following criteria:

(i) serve 29 or fewer children, including at least two children with a disability who are not a family member of the child care provider if the participating child care provider is a family child care provider; or

(ii) serve more than 30 children, including at least three children with a disability;

(2) develop and follow a process to ensure that grant funding is used to support children with disabilities who, without the additional supports made available through the grant, would have difficulty accessing an inclusive child care setting;

(3) pursue funding for ongoing services needed for children with disabilities in inclusive child care settings, such as Medicaid or private health insurance coverage; additional grant funding; or other funding sources;

(4) explore and seek opportunities to use existing federal funds to provide ongoing support to family child care providers or child care centers serving children with disabilities. Grant recipients shall seek to minimize family financial obligations for child care for a child with disabilities beyond what child care would cost for a child without disabilities; and

(5) identify and utilize training resources for child care providers, where available and applicable, for at least one of the grant recipient's partner child care providers.

Subd. 5. **Reporting.** Grant recipients shall report to the commissioner every six months, in a manner specified by the commissioner, on the following:

(1) the number, type, and cost of additional supports needed to serve children with disabilities in inclusive child care settings;

(2) best practices for billing;

(3) availability and use of funding sources other than through the grant program;

(4) processes for identifying families of children with disabilities who could benefit from grant activities and connecting them with a child care provider interested in serving them;

(5) processes and eligibility criteria used to determine whether a child is a child with a disability and means of prioritizing grant funding to serve children with significant support needs associated with their disability; and

(6) any other information deemed relevant by the commissioner.

Sec. 7. **DIRECTION TO COMMISSIONER OF HUMAN SERVICES; FAMILY CHILD CARE SHARED SERVICES INNOVATION GRANTS.**

The commissioner of human services shall establish a grant program to test strategies by which family child care providers may share services and thereby achieve economies of scale. The commissioner shall report the results of the grant program to the legislative committees with jurisdiction over early care and education programs.

Sec. 8. **REVISOR INSTRUCTION.**

The revisor of statutes shall renumber Minnesota Statutes, section 136A.128, in Minnesota Statutes, chapter 119B. The revisor shall also make necessary cross-reference changes consistent with the renumbering.

ARTICLE 4
EARLY EDUCATION

Section 1. Minnesota Statutes 2020, section 119A.52, is amended to read:

119A.52 DISTRIBUTION OF APPROPRIATION.

(a) The commissioner of education must distribute money appropriated for that purpose to federally designated Head Start programs to expand services and to serve additional low-income children~~. Migrant and Indian reservation programs must be initially allocated money based on the programs' share of federal funds.~~ in the following order: (1) 10.72 percent of the total Head Start appropriation shall be allocated to federally designated Tribal Head Start programs; (2) the Tribal Head Start portion of the appropriation shall be allocated to Tribal Head Start programs based on the programs' share of federal funds; and (3) migrant programs must then be initially

allocated funding based on the programs' share of federal funds. The remaining money must be initially allocated to the remaining local agencies based equally on the agencies' share of federal funds and on the proportion of eligible children in the agencies' service area who are not currently being served. A Head Start program must be funded at a per child rate equal to its contracted, federally funded base level at the start of the fiscal year. For all agencies without a federal Early Head Start rate, the state average federal cost per child for Early Head Start applies. In allocating funds under this paragraph, the commissioner of education must assure that each Head Start program in existence in 1993 is allocated no less funding in any fiscal year than was allocated to that program in fiscal year 1993. Before paying money to the programs, the commissioner must notify each program of its initial allocation and how the money must be used. Each program must present a plan under section 119A.535. For any program that cannot utilize its full allocation at the beginning of the fiscal year, the commissioner must reduce the allocation proportionately. Money available after the initial allocations are reduced must be redistributed to eligible programs.

(b) The commissioner must develop procedures to make payments to programs based upon the number of children reported to be enrolled during the required time period of program operations. Enrollment is defined by federal Head Start regulations. The procedures must include a reporting schedule, corrective action plan requirements, and financial consequences to be imposed on programs that do not meet full enrollment after the period of corrective action. Programs reporting chronic underenrollment, as defined by the commissioner, will have their subsequent program year allocation reduced proportionately. Funds made available by prorating payments and allocations to programs with reported underenrollment will be made available to the extent funds exist to fully enrolled Head Start programs through a form and manner prescribed by the department.

(c) Programs with approved innovative initiatives that target services to high-risk populations, including homeless families and families living in homeless shelters and transitional housing, are exempt from the procedures in paragraph (b). This exemption does not apply to entire programs. The exemption applies only to approved innovative initiatives that target services to high-risk populations, including homeless families and families living in homeless shelters, transitional housing, and permanent supportive housing.

Sec. 2. **[122A.261] PREKINDERGARTEN, SCHOOL READINESS, PRESCHOOL, AND EARLY EDUCATION PROGRAMS; LICENSURE REQUIREMENT.**

Subdivision 1. **Licensure requirement.** A school district or charter school must employ a qualified teacher, as defined in section 122A.16, to provide instruction in a preschool, school readiness, school readiness plus, prekindergarten, or other school district or charter school-based early education program.

Subd. 2. **Exemptions.** A person employed by a school district or charter school as a teacher in an early education program during the 2020-2021 school year who does not have a Minnesota teaching license is exempt from the licensure requirement until July 1, 2026, or until such time as the teacher is able to obtain a Minnesota teaching license, whichever occurs first. Notwithstanding this exemption from the licensure requirement, these individuals are teachers under section 179A.03, subdivision 18.

Sec. 3. Minnesota Statutes 2020, section 124D.13, subdivision 2, is amended to read:

Subd. 2. **Program requirements.** (a) Early childhood family education programs are programs for children in the period of life from birth to kindergarten, for the parents and other relatives of these children, ~~and~~ for expectant parents, and for alloparents. To the extent that funds are insufficient to provide programs for all children, early childhood family education programs should emphasize programming for a child from birth to age three and encourage parents and other relatives to involve four- and five-year-old children in school readiness programs, and other public and nonpublic early learning programs. A district may not limit participation to school district residents. Early childhood family education programs must provide:

(1) programs to educate parents and other relatives about the physical, cognitive, social, and emotional development of children and to enhance the skills of parents and other relatives in providing for their children's learning and development;

(2) structured learning activities requiring interaction between children and their parents or relatives;

(3) structured learning activities for children that promote children's development and positive interaction with peers, which are held while parents or relatives attend parent education classes;

(4) information on related community resources;

(5) information, materials, and activities that support the safety of children, including prevention of child abuse and neglect;

(6) a community needs assessment that identifies new and underserved populations, identifies child and family risk factors, particularly those that impact children's learning and development, and assesses family and parenting education needs in the community;

(7) programming and services that are tailored to the needs of families and parents prioritized in the community needs assessment; and

(8) information about and, if needed, assist in making arrangements for an early childhood health and developmental screening under sections 121A.16 and 121A.17, when the child nears the third birthday.

Early childhood family education programs should prioritize programming and services for families and parents identified in the community needs assessment, particularly those families and parents with children with the most risk factors birth to age three.

Early childhood family education programs are encouraged to provide parents of English learners with translated oral and written information to monitor the program's impact on their children's English language development, to know whether their children are progressing in developing their English and native language proficiency, and to actively engage with and support their children in developing their English and native language proficiency.

The programs must include learning experiences for children, parents, and other relatives that promote children's early literacy and, where practicable, their native language skills and activities for children that require substantial involvement of the children's parents or other relatives. The program may provide parenting education programming or services to anyone identified in the community needs assessment. Providers must review the program periodically to assure the instruction and materials are not racially, culturally, or sexually biased. The programs must encourage parents to be aware of practices that may affect equitable development of children.

(b) For the purposes of this section, "relative" or "relatives" means noncustodial grandparents or other persons related to a child by blood, marriage, adoption, or foster placement, excluding parents.

Sec. 4. Minnesota Statutes 2020, section 124D.142, is amended to read:

124D.142 QUALITY RATING AND IMPROVEMENT SYSTEM.

Subdivision 1. **System established.** ~~(a)~~ There is established a quality rating and improvement system (QRIS) framework, known as Parent Aware, to ensure that Minnesota's children have access to high-quality early learning and care programs in a range of settings so that they are fully ready for kindergarten ~~by 2020~~. ~~Creation of a standards-based voluntary quality rating and improvement system includes:~~

Subd. 2. **System components.** The standards-based, voluntary quality rating and improvement system includes:

(1) quality opportunities in order to improve the educational outcomes of children so that they are ready for school~~. The~~;

(2) a framework ~~shall be~~ based on the Minnesota quality rating system rating tool and a common set of child outcome and program standards and informed by evaluation results;

~~(2)~~ (3) a tool to increase the number of publicly funded and regulated early learning and care services in both public and private market programs that are high quality~~.~~;

(4) voluntary participation that ensures that if a program or provider chooses to participate, the program or provider will be rated and may receive public funding associated with the rating~~. The state shall develop a plan to link future early learning and care state funding to the framework in a manner that complies with federal requirements~~; and

~~(3)~~ (5) tracking progress toward statewide access to high-quality early learning and care programs, progress toward the number of low-income children whose parents can access quality programs, and progress toward increasing the number of children who are fully prepared to enter kindergarten.

~~(b) In planning a statewide quality rating and improvement system framework in paragraph (a), the state shall use evaluation results of the Minnesota quality rating system rating tool in use in fiscal year 2008 to recommend:~~

~~(1) a framework of a common set of child outcome and program standards for a voluntary statewide quality rating and improvement system;~~

~~(2) a plan to link future funding to the framework described in paragraph (a), clause (2); and~~

~~(3) a plan for how the state will realign existing state and federal administrative resources to implement the voluntary quality rating and improvement system framework. The state shall provide the recommendation in this paragraph to the early childhood education finance committees of the legislature by March 15, 2011.~~

~~(c) Prior to the creation of a statewide quality rating and improvement system in paragraph (a), the state shall employ the Minnesota quality rating system rating tool in use in fiscal year 2008 in the original Minnesota Early Learning Foundation pilot areas and additional pilot areas supported by private or public funds with its modification as a result of the evaluation results of the pilot project.~~

Subd. 3. **Evaluation.** (a) By February 1, 2022, the commissioner of human services must arrange an independent evaluation of the quality rating and improvement system's effectiveness and impact on:

(1) children's progress toward school readiness;

(2) the quality of the early learning and care system supply and workforce;

(3) parents' ability to access and use meaningful information about early learning and care program quality; and

(4) providers' ability to serve children and families, particularly those from racially, ethnically, or culturally diverse backgrounds.

(b) The evaluation must be performed by a staff member from another agency or a consultant. An evaluator must have experience in program evaluation and must not be regularly involved in implementation of the quality rating and improvement system.

(c) The evaluation findings, along with the commissioner's recommendations for revisions, potential future evaluations, and plans for continuous improvement, must be reported to the chairs and ranking members of the legislative committees with jurisdiction over early childhood programs by December 31, 2024.

(d) At a minimum, the evaluation must:

(1) analyze the effectiveness of the quality rating and improvement system, including but not limited to reviewing:

(i) whether quality indicators and measures used in the quality rating and improvement system are consistent with evidence and research findings on early learning and care program quality; and

(ii) patterns or differences in observed quality of participating early learning and care programs in comparison to programs at other quality rating and improvement system star rating levels and accounting for other factors;

(2) perform evidence-based assessments of children's developmental gains in ways that are appropriate for children's linguistic and cultural backgrounds and are aligned with the state early childhood indicators of progress;

(3) analyze the extent to which differences in developmental gains among children correspond to the star ratings of the early learning and care programs, providing disaggregated findings by:

(i) children's demographic factors, including geographic area, family income level, and racial and ethnic groups;

(ii) type of provider, including family child care providers, child care centers, Head Start and Early Head Start, and school-based early childhood providers; and

(iii) any other categories identified by the commissioner, in consultation with the commissioners of health and education or entity performing the evaluation;

(4) analyze the accessibility for providers to participate in the quality rating and improvement system, including ease of application and supports for a provider to receive or improve a rating, and provide disaggregated findings by children's demographic factors and type of provider, as each is defined in clause (3);

(5) analyze the availability of providers participating in the quality rating and improvement system to families, and provide disaggregated findings by children's demographic factors and type of provider, as each is defined in clause (3);

(6) analyze the degree to which the quality rating and improvement system does or does not account for racial, cultural, linguistic, and ethnic diversity when measuring quality; and

(7) analyze the impact of financial or administrative requirements of the quality rating and improvement system on family child care providers and child care providers serving racially, ethnically, and culturally diverse communities.

(e) The evaluation must include a comparison of the quality rating and improvement system with at least three other quality metric systems used in other states. The other metric systems chosen must incorporate methods of assessing and monitoring developmental and achievement benchmarks in early care and education settings to assess kindergarten readiness, including for racially, ethnically, and culturally diverse populations.

Subd. 4. **Equity reports.** (a) The Department of Human Services shall continue to participate in a process funded by an outside entity to engage a racially, ethnically, and geographically diverse group of stakeholders to create a Parent Aware racial equity action plan. The plan shall include strategies that beneficially impact children

and parents from racially and ethnically diverse communities; equitably support early learning and care providers to help them meet the Parent Aware rating requirements; and increase equity in the Parent Aware rating and improvement system. The department shall submit the Parent Aware racial equity action plan to the legislative committees with jurisdiction over early learning and care programs by February 1, 2022.

(b) The Department of Human Services shall conduct outreach to a racially, ethnically, and geographically diverse group of early learning and care providers to identify any barriers that prevent them from pursuing a Parent Aware rating. The department shall summarize and submit the results of the outreach, along with a plan for reducing those barriers, to the legislative committees with jurisdiction over early learning and care programs by February 1, 2022.

Sec. 5. Minnesota Statutes 2020, section 124D.151, subdivision 2, is amended to read:

Subd. 2. **Program requirements.** (a) A voluntary prekindergarten program provider must:

(1) provide instruction through play-based learning to foster children's social and emotional development, cognitive development, physical and motor development, and language and literacy skills, including the native language and literacy skills of English learners, to the extent practicable;

(2) measure each child's cognitive and social skills using a formative measure aligned to the state's early learning standards when the child enters and again before the child leaves the program, screening and progress monitoring measures, and other age-appropriate versions from the state-approved menu of kindergarten entry profile measures;

(3) provide comprehensive program content including the implementation of curriculum, assessment, and instructional strategies aligned with the state early learning standards, and kindergarten through grade 3 academic standards;

(4) provide instructional content and activities that are of sufficient length and intensity to address learning needs including offering a program with at least 350 hours of instruction per school year for a prekindergarten student;

(5) provide voluntary prekindergarten instructional staff salaries comparable to the salaries of local kindergarten through grade 12 instructional staff;

(6) coordinate appropriate kindergarten transition with families, community-based prekindergarten programs, and school district kindergarten programs;

(7) involve parents in program planning and transition planning by implementing parent engagement strategies that include culturally and linguistically responsive activities in prekindergarten through third grade that are aligned with early childhood family education under section 124D.13;

(8) coordinate with relevant community-based services, including health and social service agencies, to ensure children have access to comprehensive services;

(9) coordinate with all relevant school district programs and services including early childhood special education, homeless students, and English learners;

(10) ensure staff-to-child ratios of one-to-ten and a maximum group size of 20 children with at least one licensed teacher;

(11) provide high-quality coordinated professional development, training, and coaching for both school district and community-based early learning providers that is informed by a measure of adult-child interactions and enables teachers to be highly knowledgeable in early childhood curriculum content, assessment, native and English language development programs, and instruction; and

(12) implement strategies that support the alignment of professional development, instruction, assessments, and prekindergarten through grade 3 curricula.

(b) A voluntary prekindergarten program must have teachers knowledgeable in early childhood curriculum content, assessment, native and English language programs, and instruction.

(c) Districts and charter schools must include their strategy for implementing and measuring the impact of their voluntary prekindergarten program under section 120B.11 and provide results in their world's best workforce annual summary to the commissioner of education.

Sec. 6. Minnesota Statutes 2020, section 124D.151, subdivision 5, is amended to read:

Subd. 5. **Application process; priority for high poverty schools.** (a) ~~To qualify for program approval for fiscal year 2017, a district or charter school must submit an application to the commissioner by July 1, 2016.~~ To qualify for program approval ~~for fiscal year 2018 and later,~~ a district or charter school must submit an application to the commissioner by January 30 of the fiscal year prior to the fiscal year in which the program will be implemented. The application must include:

(1) a description of the proposed program, including the number of hours per week the program will be offered at each school site or mixed-delivery location;

(2) an estimate of the number of eligible children to be served in the program at each school site or mixed-delivery location; and

(3) a statement of assurances signed by the superintendent or charter school director that the proposed program meets the requirements of subdivision 2.

(b) The commissioner ~~must review all applications submitted for fiscal year 2017 by August 1, 2016, and~~ must review all applications ~~submitted for fiscal year 2018 and later~~ by March 1 of the fiscal year in which the applications are received and determine whether each application meets the requirements of paragraph (a).

(c) The commissioner must divide all applications for new or expanded voluntary prekindergarten programs under this section meeting the requirements of paragraph (a) ~~and school readiness plus programs~~ into four groups as follows: the Minneapolis and St. Paul school districts; other school districts located in the metropolitan equity region as defined in section 126C.10, subdivision 28; school districts located in the rural equity region as defined in section 126C.10, subdivision 28; and charter schools. Within each group, the applications must be ordered by rank using a sliding scale based on the following criteria:

(1) concentration of kindergarten students eligible for free or reduced-price lunches by school site on October 1 of the previous school year. A school site may contract to partner with a community-based provider or Head Start under subdivision 3 or establish an early childhood center and use the concentration of kindergarten students eligible for free or reduced-price meals from a specific school site as long as those eligible children are prioritized and guaranteed services at the mixed-delivery site or early education center. For school district programs to be operated at locations that do not have free and reduced-price lunch concentration data for kindergarten programs for October 1 of the previous school year, including mixed-delivery programs, the school district average concentration of kindergarten students eligible for free or reduced-price lunches must be used for the rank ordering;

(2) presence or absence of a three- or four-star Parent Aware rated program within the school district or close proximity of the district. School sites with the highest concentration of kindergarten students eligible for free or reduced-price lunches that do not have a three- or four-star Parent Aware program within the district or close proximity of the district shall receive the highest priority, and school sites with the lowest concentration of kindergarten students eligible for free or reduced-price lunches that have a three- or four-star Parent Aware rated program within the district or close proximity of the district shall receive the lowest priority; and

(3) whether the district has implemented a mixed delivery system.

(d) The limit on participation for the programs as specified in subdivision 6 must initially be allocated among the four groups based on each group's percentage share of the statewide kindergarten enrollment on October 1 of the previous school year. Within each group, the participation limit for fiscal years 2018 and 2019 must first be allocated to school sites approved for aid in the previous year to ensure that those sites are funded for the same number of participants as approved for the previous year. The remainder of the participation limit for each group must be allocated among school sites in priority order until that region's share of the participation limit is reached. If the participation limit is not reached for all groups, the remaining amount must be allocated to the highest priority school sites, as designated under this section, not funded in the initial allocation on a statewide basis. For fiscal year 2020 and later, the participation limit must first be allocated to school sites approved for aid in fiscal year 2017, and then to school sites approved for aid in fiscal year 2018 based on the statewide rankings under paragraph (c).

(e) ~~Once~~ A school site or a mixed delivery site under subdivision 3 ~~is~~ offering a voluntary prekindergarten or a school readiness plus program approved for aid under this subdivision~~, it~~ in fiscal year 2021 shall remain eligible for aid if it continues to meet program requirements, regardless of changes in the concentration of students eligible for free or reduced-price lunches.

(f) If the total number of participants approved based on applications submitted under paragraph (a) is less than the participation limit under subdivision 6, the commissioner must notify all school districts and charter schools of the amount that remains available within 30 days of the initial application deadline under paragraph (a), and complete a second round of allocations based on applications received within 60 days of the initial application deadline.

(g) Procedures for approving applications submitted under paragraph (f) shall be the same as specified in paragraphs (a) to (d), except that the allocations shall be made to the highest priority school sites not funded in the initial allocation on a statewide basis.

Sec. 7. Minnesota Statutes 2020, section 124D.151, subdivision 6, is amended to read:

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

(b) In reviewing applications under subdivision 5, the commissioner must limit the 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,~~ program to not more than 7,160 participants for fiscal years 2019, 2020, and 2021, and 3,160 participants for fiscal years 2022 and later.

Sec. 8. Minnesota Statutes 2020, section 124D.162, is amended to read:

124D.162 KINDERGARTEN READINESS ASSESSMENT.

Subdivision 1. **Implementation.** (a) The commissioner of education ~~may~~ must implement a kindergarten readiness assessment ~~representative~~ of incoming kindergartners~~.~~ to:

(1) identify preparedness of a child for success in school;

(2) inform instructional decision making;

(3) improve understanding of connections between kindergarten readiness and later academic achievement; and

(4) produce data that can assist in evaluation of the effectiveness of early childhood programs.

(b) The commissioner must provide districts and charter schools with a process for measuring the kindergarten readiness of incoming kindergartners on a comparable basis. The commissioner must approve one or more measurement tools for district and charter school use.

Subd. 2. **Assessment development.** The measurement tools used for assessment must be ~~based on the Department of Education Kindergarten Readiness Assessment at kindergarten entrance study~~ research-based, developmentally appropriate, valid and reliable, and aligned to the state early childhood indicators of progress and kindergarten academic standards.

Subd. 3. **Reporting.** Beginning in the 2022-2023 school year, every district and charter school must use the commissioner-provided process. Every district and charter school must annually report kindergarten readiness results under this section to the department in the form and manner determined by the commissioner concurrent with the district's and charter school's world's best workforce report under section 120B.11. The commissioner must publicly report kindergarten readiness results as part of the performance reports required under section 120B.36 and consistent with section 120B.35, subdivision 3, paragraph (a), clause (2).

Subd. 4. **Longitudinal data system.** Beginning with data reported on incoming kindergartners in the 2022-2023 school year, the commissioner must integrate kindergarten readiness data under this section into statewide longitudinal educational data systems.

Sec. 9. Minnesota Statutes 2020, section 124D.165, subdivision 2, is amended to read:

Subd. 2. **Family eligibility.** (a) For a family to receive an early learning scholarship, parents or guardians must meet the following eligibility requirements:

(1) have an eligible child; and

(2) have income equal to or less than 185 percent of federal poverty level income in the current calendar year, or be able to document their child's current participation in the free and reduced-price lunch program or Child and Adult Care Food Program, National School Lunch Act, United States Code, title 42, sections 1751 and 1766; the Food Distribution Program on Indian Reservations, Food and Nutrition Act, United States Code, title 7, sections 2011-2036; Head Start under the federal Improving Head Start for School Readiness Act of 2007; Minnesota family investment program under chapter 256J; child care assistance programs under chapter 119B; the supplemental nutrition assistance program; or placement in foster care under section 260C.212.

(b) An "eligible child" means a child who has not yet enrolled in kindergarten and is~~:~~ not yet five years of age on September 1 of the current school year.

~~(1) at least three but not yet five years of age on September 1 of the current school year;~~

~~(2) a sibling from birth to age five of a child who has been awarded a scholarship under this section provided the sibling attends the same program as long as funds are available;~~

~~(3) the child of a parent under age 21 who is pursuing a high school degree or a course of study for a high school equivalency test; or~~

~~(4) homeless, in foster care, or in need of child protective services.~~

(c) Notwithstanding the priorities outlined in subdivision 3 of this section, a child who has received a scholarship under this section must continue to receive a scholarship each year until that child is eligible for kindergarten under section 120A.20 and as long as funds are available.

(d) Early learning scholarships may not be counted as earned income for the purposes of medical assistance under chapter 256B, MinnesotaCare under chapter 256L, Minnesota family investment program under chapter 256J, child care assistance programs under chapter 119B, or Head Start under the federal Improving Head Start for School Readiness Act of 2007.

(e) A child from an adjoining state whose family resides at a Minnesota address as assigned by the United States Postal Service, who has received developmental screening under sections 121A.16 to 121A.19, who intends to enroll in a Minnesota school district, and whose family meets the criteria of paragraph (a) is eligible for an early learning scholarship under this section.

Sec. 10. Minnesota Statutes 2020, section 124D.165, subdivision 3, is amended to read:

Subd. 3. **Administration.** (a) The commissioner shall establish application timelines and determine the schedule for awarding scholarships that meets operational needs of eligible families and programs. The commissioner must ~~give highest priority to~~ prioritize applications from children ~~who~~ as follows:

(1) first priority is children who have a parent under age 21 who is pursuing a high school diploma or a course of study for a high school equivalency test, are in foster care or otherwise in need of protection or services, or have experienced homelessness in the last 24 months, as defined under the federal McKinney-Vento Homeless Assistance Act, United States Code, title 42, section 11434a;

(2) ~~are in foster care or otherwise in need of protection or services; or~~ second priority is children who are from birth through age two; and

(3) ~~have experienced homelessness in the last 24 months, as defined under the federal McKinney-Vento Homeless Assistance Act, United States Code, title 42, section 11434a~~ third priority is children who are age three or four.

The commissioner may prioritize applications on additional factors including family income, geographic location, and whether the child's family is on a waiting list for a publicly funded program providing early education or child care services.

(b) The commissioner shall establish a target for the average scholarship amount per child based on the results of the rate survey conducted under section 119B.02.

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

(d) A scholarship is awarded for a 12-month period. If the scholarship recipient has not been accepted and subsequently enrolled in a rated program within ~~ten~~ three months of the awarding of the scholarship, the scholarship cancels and the recipient must reapply in order to be eligible for another scholarship. If a family is unable to enroll in an eligible program within three months, they may request an extension based on an established set of criteria that would be developed under the commissioner's authority. 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, a school district or Head Start program enrolling scholarship recipients under paragraph (c) may apply to the commissioner, in the form and manner prescribed by the commissioner, for direct payment of state aid. Upon receipt of the application, the commissioner must pay each program directly for each approved scholarship recipient enrolled under paragraph (c) according to the metered payment system or another schedule established by the commissioner.

Sec. 11. **[124D.166] LIMIT ON SCREEN TIME FOR CHILDREN IN PRESCHOOL AND KINDERGARTEN.**

A child in a publicly funded preschool or kindergarten program may not use an individual-use screen, such as a tablet, smartphone, or other digital media, without engagement from a teacher or other students. This section does not apply to a child for whom the school has in effect an individualized family service plan or an individualized education program.

Sec. 12. Minnesota Statutes 2020, section 126C.05, subdivision 1, is amended to read:

Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c), in average daily membership enrolled in the district of residence, in another district under sections 123A.05 to 123A.08, 124D.03, 124D.08, or 124D.68; in a charter school under chapter 124E; or for whom the resident district pays tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be counted according to this subdivision.

(a) A prekindergarten pupil with a disability who is enrolled in a program approved by the commissioner and has an individualized education program is counted as the ratio of the number of hours of assessment and education service to 825 times 1.0 with a minimum average daily membership of 0.28, but not more than 1.0 pupil unit.

(b) A prekindergarten pupil who is assessed but determined not to be disabled is counted as the ratio of the number of hours of assessment service to 825 times 1.0.

(c) A kindergarten pupil with a disability who is enrolled in a program approved by the commissioner is counted as the ratio of the number of hours of assessment and education services required in the fiscal year by the pupil's individualized education program to 875, but not more than one.

(d) A prekindergarten pupil who is not included in paragraph (a) or (b) and is enrolled in an approved voluntary prekindergarten program under section 124D.151 is counted as the ratio of the number of hours of instruction to 850 times 1.0, but not more than 0.6 pupil units.

(e) A kindergarten pupil who is not included in paragraph (c) is counted as 1.0 pupil unit if the pupil is enrolled in a free all-day, every day kindergarten program available to all kindergarten pupils at the pupil's school that meets the minimum hours requirement in section 120A.41, or is counted as .55 pupil unit, if the pupil is not enrolled in a free all-day, every day kindergarten program available to all kindergarten pupils at the pupil's school.

(f) A pupil who is in any of grades 1 to 6 is counted as 1.0 pupil unit.

(g) A pupil who is in any of grades 7 to 12 is counted as 1.2 pupil units.

(h) A pupil who is in the postsecondary enrollment options program is counted as 1.2 pupil units.

~~(i) For fiscal years 2018 through 2021, A prekindergarten pupil who:~~

~~(1) is not included in paragraph (a), (b), or (d);~~

~~(2) is enrolled in a school readiness plus program under Laws 2017, First Special Session chapter 5, article 8, section 9; and~~

~~(3) has one or more of the risk factors specified by the eligibility requirements for a school readiness plus program,~~

~~is counted as the ratio of the number of hours of instruction to 850 times 1.0, but not more than 0.6 pupil units. A pupil qualifying under this paragraph must be counted in the same manner as a voluntary prekindergarten student for all general education and other school funding formulas.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2022 and later.

Sec. 13. Minnesota Statutes 2020, section 126C.05, subdivision 3, is amended to read:

Subd. 3. **Compensation revenue pupil units.** Compensation revenue pupil units for fiscal year 1998 and thereafter must be computed according to this subdivision.

(a) The compensation revenue concentration percentage for each building in a district equals the product of 100 times the ratio of:

(1) the sum of the number of pupils enrolled in the building eligible to receive free lunch plus one-half of the pupils eligible to receive reduced priced lunch on October 1 of the previous fiscal year; to

(2) the number of pupils enrolled in the building on October 1 of the previous fiscal year.

(b) The compensation revenue pupil weighting factor for a building equals the lesser of one or the quotient obtained by dividing the building's compensation revenue concentration percentage by 80.0.

(c) The compensation revenue pupil units for a building equals the product of:

(1) the sum of the number of pupils enrolled in the building eligible to receive free lunch and one-half of the pupils eligible to receive reduced priced lunch on October 1 of the previous fiscal year; times

(2) the compensation revenue pupil weighting factor for the building; times

(3) .60.

(d) Notwithstanding paragraphs (a) to (c), for voluntary prekindergarten programs under section 124D.151, charter schools, and contracted alternative programs in the first year of operation, compensation revenue pupil units shall be computed using data for the current fiscal year. If the voluntary prekindergarten program, charter school, or contracted alternative program begins operation after October 1, compensatory revenue pupil units shall be computed based on pupils enrolled on an alternate date determined by the commissioner, and the compensation revenue pupil units shall be prorated based on the ratio of the number of days of student instruction to 170 days.

~~(e) Notwithstanding paragraphs (a) to (c), for voluntary prekindergarten seats discontinued in fiscal year 2022 due to the reduction in the participation limit under section 124D.151, subdivision 6, those discontinued seats must not be used to calculate compensation revenue pupil units for fiscal year 2022.~~

~~(f)~~ (e) The percentages in this subdivision must be based on the count of individual pupils and not on a building average or minimum.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2022 and later.

Sec. 14. **AFFORDABLE, HIGH-QUALITY EARLY CARE AND EDUCATION FOR ALL FAMILIES.**

It is the goal of the state for all families to have access to affordable, high-quality early care and education, for children from birth up to age five, that enriches, nurtures, and supports children and their families. The goal will be achieved by:

(1) creating a system under which no family pays more than seven percent of its income for early care and education;

(2) ensuring that a child's access to high-quality early care and education is not determined by the child's race, income, or zip code; and

(3) increasing compensation, credentials, and professional development opportunities for the early care and education workforce.

Sec. 15. **GREAT START FOR ALL MINNESOTA CHILDREN TASK FORCE.**

Subdivision 1. **Establishment.** The Great Start for All Minnesota Children Task Force is established to develop strategies that will meet the goal of all families in the state having access to affordable, high-quality early care and education, for children from birth up to age five, that enriches, nurtures, and supports children and their families.

Subd. 2. **Membership.** (a) The task force shall consist of the following 21 voting members, appointed by the governor or governor's designee, except as otherwise specified:

(1) two members of the house of representatives, appointed first from the majority party by the speaker of the house and second from the minority party by the minority leader. One of the members must represent a district outside of the seven-county metropolitan area, and one member must represent a district that includes the seven-county metropolitan area. The appointment by the minority leader must ensure that the requirement for geographic diversity in appointments is met;

(2) two members of the senate, appointed first from the majority party by the majority leader and second from the minority party by the minority leader. One of the members must represent a district outside of the seven-county metropolitan area, and one member must represent a district that includes the seven-county metropolitan area. The appointment by the minority leader must ensure that the requirement for geographic diversity in appointments is met;

(3) one individual who is the director of a licensed child care center with at least 50 percent of its enrolled children eligible for or currently receiving public assistance for early care and education;

(4) two individuals who are license holders of family child care programs, one from greater Minnesota and one from the seven-county metropolitan area;

(5) one individual who is both a licensed early childhood teacher and a member of a licensed early childhood educator union;

(6) two parents of children under the age of five who are enrolled in early care and education programs, one parent from greater Minnesota and one parent from the seven-county metropolitan area;

(7) one representative of an organization that organizes licensed child care centers and employees;

(8) one representative from the statewide child care resource and referral network, known as Child Care Aware;

(9) one representative of a trade organization representing the interests of licensed child care centers;

(10) one representative of a federally recognized Tribe;

(11) one representative from the Minnesota Association of County Social Service Administrators;

(12) one nationally recognized expert in early care and education financing;

(13) one representative from an association representing small business interests;

(14) one representative of a statewide advocacy organization that supports and promotes early childhood education and welfare;

(15) one representative from the Minnesota Head Start Association;

(16) one representative from an organization representing community education directors; and

(17) one representative from the Children's Cabinet.

(b) One representative from each of the following state agencies shall serve as a nonvoting member of the task force who participates in meetings and provides data and information to the task force upon request:

(1) the Department of Education;

(2) the Department of Employment and Economic Development;

(3) the Department of Health;

(4) the Department of Human Services;

(5) the Department of Labor and Industry;

(6) the Department of Management and Budget; and

(7) the Department of Revenue.

Subd. 3. **Administration.** (a) The governor must select a chair or cochairs for the task force from among the voting members. The first task force meeting shall be convened by the chair or cochairs and held no later than September 1, 2021. Thereafter, the chair or cochairs shall convene the task force at least monthly and may convene other meetings as necessary. The chair or cochairs shall convene meetings in a manner to allow for access from diverse geographic locations in Minnesota.

(b) Members of the task force shall serve without compensation.

(c) The commissioner of management and budget shall provide staff and administrative services for the task force.

(d) The task force shall expire upon submission of the final report required under subdivision 8.

(e) The duties of the task force in this section shall be transferred to an applicable state agency if specifically authorized under law to carry out such duties.

(f) The task force is subject to Minnesota Statutes, chapter 13D.

Subd. 4. **Plan development.** (a) The task force must develop a plan to achieve the goal outlined in subdivision 1 by 2031. The plan must incorporate strategies that:

(1) create a system under which no family pays more than seven percent of its income for early care and education;

(2) ensure that a child's access to high-quality early care and education is not determined by the child's race, income, or zip code; and

(3) increase compensation to at least a livable wage and increase professional development and credentialing opportunities for the early care and education workforce, which includes but is not limited to early educators working in Head Start, family child care programs, child care centers, school-based programs, and early childhood special education.

(b) Development of the strategies must incorporate or otherwise take into account the factors identified in subdivisions 5 and 6.

Subd. 5. **Affordable, high-quality early care and education.** In developing the plan under subdivision 4, the task force must:

(1) identify the benefit mechanisms, financing mechanisms, and infrastructure under which families will access financial assistance so early care and education is affordable;

(2) describe how the plan will be administered, including the roles for state agencies, local government agencies, and community-based organizations;

(3) describe how the plan will maintain and encourage the further development of Minnesota's mixed-delivery system for early care and education;

(4) consider the recommendations from previous work including the Transforming Minnesota's Early Childhood Workforce project;

(5) consider how provider payment rates will be determined and updated under a seven percent cap; and

(6) consider how the state can develop and implement diverse methods of assessing and monitoring developmental and achievement benchmarks in early care and education settings to assess kindergarten readiness.

Subd. 6. **Workforce compensation.** In developing the plan under subdivision 4, the task force must:

(1) endeavor to preserve and increase racial and ethnic equity and diversity in the early care and education workforce and recognize the value of cultural competency and multilingualism;

(2) include a salary floor that supports recruitment and retention of a qualified workforce in every early care and education setting;

(3) consider the need for and development of a mechanism that ties provider reimbursement rates to employee compensation;

(4) consider how compensation standards for early educators will apply at both child care centers and family child care programs;

(5) increase compensation to incentivize advancements in relevant higher education credentials, training, years of experience, and credential equivalencies, including certified demonstrations of competencies developed through apprenticeships, peer learning models, and community-based training; and

(6) set compensation for the early care and education workforce by reference to compensation for licensed elementary school teachers, and consider differentiating base compensation for:

(i) varying levels of responsibility, including but not limited to center directors, assistant directors, lead teachers, assistant teachers, paraprofessionals, family child care license holders, second adult caregivers, substitutes, and helpers; and

(ii) different geographic areas of the state.

Subd. 7. **Implementation timeline.** The task force must develop an implementation timeline for the plan developed under subdivision 4 that phases in the plan over a period of no more than six years, beginning in July 2025 and finishing no later than July 2031. In developing the implementation timeline, the task force must consider:

(1) how to simultaneously apply the seven percent cap to as many families as possible while minimizing disruptions in the availability and cost of currently available early care and education arrangements;

(2) the capacity for the state to increase the availability of different types of early care and education settings from which a family may choose;

(3) how the inability to afford and access early care and education settings disproportionately affects certain populations; and

(4) how to provide additional targeted investments for early care and education providers serving a high proportion of families currently eligible for or receiving public assistance for early care and education.

Subd. 8. **Required reports.** By July 1, 2022, the task force must submit to the governor and legislative committees with jurisdiction over early childhood programs preliminary findings and draft implementation plans pursuant to the plan required under subdivision 4. By February 1, 2023, the task force must submit to the governor and legislative committees with jurisdiction over early childhood programs final recommendations and implementation plans pursuant to subdivision 4.

Sec. 16. **DIRECTION TO THE CHILDREN'S CABINET; EARLY CHILDHOOD GOVERNANCE REPORT.**

Subdivision 1. **Recommendations.** The Children's Cabinet shall develop recommendations on the governance of programs relating to early childhood development, care, and learning, including how such programs could be consolidated into an existing state agency or a new state Department of Early Childhood. The recommendations shall address the impact of such a consolidation on:

(1) state efforts to ensure that all Minnesota children are kindergarten-ready, with race, income, and zip code no longer predictors of school readiness;

(2) coordination and alignment among programs;

(3) the effort required of families to receive services to which they are entitled;

(4) the effort required of service providers to participate in childhood programs; and

(5) the articulation between early care and education programs and the kindergarten through grade 12 system.

Subd. 2. **Public input.** In developing the recommendations required under subdivision 1, the Children's Cabinet must provide for a community engagement process to seek input from the public and stakeholders.

Subd. 3. **Report.** (a) The Children's Cabinet shall produce a report that includes:

(1) the recommendations required under subdivision 1;

(2) the explanations and reasoning behind such recommendations;

(3) a description of the community engagement process required under subdivision 2; and

(4) a summary of the feedback received from the public and early care and education stakeholders through the community engagement process.

(b) The Children's Cabinet may arrange for consultants to assist with the development of the report.

(c) By February 1, 2022, the Children's Cabinet shall submit the report to the governor and the legislative committees with jurisdiction over early childhood programs.

Sec. 17. **DIRECTION TO THE CHILDREN'S CABINET; EVALUATION OF THE USE OF FEDERAL MONEY.**

(a) The Children's Cabinet, with the assistance of the commissioners of human services, education, and employment and economic development, shall conduct an evaluation of the use of federal money received pursuant to the American Rescue Plan Act of 2021 (Public Law 117-2), the Coronavirus Response and Relief Supplemental Appropriations Act of 2020 (Public Law 116-260), and the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136) to address the state's needs in the area of early care and education. The Children's Cabinet may arrange for consultants to assist with the evaluation.

(b) The evaluation shall address at least the following topics with results disaggregated, to the extent practicable, by age, race, ethnicity, and geographic areas of the state:

(1) changes in the number of children who are able to access early care and education programs, including children from the following categories: those from low-income families; those who have disabilities or developmental delays; those who are English language learners; those who are members of American Indian Tribes; and those who are migrant, homeless, in foster care, or are in need of child protective services;

(2) changes in the supply of early care and education, particularly in areas of the state with shortages of early care and education;

(3) changes in the quality of early care and education programs, as measured pursuant to the state's quality rating and improvement system under Minnesota Statutes, section 124D.142; and

(4) changes in the average compensation and credentials of the early care and education workforce.

(c) The Children's Cabinet shall submit interim findings of the evaluation to the governor and the legislative committees with jurisdiction over early childhood programs by February 1 in each of calendar years 2022, 2023, and 2024. The Children's Cabinet shall submit a final report to the governor and the legislative committees with jurisdiction over early childhood programs by February 1, 2025.

Sec. 18. **REPEALER.**

Laws 2017, First Special Session chapter 5, article 8, section 9, is repealed.

ARTICLE 5
APPROPRIATIONS; EARLY EDUCATION

Section 1. **MINNESOTA MANAGEMENT AND BUDGET.**

(a) $500,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of management and budget for the Great Start for All Minnesota Children Task Force. This is a onetime appropriation.

(b) $250,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of management budget for the early childhood governance report. This is a onetime appropriation.

Sec. 2. **DEPARTMENT OF EDUCATION.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **School readiness.** (a) For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

$33,683,000	. . . . .	2022
$33,683,000	. . . . .	2023

(b) The 2022 appropriation includes $3,368,000 for fiscal year 2021 and $30,315,000 for fiscal year 2022.

(c) The 2023 appropriation includes $3,368,000 for fiscal year 2022 and $30,315,000 for fiscal year 2023.

Subd. 3. **Early learning scholarships.** (a) For the early learning scholarship program under Minnesota Statutes, section 124D.165:

$88,949,000	. . . . .	2022
$88,949,000	. . . . .	2023

(b) This appropriation is subject to the requirements under Minnesota Statutes, section 124D.165, subdivision 6.

(c) The base for each of fiscal years 2024 and 2025 is $89,997,000.

Subd. 4. **Head Start program.** For Head Start programs under Minnesota Statutes, section 119A.52:

$25,100,000	. . . . .	2022
$25,100,000	. . . . .	2023

Subd. 5. **Early childhood family education aid.** (a) For early childhood family education aid under Minnesota Statutes, section 124D.135:

$33,772,000	. . . . .	2022
$34,055,000	. . . . .	2023

(b) The 2022 appropriation includes $3,339,000 for fiscal year 2021 and $30,433,000 for fiscal year 2022.

(c) The 2023 appropriation includes $3,381,000 for fiscal year 2022 and $30,674,000 for fiscal year 2023.

Subd. 6. **Developmental screening aid.** (a) For developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

$3,582,000	. . . . .	2022
$3,476,000	. . . . .	2023

(b) The 2022 appropriation includes $360,000 for fiscal year 2021 and $3,222,000 for fiscal year 2022.

(c) The 2023 appropriation includes $358,000 for fiscal year 2022 and $3,118,000 for fiscal year 2023.

Subd. 7. **ParentChild+ program.** (a) For a grant to the ParentChild+ program:

$1,500,000	. . . . .	2022
$1,500,000	. . . . .	2023

(b) The ParentChild+ program must use the grant to implement its evidence-based and research-validated early childhood literacy and school readiness program for children ages 16 months to four years. The program must be implemented at existing ParentChild+ program locations, including Cass County, Hennepin County, and Rice County, and the cities of Rochester and St. Cloud, or at any new rural, suburban, or urban locations.

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

Subd. 8. **Kindergarten readiness assessment.** (a) For the kindergarten readiness assessment under Minnesota Statutes, section 124D.162:

$1,781,000	. . . . .	2022
$1,781,000	. . . . .	2023

(b) The base for each of fiscal years 2024 and 2025 is $1,500,000.

Subd. 9. **Quality rating and improvement system.** (a) For transfer to the commissioner of human services for the purposes of expanding the quality rating and improvement system under Minnesota Statutes, section 124D.142, in greater Minnesota and increasing supports for providers participating in the quality rating and improvement system:

$1,750,000	. . . . .	2022
$1,750,000	. . . . .	2023

(b) The amounts in paragraph (a) must be in addition to any federal funding under the child care and development block grant authorized under Public Law 101-508 in that year for the system under Minnesota Statutes, section 124D.142.

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

Subd. 10. **Early childhood programs at Tribal contract schools.** For early childhood family education programs at Tribal contract schools under Minnesota Statutes, section 124D.83, subdivision 4:

$68,000	. . . . .	2022
$68,000	. . . . .	2023

Subd. 11. **Educate parents partnership.** For the educate parents partnership under Minnesota Statutes, section 124D.129:

$49,000	. . . . .	2022
$49,000	. . . . .	2023

Subd. 12. **Home visiting aid.** (a) For home visiting aid under Minnesota Statutes, section 124D.135:

$462,000	. . . . .	2022
$444,000	. . . . .	2023

(b) The 2022 appropriation includes $47,000 for fiscal year 2021 and $415,000 for fiscal year 2022.

(c) The 2023 appropriation includes $46,000 for fiscal year 2022 and $398,000 for fiscal year 2023.

Subd. 13. **Reach Out and Read Minnesota.** (a) For a grant to support Reach Out and Read Minnesota to expand its statewide program that encourages early childhood development through a network of health care clinics:

$150,000	. . . . .	2022
$150,000	. . . . .	2023

(b) The grant recipient must implement a plan that includes:

(1) integrating children's books and parent education into well-child visits;

(2) creating literacy-rich environments at clinics, including books for visits outside of Reach Out and Read Minnesota parameters or for waiting room use or volunteer readers to model read-aloud techniques for parents where possible;

(3) working with public health clinics, federally qualified health centers, Tribal sites, community health centers, and clinics that belong to health care systems, as well as independent clinics in underserved areas; and

(4) training medical professionals on speaking with parents of infants, toddlers, and preschoolers on the importance of early literacy.

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

Subd. 14. **Early childhood Tribal education and engagement grants.** (a) For grants to the 11 Tribal Nations located in Minnesota to provide programming and services for parents and children who are enrolled or eligible for enrollment in a federally recognized Tribe. Admission may not be limited to those enrolled or eligible for enrollment in a federally recognized Tribe:

$3,300,000	. . . . .	2022
$3,300,000	. . . . .	2023

(b) Grant funds must be used to support programming and services in one or more of three focus areas:

(1) implementing strategies to support comprehensive, authentic family engagement and education;

(2) implementing strategies to increase language and literacy outcomes through language revitalization efforts; or

(3) implementing strategies supporting the recruitment and retention of prospective American Indian teachers and enhancing the practice of current American Indian teachers and adults who work in Tribal communities through deep pedagogical professional development.

(c) Each Tribal Nation may apply to the department for grants of up to $100,000 per focus area for a maximum amount of $285,000. Each Tribal Nation grant recipient must submit an annual proposal to the commissioner that outlines specific strategies for providing early childhood family engagement and education programs and outreach.

(d) The department will provide technical assistance to the grant recipients by designing, in collaboration with the 11 Tribal Nations, guidance that includes potential strategies and examples of comprehensive, coherent approaches.

(e) Each Tribe awarded a grant will submit an annual report to the commissioner on July 1 on the numbers of families and children participating and measurable outcomes on engagement, language revitalization, and supporting American Indian teachers in Tribal communities.

(f) Up to five percent is reserved to the department for program and grant administration.

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

ARTICLE 6
APPROPRIATIONS; HEALTH AND HUMAN SERVICES

Section 1. **HEALTH AND HUMAN SERVICES 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 "2022" and "2023" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively. "The first year" is fiscal year 2022. "The second year" is fiscal year 2023. "The biennium" is fiscal years 2022 and 2023.

	APPROPRIATIONS Available for the Year Ending June 30	
	2022	**2023**
Sec. 2. **COMMISSIONER OF HUMAN SERVICES**		
Subdivision 1. **Total Appropriation**	**$160,654,000**	**$168,241,000**

Appropriations by Fund

	2022	2023
General	160,654,000	168,241,000

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

Subd. 2. **Central Office; Operations**

	Appropriations by Fund	
General	1,185,000	1,511,000

(a) **Ombudsperson for Child Care Providers.** $120,000 in fiscal year 2022 and $126,000 in fiscal year 2023 are for an ombudsperson for child care providers under Minnesota Statutes, section 119B.27.

(b) **Base Level Adjustment.** The general fund base is increased by $1,511,000 in fiscal year 2024 and $152,000 in fiscal year 2025.

Subd. 3. **Forecasted Programs; MFIP Child Care Assistance**	103,559,000	110,880,000
Subd. 4. **Grant Programs; Basic Sliding Fee Child Care Assistance Grants**	53,593,000	53,593,000
Subd. 5. **Grant Programs; Child Care Development Grants**	2,317,000	2,257,000

(a) **TEACH Grant Program.** $500,000 in fiscal year 2022 and $500,000 in fiscal year 2023 are for TEACH program grants under Minnesota Statutes, section 136A.128.

(b) **Peer Mentoring Program for Licensed Family Child Care Providers.** $30,000 in fiscal year 2022 and $20,000 in fiscal year 2023 are for a grant to the Minnesota Child Care Provider Information Network for establishing a peer mentoring program for licensed family child care providers in the state. The grant money must be used to revise and update peer mentoring program curricula, recruit and train mentors and program participants, and support mentors and active mentoring. The Minnesota Child Care Provider Information Network must submit to the commissioner an initial report describing the program's implementation progress and financial accounting by September 1, 2022, and a final report must be submitted by June 30, 2023. Any unexpended balance in the first year does not cancel and is available in the second year. This is a onetime appropriation.

(c) **Report on Foster Children Participation in Early Childhood Programs.** $50,000 in fiscal year 2022 is for interim and final reports on foster children's participation in early childhood programs. This is a onetime appropriation and is available until June 30, 2023.

(d) **Child Care Center Regulation Modernization.** $577,000 in fiscal year 2022 and $741,000 in fiscal year 2023 are for the child care center regulation modernization project. This is a onetime appropriation and remains available until June 30, 2024.

(e) **Family Child Care Regulation Modernization.** $478,000 in fiscal year 2022 and $642,000 in fiscal year 2023 are for the family child care regulation modernization project. This is a onetime appropriation and remains available until June 30, 2024.

(f) **Base Level Adjustment.** The general fund base is $2,237,000 in fiscal year 2024 and $2,237,000 in fiscal year 2025.

Sec. 3. **DIRECTION TO THE COMMISSIONER OF HUMAN SERVICES; CHILD CARE AND DEVELOPMENT BLOCK GRANT ALLOCATION.**

(a) The commissioner of human services shall allocate $212,400,000 from the child care development block grant amount in the federal fund as follows:

(1) $1,650,000 for the quality rating and improvement system's evaluation under Minnesota Statutes, section 124D.142, subdivision 3; and

(2) the remaining amount to reprioritize the basic sliding fee program waiting list under Minnesota Statutes, section 119B.03, to increase child care assistance rates for legal, nonlicensed family child care providers under Minnesota Statutes, section 119B.13, subdivision 1a, and to increase child care assistance rates under Minnesota Statutes, section 119B.13, subdivision 1, paragraph (a), to the 50th percentile of the most recent market rate survey. The commissioner may not increase the rate differential percentage established under Minnesota Statutes, section 119B.13, subdivision 3a or 3b.

(b) Each year, an amount equal to at least 88 percent of the federal discretionary funding in the Child Care Development Block Grant of 2014, Public Law 113-186, in federal fiscal year 2018 above the amounts authorized in federal fiscal year 2017, not to exceed the cost of rate adjustments, shall be allocated to pay the cost of rate adjustments based on the most recent market survey.

(c) When increased federal discretionary child care development block grant funding is used to pay for the rate increase under paragraph (a), the commissioner, in consultation with the commissioner of management and budget, may adjust the amount of working family credit expenditures as needed to meet the state's maintenance of effort requirements for the TANF block grant.

Sec. 4. **DIRECTION TO THE COMMISSIONER OF HUMAN SERVICES; CHILD CARE STABILIZATION.**

The commissioner shall allocate $325,000,000 from the child care development block grant amount in the federal fund for the following purposes:

(1) $1,500,000 for the Children's Cabinet to conduct an evaluation of the use of federal money on early care and learning programs;

(2) $500,000 to award grants to community-based organizations working with family, friend, and neighbor caregivers, with a particular emphasis on such caregivers serving children from low-income families, families of color, Tribal communities, or families with limited English language proficiency, to promote healthy development, social-emotional learning, early literacy, and school readiness;

(3) $100,000 for a grant program to test strategies by which family child care providers could share services;

(4) $500,000 for competitive grants to expand access to child care for children with disabilities;

(5) $5,000,000 for child care improvement grants under Minnesota Statutes, section 119B.25;

(6) $5,000,000 for administering the monthly grants under clause (7); and

(7) the remaining amount to award monthly grants, between July 1, 2021, and June 30, 2023, to providers of early care and education to support the stability of the sector, with providers required to direct 75 percent of such grants to employees or other individuals providing early care and education services.

Sec. 5. **FEDERAL FUNDS REPLACEMENT; APPROPRIATION.**

Notwithstanding any law to the contrary, the commissioner of management and budget must determine whether the expenditures authorized under this act are eligible uses of federal funding received under the Coronavirus State Fiscal Recovery Fund or any other federal funds received by the state under the American Rescue Plan Act, Public Law 117-2. If the commissioner of management and budget determines an expenditure is eligible for funding under Public Law 117-2, the amount of the eligible expenditure is appropriated from the account where those amounts have been deposited and the corresponding general fund amounts appropriated under this act are canceled to the general fund.

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

Delete the title and insert:

"A bill for an act relating to early childhood; making changes to child care assistance, child care licensing, health and human services policies, and early education programs; requiring reports; appropriating money; amending Minnesota Statutes 2020, sections 119A.52; 119B.03, subdivisions 4, 6; 119B.09, subdivision 4; 119B.11, subdivision 2a; 119B.125, subdivision 1; 119B.13, subdivisions 1, 1a, 6, 7; 119B.25, subdivision 3; 124D.13, subdivision 2; 124D.142; 124D.151, subdivisions 2, 5, 6; 124D.162; 124D.165, subdivisions 2, 3; 126C.05, subdivisions 1, 3; 136A.128, subdivisions 2, 4; 144.225, subdivision 2; 245A.14, subdivision 4; 245A.50, subdivisions 7, 9; proposing coding for new law in Minnesota Statutes, chapters 119B; 122A; 124D; 245; repealing Minnesota Statutes 2020, sections 119B.04; 119B.125, subdivision 5; Laws 2017, First Special Session chapter 5, article 8, section 9."

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

The report was adopted.

Mariani from the Committee on Public Safety and Criminal Justice Reform Finance and Policy to which was referred:

S. F. No. 304, A bill for an act relating to public safety; requiring a policy for the use of confidential informants; proposing coding for new law in Minnesota Statutes, chapter 626.

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

The report was adopted.

Pursuant to Joint Rule 2.03 and in accordance with House Concurrent Resolution No. 4, S. F. No. 304 was re-referred to the Committee on Rules and Legislative Administration.

SECOND READING OF SENATE BILLS

S. F. No. 1020 was read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Albright introduced:

H. F. No. 2511, A bill for an act relating to health; prohibiting the requirement of vaccine passports for COVID-19 immunization status.

The bill was read for the first time and referred to the Committee on Health Finance and Policy.

Anderson introduced:

H. F. No. 2512, A bill for an act relating to capital investment; appropriating money for capital improvements to the Central Square Cultural and Civic Center in the city of Glenwood.

The bill was read for the first time and referred to the Committee on Workforce and Business Development Finance and Policy.

Robbins introduced:

H. F. No. 2513, A bill for an act relating to public safety; regulating the lawful possession, purchase, and transfer of firearms and ammunition; establishing mandatory minimum sentences; creating new criminal offenses; providing procedures for restoring firearms rights; amending Minnesota Statutes 2020, sections 609.165, subdivision 1b; 609.505, by adding a subdivision; 624.712, subdivision 5; 624.713, subdivisions 1, 2, by adding a subdivision; 624.7141, subdivisions 2, 3; proposing coding for new law in Minnesota Statutes, chapter 609; repealing Minnesota Statutes 2020, section 624.713, subdivision 4.

The bill was read for the first time and referred to the Committee on Public Safety and Criminal Justice Reform Finance and Policy.

O'Driscoll introduced:

H. F. No. 2514, A bill for an act relating to retirement; Minnesota State Retirement System unclassified plan; temporarily extending the grandfather provision regarding actuarial assumptions used to compute an annuity; amending Minnesota Statutes 2020, section 352D.06, subdivision 1.

The bill was read for the first time and referred to the Committee on State Government Finance and Elections.

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 524 and 1470.

CAL R. LUDEMAN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 524, A bill for an act relating to the State Building Code; modifying state building code applicability and fire sprinkler requirements for public places of accommodation; amending Minnesota Statutes 2020, section 326B.108, subdivisions 1, 3, by adding a subdivision.

The bill was read for the first time.

Marquart moved that S. F. No. 524 and H. F. No. 1015, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1470, A bill for an act relating to emergency powers; nullifying Executive Order 20-79; prohibiting the governor from issuing modifications to landlord and tenant law; providing for a phaseout of the eviction moratorium; prohibiting eviction actions for nonpayment of rent against tenants with pending applications for rental assistance; modifying requirements of 504B; proposing coding for new law in Minnesota Statutes, chapter 12.

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

CALENDAR FOR THE DAY

H. F. No. 164 was reported to the House.

Swedzinski moved to amend H. F. No. 164, the first engrossment, as follows:

Page 2, line 32, delete "2.5" and reinstate the stricken "1.5"

A roll call was requested and properly seconded.

The question was taken on the Swedzinski amendment and the roll was called. There were 62 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Akland	Demuth	Hamilton	Lueck	O'Driscoll	Schomacker
Anderson	Dettmer	Heinrich	McDonald	Olson, B.	Scott
Backer	Drazkowski	Heintzeman	Mekeland	O'Neill	Swedzinski
Bahr	Erickson	Hertaus	Miller	Petersburg	Theis
Baker	Franke	Igo	Mortensen	Pfarr	Torkelson
Bennett	Franson	Johnson	Mueller	Pierson	Urdahl
Bliss	Garofalo	Jurgens	Munson	Poston	West
Burkel	Green	Kiel	Nash	Quam	
Daniels	Grossell	Koznick	Nelson, N.	Raleigh	
Daudt	Gruenhagen	Kresha	Neu Brindley	Rasmusson	
Davids	Haley	Lucero	Novotny	Robbins	

Those who voted in the negative were:

Acomb	Edelson	Hausman	Liebling	Nelson, M.	Sundin
Agbaje	Elkins	Her	Lillie	Noor	Thompson
Bahner	Feist	Hollins	Lippert	Olson, L.	Vang
Becker-Finn	Fischer	Hornstein	Lislegard	Pelowski	Wazlawik
Berg	Frazier	Howard	Long	Pinto	Winkler
Bernardy	Frederick	Huot	Mariani	Pryor	Wolgamott
Bierman	Freiberg	Jordan	Marquart	Reyer	Xiong, J.
Boldon	Gomez	Keeler	Masin	Richardson	Xiong, T.
Carlson	Greenman	Klevorn	Moller	Sandell	Youakim
Christensen	Hansen, R.	Koegel	Moran	Sandstede	Spk. Hortman
Davnie	Hanson, J.	Kotyza-Witthuhn	Morrison	Schultz	
Ecklund	Hassan	Lee	Murphy	Stephenson	

The motion did not prevail and the amendment was not adopted.

Swedzinski moved to amend H. F. No. 164, the first engrossment, as follows:

Page 23, after line 12, insert:

"(d) The commission may not approve a plan filed under this subdivision that contains activities that the commission determines do not contribute to the achievement of the state goal under section 216C.05, subdivision 2, clause (4), that the state's retail electricity rates for each customer class be at least five percent below the national average. In making its determination under this paragraph, the commission must use data from the U.S. Energy Information Administration, and the determination must be certified by the legislative auditor."

Reletter the paragraphs in sequence

Page 25, line 2, before "The" insert "Except as provided in paragraph (c),"

Page 25, after line 25, insert:

"(c) A public utility may not recover costs for activities that the commission cannot approve as part of a plan filed under subdivision 2 because of the requirements of subdivision 2, paragraph (d)."

The motion did not prevail and the amendment was not adopted.

Swedzinski moved to amend H. F. No. 164, the first engrossment, as follows:

Page 5, line 4, delete "propane,"

Page 5, line 5, after the period, insert "Fuel does not include propane."

A roll call was requested and properly seconded.

The question was taken on the Swedzinski amendment and the roll was called. There were 62 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Akland	Demuth	Hamilton	Lueck	O'Driscoll	Schomacker
Anderson	Dettmer	Heinrich	McDonald	Olson, B.	Scott
Backer	Drazkowski	Heintzeman	Mekeland	O'Neill	Swedzinski
Bahr	Erickson	Hertaus	Miller	Petersburg	Theis
Baker	Franke	Igo	Mortensen	Pfarr	Torkelson
Bennett	Franson	Johnson	Mueller	Pierson	Urdahl
Bliss	Garofalo	Jurgens	Munson	Poston	West
Burkel	Green	Kiel	Nash	Quam	
Daniels	Grossell	Koznick	Nelson, N.	Raleigh	
Daudt	Gruenhagen	Kresha	Neu Brindley	Rasmusson	
Davids	Haley	Lucero	Novotny	Robbins	

Those who voted in the negative were:

Acomb	Edelson	Hausman	Liebling	Nelson, M.	Sundin
Agbaje	Elkins	Her	Lillie	Noor	Thompson
Bahner	Feist	Hollins	Lippert	Olson, L.	Vang
Becker-Finn	Fischer	Hornstein	Lislegard	Pelowski	Wazlawik
Berg	Frazier	Howard	Long	Pinto	Winkler
Bernardy	Frederick	Huot	Mariani	Pryor	Wolgamott
Bierman	Freiberg	Jordan	Marquart	Reyer	Xiong, J.
Boldon	Gomez	Keeler	Masin	Richardson	Xiong, T.
Carlson	Greenman	Klevorn	Moller	Sandell	Youakim
Christensen	Hansen, R.	Koegel	Moran	Sandstede	Spk. Hortman
Davnie	Hanson, J.	Kotyza-Witthuhn	Morrison	Schultz	
Ecklund	Hassan	Lee	Murphy	Stephenson	

The motion did not prevail and the amendment was not adopted.

Swedzinski moved to amend H. F. No. 164, the first engrossment, as follows:

Page 25, line 2, before "The" insert "Except as provided in paragraph (c),"

Page 25, after line 25, insert:

"(c) A public utility may not recover costs from ratepayers for efficient fuel-switching improvements that consist of the installation of an electric vehicle charging system in a residence if the annual household family income of the owner of the residence exceeds $100,000."

Swedzinski offered an amendment to the Swedzinski amendment to H. F. No. 164, the first engrossment.

POINT OF ORDER

Long raised a point of order pursuant to rule 3.21 that the Swedzinski amendment to the Swedzinski amendment was not in order. The Speaker ruled the point of order well taken and the Swedzinski amendment to the Swedzinski amendment out of order.

The question recurred on the Swedzinski amendment to H. F. No. 164, the first engrossment. The motion did not prevail and the amendment was not adopted.

H. F. No. 164, A bill for an act relating to energy; establishing the Energy Conservation and Optimization Act of 2021; amending Minnesota Statutes 2020, sections 216B.2401; 216B.241, subdivisions 1a, 1c, 1d, 1f, 1g, 2, 2b, 3, 5, 7, 8, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 216B; repealing Minnesota Statutes 2020, section 216B.241, subdivisions 1, 1b, 2c, 4, 10.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 82 yeas and 50 nays as follows:

Those who voted in the affirmative were:

Acomb	Ecklund	Hanson, J.	Koznick	Nelson, M.	Sundin
Agbaje	Edelson	Hassan	Lee	Noor	Thompson
Bahner	Elkins	Hausman	Liebling	Olson, L.	Urdahl
Baker	Feist	Her	Lillie	O'Neill	Vang
Becker-Finn	Fischer	Hollins	Lippert	Pelowski	Wazlawik
Bennett	Franke	Hornstein	Lislegard	Pinto	West
Berg	Frazier	Howard	Long	Pryor	Winkler
Bernardy	Frederick	Huot	Mariani	Rasmusson	Wolgamott
Bierman	Freiberg	Jordan	Marquart	Reyer	Xiong, J.
Boldon	Garofalo	Jurgens	Masin	Richardson	Xiong, T.
Carlson	Gomez	Keeler	Moller	Sandell	Youakim
Christensen	Greenman	Klevorn	Moran	Sandstede	Spk. Hortman
Davids	Hamilton	Koegel	Morrison	Schultz	
Davnie	Hansen, R.	Kotyza-Witthuhn	Murphy	Stephenson	

Those who voted in the negative were:

Akland	Dettmer	Heintzeman	Mekeland	O'Driscoll	Schomacker
Anderson	Drazkowski	Hertaus	Miller	Olson, B.	Scott
Backer	Erickson	Igo	Mortensen	Petersburg	Swedzinski
Bahr	Franson	Johnson	Mueller	Pfarr	Theis
Bliss	Green	Kiel	Munson	Pierson	Torkelson
Burkel	Grossell	Kresha	Nash	Poston	
Daniels	Gruenhagen	Lucero	Nelson, N.	Quam	
Daudt	Haley	Lueck	Neu Brindley	Raleigh	
Demuth	Heinrich	McDonald	Novotny	Robbins	

The bill was passed and its title agreed to.

H. F. No. 609 was reported to the House.

Bahner moved to amend H. F. No. 609, the first engrossment, as follows:

Page 9, line 29, after "leader" insert "of the house of representatives"

Page 9, line 30, after "leader" insert "of the senate"

Page 9, line 31, after "leader" insert "of the senate"

The motion prevailed and the amendment was adopted.

H. F. No. 609, A bill for an act relating to state government; making technical changes in chapter 16E; making a conforming change; amending Minnesota Statutes 2020, sections 15.01; 16E.01; 16E.016; 16E.02; 16E.03, subdivisions 1, 2, 3, 6; 16E.036; 16E.04, subdivision 3; 16E.0465, subdivision 2; 16E.05, subdivision 1; 16E.07, subdivision 12; 16E.21, subdivision 2; 97A.057, subdivision 1; repealing Minnesota Statutes 2020, sections 16E.0466, subdivision 1; 16E.05, subdivision 3; 16E.071; 16E.145.

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 100 yeas and 32 nays as follows:

Those who voted in the affirmative were:

Acomb	Ecklund	Her	Long	Pelowski	Sundin
Agbaje	Edelson	Hollins	Lueck	Petersburg	Swedzinski
Akland	Elkins	Hornstein	Mariani	Pierson	Theis
Anderson	Feist	Howard	Marquart	Pinto	Thompson
Bahner	Fischer	Huot	Masin	Poston	Torkelson
Baker	Franke	Jordan	Moller	Pryor	Urdahl
Becker-Finn	Frazier	Jurgens	Moran	Raleigh	Vang
Bennett	Frederick	Keeler	Morrison	Rasmusson	Wazlawik
Berg	Freiberg	Klevorn	Mueller	Reyer	West
Bernardy	Garofalo	Koegel	Murphy	Richardson	Winkler
Bierman	Gomez	Kotyza-Witthuhn	Nash	Robbins	Wolgamott
Bliss	Greenman	Koznick	Nelson, M.	Sandell	Xiong, J.
Boldon	Haley	Lee	Nelson, N.	Sandstede	Xiong, T.
Carlson	Hansen, R.	Liebling	Noor	Schomacker	Youakim
Christensen	Hanson, J.	Lillie	Novotny	Schultz	Spk. Hortman
Daniels	Hassan	Lippert	O'Driscoll	Scott	
Davnie	Hausman	Lislegard	Olson, L.	Stephenson	

Those who voted in the negative were:

Backer	Dettmer	Gruenhagen	Johnson	Miller	Pfarr
Bahr	Drazkowski	Hamilton	Kiel	Mortensen	Quam
Burkel	Erickson	Heinrich	Kresha	Munson	
Daudt	Franson	Heintzeman	Lucero	Neu Brindley	
Davids	Green	Hertaus	McDonald	Olson, B.	
Demuth	Grossell	Igo	Mekeland	O'Neill	

The bill was passed, as amended, and its title agreed to.

H. F. No. 1913 was reported to the House.

Elkins moved to amend H. F. No. 1913, the first engrossment, as follows:

Page 14, line 18, after the period, insert "Any document, material, or information disclosed to the commissioner under this section about a cybersecurity event must be retained and preserved by the licensee for the time period under section 541.05, or longer if required by the licensee's document retention policy."

The motion prevailed and the amendment was adopted.

H. F. No. 1913, as amended, was read for the third time.

MOTION TO LAY ON THE TABLE

Lucero moved that H. F. No. 1913, the first engrossment, as amended, be laid on the table. The motion did not prevail.

H. F. No. 1913, A bill for an act relating to insurance; establishing an Insurance Data Security Law; proposing coding for new law in Minnesota Statutes, chapter 60A; repealing Minnesota Statutes 2020, sections 60A.98; 60A.981; 60A.982.

The bill, as amended, was 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 49 nays as follows:

Those who voted in the affirmative were:

Acomb	Edelson	Hassan	Kresha	Noor	Sundin
Agbaje	Elkins	Hausman	Lee	O'Driscoll	Theis
Bahner	Feist	Her	Liebling	Olson, L.	Thompson
Becker-Finn	Fischer	Hollins	Lillie	Pelowski	Urdahl
Berg	Franke	Hornstein	Lippert	Pinto	Vang
Bernardy	Frazier	Howard	Lislegard	Pryor	Wazlawik
Bierman	Frederick	Huot	Long	Rasmusson	Winkler
Boldon	Freiberg	Jordan	Marquart	Reyer	Wolgamott
Carlson	Garofalo	Jurgens	Masin	Richardson	Xiong, J.
Christensen	Gomez	Keeler	Moller	Sandell	Xiong, T.
Davids	Greenman	Klevorn	Moran	Sandstede	Youakim
Davnie	Haley	Koegel	Morrison	Schomacker	Spk. Hortman
Demuth	Hansen, R.	Kotyza-Witthuhn	Murphy	Schultz	
Ecklund	Hanson, J.	Koznick	Nelson, M.	Stephenson	

Those who voted in the negative were:

Akland	Bennett	Dettmer	Grossell	Hertaus	Lueck
Anderson	Bliss	Drazkowski	Gruenhagen	Igo	McDonald
Backer	Burkel	Erickson	Hamilton	Johnson	Mekeland
Bahr	Daniels	Franson	Heinrich	Kiel	Miller
Baker	Daudt	Green	Heintzeman	Lucero	Mortensen

Mueller	Neu Brindley	Petersburg	Quam	Swedzinski
Munson	Novotny	Pfarr	Raleigh	Torkelson
Nash	Olson, B.	Pierson	Robbins	West
Nelson, N.	O'Neill	Poston	Scott	

The bill was passed, as amended, and its title agreed to.

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

S. F. No. 659, A bill for an act relating to construction codes; specifying approval of Internet continuing education courses for manufactured home installers; amending Minnesota Statutes 2020, section 326B.0981, subdivision 4.

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 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Acomb	Demuth	Hansen, R.	Kresha	Nelson, M.	Sandell
Agbaje	Dettmer	Hanson, J.	Lee	Nelson, N.	Sandstede
Akland	Drazkowski	Hassan	Liebling	Neu Brindley	Schomacker
Anderson	Ecklund	Hausman	Lillie	Noor	Schultz
Backer	Edelson	Heinrich	Lippert	Novotny	Scott
Bahner	Elkins	Heintzeman	Lislegard	O'Driscoll	Stephenson
Bahr	Erickson	Her	Long	Olson, B.	Sundin
Baker	Feist	Hertaus	Lucero	Olson, L.	Swedzinski
Becker-Finn	Fischer	Hollins	Lueck	O'Neill	Theis
Bennett	Franke	Hornstein	Marquart	Pelowski	Thompson
Berg	Franson	Howard	Masin	Petersburg	Torkelson
Bernardy	Frazier	Huot	McDonald	Pfarr	Urdahl
Bierman	Frederick	Igo	Mekeland	Pierson	Vang
Bliss	Freiberg	Johnson	Miller	Pinto	Wazlawik
Boldon	Garofalo	Jordan	Moller	Poston	West
Burkel	Gomez	Jurgens	Moran	Pryor	Winkler
Carlson	Green	Keeler	Morrison	Quam	Wolgamott
Christensen	Greenman	Kiel	Mortensen	Raleigh	Xiong, J.
Daniels	Grossell	Klevorn	Mueller	Rasmusson	Xiong, T.
Daudt	Gruenhagen	Koegel	Munson	Reyer	Youakim
Davids	Haley	Kotyza-Witthuhn	Murphy	Richardson	Spk. Hortman
Davnie	Hamilton	Koznick	Nash	Robbins	

The bill was passed and its title agreed to.

MOTIONS AND RESOLUTIONS

Stephenson moved that the name of Dettmer be added as an author on H. F. No. 164. The motion prevailed.

Lee moved that the name of Moller be added as an author on H. F. No. 168. The motion prevailed.

Lee moved that the names of Murphy and Hansen, R., be added as authors on H. F. No. 337. The motion prevailed.

Frazier moved that the name of Howard be added as an author on H. F. No. 593. The motion prevailed.

Gomez moved that the name of Davnie be added as an author on H. F. No. 640. The motion prevailed.

Hollins moved that the name of Davnie be added as an author on H. F. No. 868. The motion prevailed.

Hansen, R., moved that the names of Morrison, Acomb, Lippert, Fischer, Ecklund and Becker-Finn be added as authors on H. F. No. 1076. The motion prevailed.

Olson, L., moved that the names of O'Neill and Robbins be added as authors on H. F. No. 1192. The motion prevailed.

Gomez moved that the name of Jordan be added as an author on H. F. No. 1357. The motion prevailed.

Hornstein moved that the name of Greenman be added as an author on H. F. No. 1691. The motion prevailed.

Heinrich moved that the name of Rasmusson be added as an author on H. F. No. 1720. The motion prevailed.

Huot moved that the name of Bernardy be added as an author on H. F. No. 1753. The motion prevailed.

Long moved that the names of Acomb, Lippert, Christensen and Bierman be added as authors on H. F. No. 2110. The motion prevailed.

Noor moved that the name of Hassan be added as an author on H. F. No. 2398. The motion prevailed.

Kresha moved that the name of Feist be added as an author on H. F. No. 2409. The motion prevailed.

Hamilton moved that the name of Poston be added as an author on H. F. No. 2474. The motion prevailed.

Becker-Finn moved that the name of Bliss be added as an author on H. F. No. 2479. The motion prevailed.

Novotny moved that the name of Poston be added as an author on H. F. No. 2497. The motion prevailed.

O'Neill moved that the names of Boldon, Backer, Lee, Freiberg, Pierson, Edelson, Elkins, Jurgens, Neu Brindley, Albright, Kiel, Howard, Lippert, Davnie, Agbaje, Franke, Quam, Frazier and Anderson be added as authors on H. F. No. 2502. The motion prevailed.

Nash moved that the name of Poston be added as an author on H. F. No. 2503. The motion prevailed.

Sandstede moved that the name of Hamilton be added as an author on H. F. No. 2510. The motion prevailed.

ADJOURNMENT

Winkler moved that when the House adjourns today it adjourn until 10:30 a.m., Tuesday, April 13, 2021. The motion prevailed.

Winkler moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 10:30 a.m., Tuesday, April 13, 2021.

PATRICK D. MURPHY, Chief Clerk, House of Representatives