

Minnesota House of Representatives

Public Information Services

New Laws - 2017

Agriculture - 2017

Regular Session

New law authorizes \$35 million in bond sales for farm loans

Funding to help farmer's seeking low-interest loans will become available with a new law that authorizes bond sales to raise \$35 million for the Rural Finance Authority.

Sponsored by Rep. Tim Miller (R-Prinsburg) and Sen. Andrew Lang (R-Olivia), the law provides funding to the authority, which helps provide loans to increase rural economic development.

The RFA was created in 1986 in response to the farm crisis. It offers several types of loans under its Beginning Farmer, Loan Restructuring, Seller-Sponsored, Agricultural Improvement and Livestock Expansion programs.

The authority last received bonding authorization in 2012, and sought reauthorization as part of last year's bonding bill. However, that legislation failed and bonding authority ran out in 2016.

The law, effective Feb. 18, 2017, also authorizes \$35,000 in bond proceeds to be used by Minnesota Management and Budget for bond sale expenses.

HF14*/SF236/CH4

Agriculture - 2017

Regular Session

Farmers with revocable trusts won't have to file report

Corporate entities that own farmland must file annual reports regarding potential land contamination. But only farmers who own agricultural land in revocable trusts of which they are beneficiaries are liable as individuals for criminal penalties under the law if they don't file the reports.

A new law will end the reporting requirement for an estimated 3,600 revocable trusts, many of whose owners may be unaware of their duty.

The law, sponsored by Rep. Dennis Smith (R-Maple Grove) and Sen. Scott Newman (R-Hutchinson), adds this sentence to statute: "The trustee of a revocable trust with respect to which either the settlor, the settlor's spouse, or both, are the primary beneficiaries during the settlor's lifetime shall not be required to file with the commissioner a report under this section during any period that the trust is revocable."

It takes effect Aug. 1, 2017.

HF22*/SF50/CH36

Agriculture - 2017

Regular Session

New law includes money for farmer-led water quality councils

Sponsored by Rep. Rod Hamilton (R-Mountain Lake) and Sen. Torrey Westrom (R-Elbow Lake), the omnibus agriculture finance law appropriates more than \$100 million during the upcoming biennium to fund the Department of Agriculture, Board of Animal Health and Agricultural Utilization Research Institute.

Those General Fund direct appropriations include:

- Department of Agriculture - \$106.24 million

- Board of Animal Health - \$10.87 million
- AURI - \$7.58 million

The Department of Agriculture appropriation includes money designated to expand capabilities for the rapid detection, identification, containment, control and management of high priority plant pests and pathogens, as well as grants to local units of government responding to noxious weed threats.

The law also extends the expiration date for the Farmer-Lender Mediation Act from 2018 until 2022 and makes other modifications to the program, including an increase of the minimum eligible debt threshold for those who want to participate from \$5,000 to \$15,000.

Other provisions of the new law, which have various dates of enactment, include:

- establishing a new pollinator habitat and research account in the agricultural fund for pollinator research and outreach work at the University of Minnesota that includes identifying science-based best practices and establishing habitat beneficial to pollinators;
- appropriating money for the University of Minnesota to conduct research on avian influenza;
- an increase to \$125 on the waste pesticide program surcharge for each registered nonagricultural pesticide product;
- increasing the maximum net worth for applicants to several Rural Finance Authority loan programs;
- requiring the Department of Agriculture to submit a report to the Legislature by Oct. 15, 2018, detailing its base budget, including any prior appropriation riders;
- eliminating the cost-share requirement for schools seeking tractor rollover protection grants;
- establishing a wolf-livestock conflict prevention pilot program;
- reorganization of certain dairy laws;
- appropriating money for the industrial hemp pilot program; and
- requiring the Department of Agriculture to post notice on its website and alert the appropriate media when a weed on its eradicate list is confirmed in a county for the first time.

HF1545*/SF1545/CH88

Bonding - 2017

First Special Session

After no bill last year, capital investment law is heavy on infrastructure needs

With an emphasis on infrastructure, the 2017 capital investment law puts nearly \$1 billion on the state's credit card.

Sponsored by Rep. Dean Urdahl (R-Grove City) and Sen. David Senjem (R-Rochester), the law calls for \$987.94 million in general-obligation bonding impact. It is effective May 31, 2017.

Per Article 11 of the state constitution, public debt may be issued, in part, "to acquire and to better public land and buildings and other public improvements of a capital nature and to provide money to be appropriated or loaned to any agency or political subdivision of the state for such purposes."

By issuing bonds, the state receives a certain amount of money now and pays the bond holders back over time with interest.

Odd-numbered years are traditionally focused on establishing a state budget with a smaller bonding bill; even-numbered years are often centered on a large capital investment plan. However, a chaotic finish to the 2016 session resulted in no bill. Capital investment was also part of the unsuccessful special session discussion over the final seven months of 2016.

Urdahl said the law largely makes up for last year's inaction, with many of the new projects for emergency needs.

This law marks the second try by the House to pass a capital investment package in 2017. An \$800 million bill did not receive the needed 81 votes — it got 70 — when put to a vote May 17. By law, capital investment bills must start in the House and need three-fifths approval of each body to pass. Republicans hold a 77-57 seat advantage in the House.

Higher education

Rep. Alice Hausman (DFL-St. Paul) said that higher education needs typically account for about one-third of a capital investment law. This year's total is about 20 percent.

The University of Minnesota will receive \$119.93 million, with the largest amount being \$66.67 million for a health science education facility on the Minneapolis campus "to meet the needs of the Medical School and the Academic Health Center." Funding for a chemical sciences and advanced materials building on the Duluth campus comes in at \$28.27 million, \$20.6 million is for system-wide asset preservation and \$4.4 million is included for a plant growth research facility on the St. Paul campus. The appropriations are for about one-third of the total projects' costs, except for asset preservation.

Just over \$92.3 million is included for the Minnesota State system, including \$25 million in asset preservation.

The remainder is to be spent on seven projects, including \$25.3 million for the second phase of the Education Village at Winona State University and \$18.57 million to remodel Eastman Hall at St. Cloud State University "for the relocation of consolidated student health services and academic programs." Other projects will occur at Hibbing Community College, Minnesota State Community and Technical College, Northland Community and Technical College and South Central College. Since 1992, the system has paid the debt service on one-third of project costs that are not considered asset preservation. (Art. 1, Secs. 2-3)

Other Education

Of the \$3.5 million in general-obligation bonding for other education purposes, \$2 million is for library construction grants and \$1.5 million is to construct "a facility in Olmsted County to support the local, regional, and national literacy work of the Dyslexia Institute of Minnesota." The law also calls for \$500,000 from the General Fund to cover cost overruns for the Myles Reif Center for the Performing Arts project in Grand Rapids. Initial project funding occurred in 2014.

The Minnesota state academies will receive \$2 million for asset preservation and \$50,000 is included for predesign of a safety corridor at the Minnesota State Academy for the Deaf. (Art. 1, Secs. 4-5)

Health and Human Services

Phase II of the project to remodel existing facilities and develop new ones at the state security hospital in St. Peter is funded with almost \$70.26 million. The facility houses and treats Minnesotans that courts have civilly committed as mentally ill and dangerous. Improvements are designed to improve staff safety and create a more therapeutic environment for patients. Money for Phase I was appropriated in 2014.

The law also provides \$12 million to construct an opportunity center at the Dorothy Day Center in St. Paul "to serve as an integrated one-stop delivery system connecting persons at risk of becoming homeless, and persons working to move up and out of homelessness, and to provide services that improve their health, income, housing stability, or well-being."

Also funded is a 16-bed psychiatric facility in Wilmar for children and adolescents; safety and security upgrades at the Anoka Metro Regional Treatment Center; upgrades to the Perspectives Family Center in St. Louis Park; creation of a regional residential crisis stabilization unit in Chaska; design for a new medical examiner's facility in Minnetonka that will replace one near U.S. Bank Stadium and provide services for Dakota, Hennepin and Scott counties; and a Minneapolis project to provide medical, dental, mental health and wellness services for persons regardless of their ability to pay. (Art. 1, Sec. 17)

Environment and Natural Resources

The law calls for \$113.2 million in spending between the Department of Natural Resources and Pollution Control Agency, including \$15 million for DNR asset preservation and \$1 million for reforestation and stand improvement on state forest lands.

Included in the DNR funding is almost \$18.05 million for parks, state recreation area and trail development. This includes a mountain bike system in the Cuyana State Recreation Area; continued development of Lake Vermilion-Soudan Underground Mine State Park recreational facilities; continued development of the Heartland, Glacial Lakes, Camp Ripley/Veterans trails, and Gitchi-Gami and Mill Towns state trails.

Of the \$15.4 million for dam repair, \$6 million is for the Lake Byllesby Dam on the Cannon River and \$4.4 million is "for emergencies on state-owned dams; for repairs to the Lake Bronson dam; and for state dams at Brawner, West Leaf Lake, Collinwood, Grindstone River, Sullivan, and Willow River." Other dam projects receiving funding are: Canby R-6, Lanesboro, Little Stone Lake, Norway Lake and Pelican Rapids.

More than \$11.55 million is included for flood hazard mitigation, including projects in Browns Valley, the Cedar River Watershed District and Ortonville; \$3.3 million is to improve water quality and restore fish habitat at the Champlin Mill Pond; \$1.5 million is for shade tree reforestation in St. Paul; \$1 million is to construct the Prospectors ATV Trail System; and \$400,000 is to rehabilitate the Soo Line Trail Bridge over the Mississippi River in Morrison County.

The largest funding for the PCA is \$25.41 million "to design and implement contaminated sediment management actions identified in the St. Louis River remedial action plan to restore water quality in the St. Louis River Area of Concern." Funding also includes \$11.35 million to, in part, acquire land at closed landfills around the state, including an Anoka County waste disposal engineering site, and \$9.25 million to complete a regional integrated solid waste management system in Polk County.

The Reinvest in Minnesota Reserve Program, which, in part, is to "acquire conservation easements from landowners to preserve, restore, create, and enhance wetlands" receives \$10 million and \$5 million is for the Local Government Roads Wetland Replacement Program "to acquire land or permanent easements and to restore, create, enhance, and preserve wetlands to replace those wetlands drained or filled as a result of the repair, reconstruction, replacement, or rehabilitation of existing public roads." (Art. 1, Secs. 6-8)

Transportation

Almost \$254.92 million is appropriated for transportation projects through MnDOT and \$23.75 million through the Metropolitan Council.

The largest amount, \$115.93 million, is for local road improvement funds. This includes \$25 million for public improvements related to the Interstate 35W and Lake Street access project in Minneapolis, \$20.5 million for reconstruction of the Interstate 694/Rice Street interchange and \$10.5 million to construct an interchange at Highway 212 and County Road 44 in Chaska. Other undertakings are in Appleton, Baxter, Blaine, Columbus, Inver Grove Heights, McLeod County, Paxton Township and three Highway 12 projects in Wayzata.

The law also includes:

- \$71.24 million for rail grade separation crossings in Coon Rapids, Moorhead and Red Wing on crude oil rail corridors;
- \$49.21 million for local bridge replacement, including almost \$31.88 million to rehabilitate the 10th Avenue bridge over the Mississippi River in Minneapolis and \$800,000 to replace the Malone Island Bridge in Isle;
- up to \$12.1 million for the Metro Orange Bus Rapid Transit Line between Burnsville and downtown Minneapolis;
- \$8.75 million for improvements at the Mall of America transit station;
- \$5 million for port development assistance;
- \$3 million for construction of a new terminal at the Falls International Airport;
- \$1.4 million for rail-grade crossing updates in Eden Prairie;
- \$1 million for the Safe Routes to School program; and
- \$750,000 for a pedestrian bridge over the Mississippi River in Grand Rapids. (Art. 1, Secs. 15-16)

A grant program for replacement or rehabilitation of major local bridges in which the grant award is at least \$7 million is established. Money not needed in any year for major bridge project grants may be used for lower-cost projects. A grant program for projects costing less than \$7 million is also created. The law permits a grant for a project that costs more if all other bridge projects on the commissioner's priority list with a total project costs under \$7 million have been fully funded. (Art. 2, Secs. 11-12)

A hazardous materials rail safety grant program is established to reduce the risks associated with the transportation of oil, ethanol and other hazardous material. (Art. 2, Sec. 13)

Housing

The law allocates \$10 million to preserve public housing owned and operated by public housing authorities for low-income persons. It also allows the Minnesota Housing Finance Agency to issue up to \$15 million more in housing infrastructure bonds originally authorized in 2014 (and \$5 million from 2015) that can be paid for within the existing annual general fund appropriation for debt service. The agency is also permitted to issue up to \$35 million more in housing infrastructure bonds. (Art. 1, Sec. 22; Art. 2, Secs. 19-22)

Other provisions include:

- \$55 million in water infrastructure (\$40 million for wastewater and \$15 million for drinking water);
- \$20 million for Corrections Department asset preservation;
- \$19 million for a new intake unit and loading dock with a secure connection to a central warehouse at the St. Cloud prison;
- \$15 million for the first phase of renovation of the seal and sea lion habitat at Como Zoo;
- \$13 million to replace water-damaged elements of the Science Museum of Minnesota exterior and interior damage due to design and construction defects;
- \$12 million to renovate and reconstruct the Miner’s Memorial Building in Virginia;
- \$12 million in Greater Minnesota Business Development public infrastructure grants;
- \$10.78 million for repair of the Centennial Parking Ramp in the Capitol Complex, including removal of top deck green space for more stalls;
- \$8 million to renovate a middle school site and create the Arrowhead Regional Health and Wellness Center in Hermantown;
- \$7.85 million for a truss bridge project at the Minneapolis Veteran’s Home;
- \$6 million to construct a Minnesota Museum of American Art in St. Paul;
- \$5.94 million for public infrastructure in St. James;
- \$5.3 million to decommission wastewater stabilization ponds in East Grand Forks and connect the city’s wastewater system to the wastewater treatment system in Grand Forks, N.D.;
- \$5 million for metropolitan area regional parks;
- \$5 million to build a conference and event center at the Norway House in Minneapolis;
- \$4.4 million for the River Town Renaissance project in Red Wing;
- \$4 million to construct electrical generation improvements in Litchfield to expand the current standby capacity;
- \$4 million for asset preservation at the Minnesota Zoo;
- \$3.52 million to construct a joint emergency railroad and pipeline emergency response training facility at Camp Ripley;
- \$3 million to construct a municipal complex, including a law enforcement and emergency operations center in Chisago County;
- \$2.5 million for Department of Military Affairs asset preservation;
- \$1.95 million in General Fund money for an equipment grant to Pioneer Public Television as part of the station’s new facility construction in Granite Falls;
- \$375,000 to construct a new grandstand at Tink Larson Field in Waseca to replace one destroyed by fire in 2016;
- \$350,000 to repair the Peace Officers and Roy Wilkins memorials at the Capitol Complex; and
- \$100,000 for renovation of the community center and fire hall in LaSalle. (Art. 1, Secs. 10-11, 13-14, 16, 18-21).

Funding is altered for the Lewis and Clark water project in southwest Minnesota that is designed to provide quality, reliable drinking water to the area. The law permits the use of the approximately \$7.2 million remaining from the \$19 million authorization for phase 2 to be used for phase 3. An additional \$3.5 million is authorized to complete phase 3. (Art. 2, Sec. 2)

The law cancels a little more than \$14 million in previous bond proceeds fund appropriations for projects that are completed or amounts otherwise identified by agencies as unneeded. It also makes a number of mostly technical and clarifying changes to previous year allocations, such as changing the use of an allocation if money is remaining after the designated project is complete. (Art. 1, Sec. 26; Art. 2, Secs. 1, 23-32)

Additionally, the law prohibits a commissioner or agency head from approving “a contract or grant state funds for a capital improvement project to construct or renovate a public gathering space in the building” unless audio-induction loops are included if the public gathering space will have a permanent audio-amplification system. (Art. 2, Sec. 3)

The House and Senate chambers in the State Capitol are exempt from any State Building Code and State Fire Code requirements pertaining to exit sign placement at exit access doors and occupancy limit signs. (Art. 2, Sec. 14)

SSH5*/SSSFnone/CH8

Budget - 2017

First Special Session

New law funds state government agencies, constitutional offices

Part of the overall state budget package, a new law funds portions of executive branch agencies, boards, commissions and constitutional offices.

While Gov. Mark Dayton signed the law sponsored by Rep. Sarah Anderson (R-Plymouth) and Sen. Mary Kiffmeyer (R-Big Lake), he line-item vetoed the \$32 million budgets for both the House and the Senate. The omnibus state government finance law, is effective July 1, 2017, the beginning of the two-year biennium.

The law funds for two years agencies like the Department of Administration, Minnesota Management and Budget, Department of Revenue, Minnesota IT, Department of Military Affairs and the Department of Veterans Affairs. It also funds the Minnesota Lottery, Racing Commission, Gambling Control Board and Minnesota Historical Society, along with ethnic councils and boards tasked with regulating everything from arts and architecture to barbers and cosmetologists.

The law expands the Minnesota GI bill, which covers the costs of postsecondary educational benefits, on-the-job training and apprenticeships for active military members and veterans. It provides grants for the Veterans Journey Home program and funds operations for the forthcoming Duluth Veterans Cemetery.

Provisions within the law allow for an ice palace to be constructed on the Capitol grounds; for the City of Waite Park to adopt hotel-related ordinances to crack down on sex trafficking; new provisions to campaign finance electronic filing requirements; and it provides a voting equipment grant to allow local governments purchase new equipment or technology for their outdated systems.

In a letter to legislative leaders, Dayton said he line-item vetoed the Legislature's funding because he wanted to re-negotiate a number of tax breaks, including tobacco, estate and business property taxes, along with provisions in other laws like barring the administration from issuing driver's licenses to undocumented residents and teacher licensure overhaul.

Dayton called portions of the omnibus state government finance law part of a "reprehensible sneak attack" that "shatters whatever trust we achieved during the Session."

"Your job has not been satisfactory completed, so I am calling on you to finish your work," Dayton wrote.

SSHnone/SSSF1*/CH4

Business and Commerce - 2017

Regular Session

Certain landscape companies don't have to provide annual notifications any longer

Pesticide and fertilizer application companies won't have to provide annual notifications to customers about information like end dates.

Sponsored by Rep. Greg Davids (R-Preston) and Sen. David Senjem (R-Rochester), a new law exempts licensed, commercial landscape application companies — businesses who treat lawns with fertilizer, pesticides and chemicals — from a law mandating written contracts.

The new law, effective May 20, 2017, allows customers to cancel their contracts at any time.

HF676*/SF1445/CH74

Business and Commerce - 2017

Regular Session

Insurance investigators awarded new authority, better protections

A new law, effective May 31, 2017, adds the department's Commerce Fraud Bureau to the list of peace officers in Minnesota. Like sheriff's offices, police departments and conservation officers, the Bureau of Criminal Apprehension will license insurance fraud investigators and give them the power to apply for and execute warrants.

The law also gives the Commerce Department power to levy restitution on individuals or groups who attempt insurance fraud — and can stick them with the costs of the investigations, traditionally shouldered by the investigative arm.

Another provision in the law removes language requiring insurance companies struck with penalties in other states to report those penalties to the Commerce Department within 10 days.

Rep. Bob Loonan (R-Shakopee) and Sen. Paul Utke (R-Park Rapids) are the sponsors.

HF1443*/SF1344/CH98

Business and Commerce - 2017

Regular Session

MNvest changes better reflect federal rules

After the federal Securities and Exchange Commission adopted new rules governing crowdfunding enterprises, like Minnesota's own MNvest, a new law will put state statutes in compliance with those federal rules.

Sponsored by Rep. Jenifer Loon (R-Eden Prairie) and Sen. Eric Pratt (R-Prior Lake), the new law makes a number of technical changes to commerce regulations specifically dedicated to MNvest, an outlet for small businesses to raise capital from investors through crowdfunding.

Effective April 20, 2017, a few technical changes include definitions to entities doing business in the state and purchasers; it requires that MNvest offerings indicate they are for Minnesota residents only and makes sure documents and certificates disclose sales are only available to state residents.

The law also clarifies residency definitions for the program.

HF444*/SF1223/CH10

Business and Commerce - 2017

Regular Session

Credit unions can embrace technology in conducting business

A new law will scrap the requirement that credit unions must mail or hand its members special meeting notices and instead allow them to contact members through electronic means.

Sponsored by Rep. Kelly Fenton (R-Woodbury) and Sen. Andrew Mathews (R-Milaca), the law, effective July 1, 2017, also adds "other verifiable means" to how credit unions conduct elections. Prior to the law's passage, credit union members had to vote by mail-in ballot.

HF1477*/SF1190/CH25

Business and Commerce - 2017

Regular Session

Protections for Minnesota wholesale sales reps expanded

Protections for sales representative agreements, which allow a sales representative to represent and sell products for a particular wholesaler, have been expanded to include sales of wholesale orders including material, components, or parts of a product.

Sponsored by Rep. Bob Loonan (R-Shakopee) and Sen. Eric Pratt (R-Prior Lake), the new law builds on previous regulations governing the relationship between employers and sales representatives.

The law is effective May 3, 2017.

HF1294*/SF1072/CH24

Business and Commerce - 2017

Regular Session

Defraying claims costs of health insurance companies

The law establishes the Minnesota premium security plan, a state-run reinsurance program that subsidizes high claims incurred by health carriers in the individual market.

The Minnesota Comprehensive Health Association (MCHA), a legislatively established nonprofit, will oversee a massive reinsurance plan with the hopes of reducing spiking premiums in the individual insurance marketplace.

Gov. Mark Dayton didn't sign the bill but instead allowed it to become law after not signing the measure within three days of receiving it. The law is mostly effective April 4, 2017.

Sponsored by Rep. Greg Davids (R-Preston) and Sen. Gary Dahms (R-Redwood Falls), the law establishes the Minnesota premium security plan, a state-run reinsurance program that subsidizes high claims incurred by health carriers in the individual market. With an upfront cost of \$542 million over two years, the law first relies on a federal waiver to ensure federal funding for other health care programs is not impacted and the state receives reimbursement for savings it is providing the federal government, then a collection of different state funds.

If the federal government refuses Minnesota's waiver, the law becomes void.

Under the law, in 2018, once an insurance company incurs \$50,000 in claims for a person with an individual health plan, the insurance company would be eligible for an 80 percent subsidy up to \$250,000.

The law establishes new guidelines for the Minnesota Comprehensive Health Association's board of directors, adding two individuals and removing weighted voting; requires health insurance companies to provide the Department of Commerce with calculated premiums; and sets parameters on how the plan is administered, how insurance companies get paid, how premiums should be calculated and how the insurance companies can request payments. (Art. 1, Secs. 1, 3-4)

The Office of the Legislative Auditor will have authority over examining the plan's finances and allowing external independent auditors to perform an annual audit of the plan. (Art. 1, Sec. 5)

Legislative leaders in a working group will provide guides to MCHA's board of directors on payment parameters and "other elements" for 2019. The oversight group will look at Alaska's reinsurance model and compare it to Minnesota's, along with weighing changes in health law in Washington, D.C., and keep an eye on the health care access fund, which provides \$400 million of the law's startup funding. (Art. 1, Sec. 14)

The law also makes technical changes to the premium subsidy program, which was passed earlier this year. (Art. 2, Secs. 1-6)

HF5*/SF720/CH13

Business and Commerce - 2017

Regular Session

Companies can limit life insurance to beneficiaries of suspected terrorists

A new law will give insurance companies the go-ahead in limiting life insurance payouts to beneficiaries of suspected terrorists.

If a person dies in a suspected terrorist-related act — they don't have to be convicted — the new law, sponsored by Rep. Joe Hoppe (R-Chaska) and Sen. Warren Limmer (R-Maple Grove), will allow insurance providers to only pay out the amount of premiums paid into a life insurance policy.

The new law states the death could be "directly or indirectly" related to furthering terrorism.

The law takes effect Aug. 1, 2017.

HF1397*/SF1243/CH22

Business and Commerce - 2017

Regular Session

Law revises Joint Underwriting Association guidelines

The Legislature established the Minnesota Joint Underwriting Association as a means to provide insurance for medical malpractice, liquor liability and other "public purpose" businesses like day cares and foster homes that cannot obtain insurance but have coverage mandated by law.

The association is governed by statutes that, according to current legislators, can be jumbled and repetitive. A new law will clean up those statutes, remove antiquated language, and make technical changes to streamline personnel operations within the association.

Sponsored by Rep. Bob Loonan (R-Shakopee) and Sen. Paul Utke (R-Park Rapids), the new law takes effect Aug. 1, 2017.

The law will also increase the number of board members guiding the association from 11 to 15, with seven elected by the association — including one representative of medical malpractice insurers and one representing personal injury liability insurers — four appointed public members, and four members representing groups covered by the association's insurance.

The law also changes requirements of the association's operating plan, which is subject to approval by the commerce commissioner. Another change will give the association further authority for determining disqualifying factors for coverage.

HF1046/SF879*/CH34

Business and Commerce - 2017

Regular Session

More data on complaints against appraisers to be classified

A new law will give real estate appraisers facing disciplinary action more privacy by changing the classification of certain state-collected data and not count informal or unfinished complaints against them.

The law will also require real estate appraisers renewing their license to disclose in background checks any new crimes "involving moral turpitude" or "related to" the job.

Sponsored by Rep. Tim O'Driscoll (R-Sartell) and Sen. Karin Housley (R-St. Marys Point), the law is effective July 1, 2017.

The law will shift data relating to disciplinary actions to "classified," meaning it isn't viewable by the public; state that informal complaints cannot count against appraisers as formal complaints; and disciplinary data against appraisers will be made private after five years. The law will also add a six-year limitation to private right of actions.

HF593*/SF366/CH37

Business and Commerce - 2017

Regular Session

Auditing insurance companies will change under new law

The Department of Commerce will be required to schedule conferences with insurance companies and provide details about the forthcoming examinations.

Sponsored by Rep. Joe Hoppe (R-Chaska) and Sen. Gary Dahms (R-Redwood Falls), a new law changes the way the Minnesota Department of Commerce audits insurance companies and establishes guidelines in how those audits are handled. It takes effect Aug. 1, 2017.

The law establishes additional guidelines for market analysis examination reports and classifies the information. It also creates new requirements for these examinations. For instance, the department must hold a scheduling conference with the insurance companies – who are allowed to waive the right to a conference – and provide the company with certain information during that meeting.

During the examination, the department will be limited to what it can do or ask – and the law outlines how statements should be taken under oath.

The law also allows insurance companies to appeal the department's order to an administrative law judge.

HF1732*/SF1563/CH39

Business and Commerce - 2017

Regular Session

Grocery, retail stores get updated price labeling under new law

A new law removes the requirement for grocery and retail stores to affix pricing labels to individual items, but leaves in the requirement that prices must be displayed conspicuously.

The law, sponsored by Rep. Greg Davids (R-Preston) and Sen. Mark Koran (R-North Branch), scratches "stamp, tag, label or conspicuous marking device" from the price-label requirement. Under the new law, individual items won't have to be marked.

The law takes effect Aug. 1, 2017.

HF2096/SF2008*/CH48

Civil Law - 2017

Regular Session

'McKenna's Law' ensures children will know of their right to a lawyer

Children as young as 10 years old already have the right to an attorney at no cost in child-protection cases. A new law aims to make sure they know that.

It will apply to children removed from their homes, unless the only basis for the proceeding is habitual truancy. Responsibility for informing the child will lie with "the responsible social services agency."

At a minimum, the law will require the agency to tell the child "that counsel will be provided without charge to the child, that the child's communications with counsel are confidential, and that the child has the right to participate in all proceedings on a petition, including the opportunity to personally attend all hearings."

The law also includes a provision for informing a child who turns 10 during the course of a proceeding, and another for a process by which the child can decline legal representation.

Titled "McKenna's Law," it is named after 12-year-old McKenna Ahrenholz, who shared her gut-wrenching experiences with many committees.

Sponsored by Rep. Ron Kresha (R-Little Falls) and Sen. Jerry Relph (R-St. Cloud), the law takes effect Aug. 1, 2017.

HF1702*/SF1386/CH60

Civil Law - 2017

Regular Session

New law modernizes statutes on nonprofits

Nonprofit organizations will enjoy some efficiencies in statute that already apply to for-profit businesses.

For example, members of nonprofit boards of directors will be able to cast their votes electronically rather than only by "written action." Another set of provisions will make it easier for out-of-state nonprofits set up operations in Minnesota.

Rep. Dennis Smith (R-Maple Grove) and Sen. Ron Latz (DFL-St. Louis Park) sponsor the law, which also includes many technical changes to statutes governing nonprofits.

Its effective date is Aug. 1, 2017.

HF13*/SF91/CH17

Civil Law - 2017

Regular Session

Real estate statutes get streamlining tweaks

A new law will make changes to real estate statutes in 20 areas, including technical tweaks as well as several steps designed to streamline the process of registering and recording land.

Among its many provisions, the law:

- clarifies that electronic signatures and documents are valid for recording real estate documents;
- conforms the amount of time allowed for appealing a judicial order regarding land registration to the 60 days found elsewhere in statute; and
- clarifies that boundary-line disputes involving one property recorded under the Torrens system and another recorded under the abstract system (or an unrecorded property) may go to a single judicial referee using the Torrens system.

Provisions removing requirements for filing a certificate of value or a certificate of real estate value when a property is transferred under a contract for deed are effective April 22, 2017. All other sections of the law take effect Aug. 1, 2017.

The sponsors are Rep. Dennis Smith (R-Maple Grove) and Sen. Scott Newman (R-Hutchinson).

HF46*/SF49/CH16

Civil Law - 2017

Regular Session

New law requires notice and provides grace period for some lawsuits

Businesses or places of public accommodation facing a lawsuit for architectural barrier violations will have at least 60 days to remove the barrier.

Sponsored by Rep. Dennis Smith (R-Maple Grove) and Sen. Jerry Relph (R. St. Cloud), a new law will require those alleging an accessibility violation to provide dated notice and prohibit a civil action before the response time provided in the notice.

The law also says a civil action may not be brought before 30 days after the response time if the business or place of public accommodation specifies in writing the steps and timeframe it will take to remove the barrier and demonstrates the weather prevents timely removal.

The law states that a person who retains an attorney within 60 days after the civil action is brought, will need the attorney to provide a dated notice to the defendant of additional time to serve an answer to the complaint, among other items.

The new law has various enactment dates.

HF1542*/SF1407/CH80

Civil Law - 2017

Regular Session

Co-owner may petition to get back car seized by civil forfeiture

When law enforcement agencies seize vehicles used in driving while intoxicated crimes, anyone who co-owns such a vehicle has no standing to ask a judge for the vehicle's return.

But that changes with a new law that will allow joint owners of seized vehicles to petition the court.

Petitioners will have the burden of proving — by clear and convincing evidence — that they didn't know the vehicle would be used unlawfully or that they tried to stop the offender from using it.

The co-owner will be presumed to know, if they are a member of the offender's family or household and the offender has three or more prior convictions for impaired driving.

Sponsored by Rep. Marion O'Neill (R-Maple Lake) and Sen. Scott Newman (R-Hutchinson), the new law takes effect Aug. 1, 2017.

HF389/SF151*/CH12

Civil Law - 2017

Regular Session

A new law bans geo-tracking on breathalyzer-like devices, new law enforcement guides for DWI

Unless mandated by the court, ignition interlock devices, breathalyzer-like systems used to authorize a vehicle's start, can no longer have location tracking enabled on them.

Sponsored by Rep. Peggy Scott (R-Andover) and Sen. Warren Limmer (R-Maple Grove), the new law defines "location tracking capabilities" and bars their use from ignition interlock devices, including prohibiting the Department of Public Safety from creating new standards to allow tracking mechanisms on the devices without a court order.

The law also carves out additional private data on individuals within the Department of Corrections system and amends how law enforcement conducts DWI arrests by requiring search warrants for blood or urine tests. The search warrant requirement complies with recent Supreme Court decisions and clarifies that it is a crime to refuse to provide a blood or urine sample pursuant to a valid warrant. The law further requires that a person's driver's license be revoked if the person fails or refuses a test pursuant to a valid warrant, and establishes procedures for challenging and reviewing that revocation.

The ignition interlock changes took effect May 24, 2017; search warrant language takes effect July 1, 2017.

HF179*/SF347/CH83

Consumers - 2017

Regular Session

Consumer and insurance agent protections expanded

A small change to state law will alter requirements for health carriers regarding insurance agents selling individual health plans.

The new law, sponsored by Rep. Greg Davids (R-Preston) and Sen. Paul Utke (R-Park Rapids), changes "qualified" health plans to "individual" health plans under a specific statute, expanding its protections to include all health plans sold on the individual market, not just those sold through Minnesota's individual health insurance marketplace, MNSure. This means that health carriers must allow individual health plan enrollees to change their appointed insurance agent, health carriers must pay fees to the agent of record, and health carriers are prohibited from performing certain actions based solely on the commission-paying status of the health plan.

The change also bars insurance officials who aren't certified in Medicare from giving Medicare-related advice to consumers.

The law is effective retroactive to Jan. 1, 2017.

HF212*/SF1106/CH23

Consumers - 2017

Regular Session

Yes, you can buy alcohol on Sundays

Minnesotans will be able to purchase alcohol on Sundays from a liquor store.

Sponsored by Rep. Jenifer Loon (R-Eden Prairie) and Sen. Jeremy Miller (R-Winona), the law removes the prohibition on off-sale Sunday liquor sales, allowing stores to sell alcohol between 11 a.m. and 6 p.m., and barring those stores from receiving deliveries on Sundays. This law also prohibits wholesalers from making deliveries, soliciting orders, or merchandising on Sundays.

Effective July 1, 2017, the first Sunday alcohol will be available for purchase is the next day.

HF30/SF1086*/CH6

Education - 2017

First Special Session

Education finance law increases school funding

After months of negotiations over the best approach to reduce the student achievement gap, a new law increases overall education funding and shifts pre-kindergarten education investments into early learning scholarships and school readiness programs.

Sponsored by Rep. Jenifer Loon (R-Eden Prairie) and Sen. Carla Nelson (R-Rochester), the law spends \$18.75 billion during the 2018-19 biennium, a General Fund base increase of \$483.4 million, or 2.6 percent.

Effective July 1, 2017, the law increases General Education Basic Formula funding by 2 percent per year — an additional \$371.5 million in base funding.

The law also appropriates \$117.36 million in combined school readiness, and mixed delivery prekindergarten and school readiness plus funding as well as \$140.41 million for early learning scholarships.

School readiness plus programs will provide early learning opportunities to 4-year-olds who demonstrate one or more risk factors. A school district or charter school that did not apply to participate in a voluntary pre-k program would be able to apply for funding by July 1, 2017. A school district or charter school that did apply to participate in a voluntary pre-kindergarten program may amend its application by July 1, 2017, to apply instead for school readiness plus.

Gov. Mark Dayton requested a \$175 million increase in statewide voluntary pre-kindergarten program funding, which previously received \$25 million in base funding and served an estimated 3,300 4-year-olds at 74 school districts and charter schools.

Other provisions in the law require school boards to negotiate unrequested leave of absence plans with teacher representatives as well as a \$15.3 million appropriation for the Perpich Center for Arts Education.

The law also ushers in the teacher licensure overhaul, providing \$3.36 million over the biennium for a new licensure system implementation and Professional Educator Licensing and Standards Board administration. Sponsored by Rep. Sondra Erickson (R-Princeton) and Sen. Eric Pratt (R-Prior Lake), the idea was vetoed as a standalone bill during the regular session due in part to a lack of provided funding.

SSHF2*/SFnone/CH5

Elections - 2017

Regular Session

School board vacancies, uniform election dates, restored voting reports and more inside revamped

elections law

Wide-ranging changes to election laws include creating five uniform dates for local elections, technical changes for local government officials elected to tribal councils to receive unpaid leaves of absences, allowing absentee voters to receive the same "I VOTED" stickers often given to polling place electors, and allowing some counties' officers to transition from elected positions to appointed ones.

The omnibus elections law, with varying effective dates, is sponsored by Rep. Kelly Fenton (R-Woodbury) and Sen. Mary Kiffmeyer (R-Big Lake).

Wide-ranging changes

The law makes various changes all across statutes governing elections and their processes. Some of those changes include:

- permitting local government employees elected to tribal councils to take unpaid leaves of absence. Tribal councils were previously unlisted in the law allowing the benefit;
- immediately installing into office candidates who win special elections to school boards after receiving their election certificate, filing the bond and taking the oath of office;
- granting county auditors a 28-day extension for new voter registration input. The secretary of state, which will post each county's compliance, can waive the initial 42-day deadline;
- expanding election judge appointments by allowing people to travel outside their home jurisdiction if the list of potential election judges has been exhausted. Local governments don't have to shoulder their travel costs; and
- permitting absentee voters and voters in vote-by-mail precincts to receive 'I VOTED' stickers.

Reports

The new law also reorganizes various electronic right-to-vote reports required by the Corrections and Public Safety departments, and court administrators to the secretary of state. For instance, the state court administrator must now report on individuals 17 or older who are under guardianship and whose right to vote has been revoked or who are legally incompetent to vote.

The state court administrator and the Corrections Department must report on individuals with restored voter rights – the department's report is focused on individuals discharged from a sentence.

The Department of Public Safety must report on individuals with temporary lawful status and the Office of the Secretary of State must determine if those individuals are registered to vote and prepare a list for county auditors.

Uniform election dates

Five uniform dates throughout the year for local school district special elections are established: the second Tuesday in February, the second Tuesday in April, the second Tuesday in May, the second Tuesday in August, which is the state's primary date, or the first Tuesday after the first Monday in November, usually a general election date. The only exception to those dates is in response to emergencies or disasters.

School districts will be permitted to consolidate polling places if their election is a standalone one. The polling places must be designated polling places already in the district.

These changes take place Jan. 1, 2018.

County offices

The new law grants certain counties special authorization for appointing, rather than electing, certain officers. They include recorders for Morrison, Benton, Stearns, Marshall and Rice counties and auditor-treasurers for Pine and Rice counties.

The law bars boards overseeing these positions from reverting to elected positions within three years. Then, if the counties decide to go back to elected positions, 60 percent of the governing board must approve or 10 percent of registered voters can submit a petition to have it on the ballot.

HF729/SF514*/CH92

Employment - 2017

Regular Session

High school students' 11 p.m. punch-out, combative sports regulations updated

High school students age 18 or older may not work past 11 p.m. on a school night unless the student makes a written request to the employer to work during the restricted hours. Current law bars students "under the age of 18" from working between 11 p.m. and 5 a.m. on a school night without written permission from a parent or guardian.

The new law, sponsored by Rep. Jason Rarick (R-Pine City) and Sen. Mike Goggin (R-Red Wing), takes effect Aug. 1, 2017.

It makes a number of housekeeping changes to laws affecting the Department of Labor and Industry:

- changes the procedure for handling incomplete licensing applications;
- updates language to be consistent with trade union terminology and it alters the continuing education requirements from "units" to "hours;"
- incorporates the Unified Rules of Mixed Martial Arts into combative sports regulations and modifies license fee payments; and
- removes vague requirements for the Department of Health.

HF1204/SF1457*/CH68

Employment - 2017

Regular Session

Fixes made to unemployment insurance

What counts as the date of discharge for an employee who is suspended indefinitely without pay? A new law clarifies that, for the purposes of unemployment insurance, it's the date of the suspension.

The law also makes several other changes to unemployment insurance policy. It takes effect Aug. 1, 2017.

Whether employee-leasing companies receive a certain exemption under worker's compensation law will no longer have bearing on the Department of Employment and Economic Development's determination of their unemployment insurance liability. The same will go for businesses where more than half the workers are from an employee-leasing company.

The department will be allowed as long as 48 months to determine that a worker also receiving workers' compensation benefits is ineligible for unemployment insurance.

Sponsored by Rep. Marion O'Neill (R-Maple Lake) and Sen. Rich Draheim (R-Madison Lake), the law will also make dozens of technical and housekeeping changes, as recommended by the Unemployment Insurance Advisory Council.

HF1419/SF1549*/CH35

Employment - 2017

Regular Session

Changes made to medical faculty physician licenses

A new law removes the expiration date of licenses for medical faculty physicians.

Sponsored by Rep. Matt Dean (R-Dellwood) and Sen. Carla Nelson (R-Rochester), the law repeals the expiration date of the statute establishing the medical faculty physician license. Previously set to expire on July 1, 2018, the law makes the license permanent. It takes effect July 1, 2017.

The license allows a person to practice medicine after satisfying multiple requirements, including proof of medical school graduation and no previous disciplinary actions. Once granted, the person must continue education requirements under Minnesota law.

The law also appropriates \$1,000 in Fiscal Year 2018 and \$1,000 in Fiscal Year 2019 from the Special Revenue Fund to the Board of Medical Practice for licensing activities.

HF959*/SF815/CH82

Energy - 2017

Regular Session

Green light for new natural gas-fueled electric plant in Becker

A new law will provide a faster track for construction of an electric generating plant that burns natural gas.

Sponsored by Rep. Jim Newberger (R-Becker) and Sen. Andrew Mathews (R-Milaca), the law gives authority to a public utility to "construct, own, and operate" a natural gas plant "at its sole discretion."

The law doesn't name a public utility, but it specifies the current site of Xcel Energy's Sherco coal-fired electrical generating plants in Becker as the site for a potential future natural gas-fired plant.

It also specifies by docket number an Xcel Energy gas plant plan now before the Public Utilities Commission. That project may now proceed as proposed without a certificate of need from the commission. The commission will review it if the company revises its plans.

Two provisions of the law govern costs. Xcel Energy can seek to recover "reasonable and prudently incurred costs and investments" by bringing a rate case to the commission.

And the utility must file an independent evaluator's report on cost forecasts at least 20 months before starting construction, with the option of asking the commission to set up a sliding scale rate of return mechanism as an incentive to complete the gas plant at or under forecasted costs.

The law, which takes effect Aug. 1, 2017, authorizes construction starting after Jan. 1, 2018.

HF113*/SF85/CH5

Environment and Natural Resources - 2017

Regular Session

Conservation program receives nearly \$20 million under new law

A new law will help fund a conservation program targeting high priority, environmentally sensitive areas around the state for help.

Sponsored by Rep. Josh Heintzeman (R-Nisswa) and Sen. Torrey Westrom (R-Elbow Lake), the law appropriates more than \$64 million in lottery proceeds for projects that benefit the environment and natural resources. That money comes from the Environment and Natural Resources Trust Fund established in 1988.

Included in those appropriations are \$19.5 million for the Conservation Reserve Enhancement Program, which pays landowners to retire environmentally sensitive land to protect and improve water quality and other natural resources.

In early 2017, Gov. Mark Dayton signed an agreement to secure \$350 million in federal funding for the program. As part of that agreement, the state must commit \$150 million of its own money.

The new law appropriates \$13.5 million to CREP for easements and acquisitions, and \$6 million for outreach and implementation.

The overall appropriations in the law include \$8.43 million during Fiscal Year 2017, \$50.73 million in Fiscal Year 2018 and \$5.08 million in Fiscal Year 2019. Those appropriations are to be distributed as follows:

- Methods to Protect or Restore Land, Water and Habitat - \$24.28 million
- Land Acquisition, Habitat and Recreation - \$14.53 million

- Foundational Natural Resource Data and Information - \$9.96 million
- Invasive Species - \$4.72 million
- Air Quality, Climate Change and Renewable Energy - \$3.25 million
- Water Resources - \$3.18 million
- Environmental Education - \$2.99 million
- Administration and Contract Agreement Reimbursement - \$1.34 million

Other provisions in the law include:

- giving recipients of environment trust fund appropriations the option of submitting annual progress reports rather than semi-annual reports;
- a requirement that for any acquisition of lands or interest in lands, fund recipients must give priority to high-quality natural resources or conservation lands that provide natural buffers to water resources;
- a requirement that environment trust fund appropriations be spent only on activities specified in the work plan approved by the Legislative-Citizen Commission on Minnesota Resources and prohibiting appropriations from being spent on indirect costs or other institutional overhead charges not directly related or necessary, including overhead costs such as rent and utilities; and
- a requirement that data collected by funded projects must conform to standards adopted by MN.IT Services and be accessible and free to the public unless made private under the state Data Practices Act.

HF1265/SF550*/CH96

Environment and Natural Resources - 2017

Regular Session

New omnibus environment law includes outdoors fee increases and buffers waiver

Higher fees for hunting and fishing licenses are included in a new omnibus environment and natural resources law.

Sponsored by Rep. Dan Fabian (R-Roseau) and Sen. Bill Ingebrigtsen (R-Alexandria), the law appropriates more than \$870 million during the 2018-19 biennium.

Direct appropriations in the new law include:

- Department of Natural Resources – \$569.72 million
- Pollution Control Agency - \$202.03 million
- Explore Minnesota - \$30.01 million
- Board of Water and Soil Resources - \$28.48 million
- Minnesota Zoo - \$18.53 million
- Metropolitan Council - \$17.08 million
- Science Museum of MN - \$2.16 million
- Conservation Corps - \$1.89 million
- School Trust Administration - \$1.1 million

The law includes a number of new fees for hunting and fishing licenses, increasing the cost of a resident fishing license from \$22 to \$25 and a deer license from \$30 to \$34, along with increases to licenses in a number of other areas.

The increases are meant provide new revenue for the dedicated funds meant to support those activities.

The law does not include delays for implementing the 2015 buffer law, but does have a provision allowing landowners, who file compliance plans with their soil and water conservation

districts by Nov. 1, 2017, to receive compliance waivers giving them until July 1, 2018, for implementation.

The date for buffers, or alternative water quality practices, to be in place on public waters remains Nov. 1, 2017, and Nov. 1, 2018 on public ditches.

Other provisions in the law, which have various effective dates, will:

- allow hunters to wear blaze pink in addition to blaze orange;
- change the composition of the Environmental Quality Board by requiring the governor to appoint a member from each of the state's congressional districts;
- allow any property owner or government entity with responsibilities impacted by the proposed operation identified in a mining permit application to petition the Department of Natural Resources for a contested case hearing;
- require the Pollution Control Agency to allow at least 60 days for public comment after publishing the draft impaired waters list;
- extend solid waste permits issued by the PCA for Class I demolition debris landfills, operating under the agency's 2005 guidance, for five years unless a new PCA permit is issued for the facility after the law's effective date;
- exempt municipalities that build wastewater treatment facilities that comply with new or modified effluent standards from having to spend additional capital to comply with additional standard changes adopted after construction begins for a period of 16 years;
- require cost estimates be provided by the state for each task involved – and a schedule for completing them – when a permit applicant seeks to build, reconstruct or modify a project or operate a facility and chooses to pay for expedited permitting;
- authorize responsible government units to allow proposers to prepare draft environmental impact statements;
- prohibit the DNR from adopting rules that further restrict the use of lead shot until July 1, 2019;
- allow the DNR to release invasive carp back into the same water bodies where they are captured for research or control purposes;
- classify the taking, possessing or transporting of threatened or endangered animals involved in a gross overlimit violation as a gross misdemeanor;
- require a parent or guardian to be present during hands-on all-terrain vehicle training for children ages 6-10;
- prohibit, for two years, the DNR from converting additional land in Sand Dunes State Forest into oak savanna, or convert oak savanna to non-forest land, unless as the result of a contract that was entered into before the law is enacted;
- allow golf carts to be used on Fort Ridgely Golf Course;
- require the DNR and PCA to submit base budget reports; and
- allow hunters to use scopes on muzzleloaders during deer season.

HF771/SF844*/CH93

Environment and Natural Resources - 2017

Regular Session

New law appropriates more than \$500 million in Legacy funds

A new law will appropriate millions of dollars for projects aimed at improving the state's water quality, and the state's other natural and cultural resources.

Sponsored by Rep. Bob Gunther (R-Fairmont) and Sen. Carrie Ruud (R-Breezy Point), the new law, effective July 1, 2017, appropriates \$529.56 million during the upcoming biennium from the four funds established by the Clean Water, Land and Legacy Amendment in 2008 to benefit the state's natural and cultural resources.

The appropriations include:

- Clean Water Fund – \$211.87 million
- Arts and Cultural Heritage Fund – \$123.36 million
- Outdoor Heritage Fund – \$104.56 million
- Parks and Trails Fund – \$89.76 million

Water appropriations

The Clean Water Fund appropriation includes \$22 million for grants to the state's 90 soil and water conservation districts to help them comply with the 2015 buffer law meant to improve water quality and assist with other costs.

There are also \$3 million in CWF appropriations to help fund the Conservation Reserve Enhancement Program, which pays landowners to retire environmentally sensitive land from production to help improve the environment. Gov. Mark Dayton signed an agreement with the U.S. Department of Agriculture in January to secure \$350 million in federal funding for the program, but the state must commit \$150 million of its own money.

Soil and Water Conservation Districts will receive \$5 million to help implement buffers or alternative water-quality practices. Of that total, \$2.5 million can be used outside the Conservation Reserve Enhancement Area – the 54 Minnesota counties designated with the highest need for removing improving water quality and protecting habitat.

The law provides \$5 million to the Department of Agriculture's Water Quality Certification Program to help implement approved farm management practices that improve water quality. That money should help leverage an additional \$5.2 million in federal funds for the program.

The law also requires Minnesota Management & Budget to submit a report for each of the four funds detailing the amount used from each to reimburse the General Fund for indirect costs, such as overhead expenses, and how those cost allocations align with the legacy amendment's constitutional requirements.

Other appropriations in the law include:

- \$46.3 million for grants to support Minnesota artists and arts organizations for high-quality arts activities, overcoming barriers to access arts activities and instilling the arts in community and public life;
- \$17.7 million for grants for parks and trails of regional significance outside the seven-county Twin Cities metropolitan area;
- \$8.05 million for grants to Minnesota Public Television;
- \$3.5 million for the Minnesota Zoo;
- \$3.2 million for Minnesota Public Radio;
- \$2.7 million for Como Park Zoo; and
- \$1.2 million for the Science Museum of Minnesota.

HF707*/SF566/CH91

Environment and Natural Resources - 2017

Regular Session

Omnibus lands bill becomes law

The Department of Natural Resources and counties received authorization to sell or exchange a number of land parcels around the state after a new law took effect May 13, 2017.

Sponsored by Rep. Dale Lueck (R-Aitkin) and Sen. Carrie Ruud (R-Breezy Point), the new law authorizes land sales totaling approximately 1,800 acres.

The land sales and conveyances would take place in the following counties:

- Beltrami
- Big Stone
- Blue Earth
- Carlton

- Cass
- Chisago
- Goodhue
- Hennepin
- Itasca
- Kandiyohi
- Lake
- Pine
- Polk
- Redwood
- Roseau
- St. Louis
- Traverse
- Washington
- Watonwan
- Wilkin

The law also makes technical changes to how land transactions are conducted, including that a state easement may be exchanged for an easement with substantially more acres if the other party waives payment for the difference, and potentially requiring a performance bond for improvements or personal property left on leased premises.

The law also allows for a boundary correction, subject to approval by the Board of Water and Soil Resources, requested by the Rice Creek and Comfort Lake-Forest Lake Watershed Districts.

HF1451/SF1124*/CH54

Environment and Natural Resources - 2017

Regular Session

Wetlands replacement requirements changed and funding provided

A new law will appropriate \$5 million for the Board of Soil and Water Resources to acquire wetland banking credits and temporarily loosen other restrictions regarding wetlands replacement.

Sponsored by Rep. Dan Fabian (R-Roseau) and Sen. Bill Ingebrigtsen (R-Alexandria), the law also provides \$1.4 million to the city of Madelia and \$296,000 to Watonwan County to help fund fire damage reimbursement costs.

Minnesota's Local Road Wetland Replacement Program began in the 1990s after the Legislature adopted a "no net loss" wetlands policy. State statutes require BWSR to replace wetlands lost during certain road construction projects.

Under the program, BWSR creates wetlands in order to provide wetland credits which are available to offset wetland impacts from the local road projects. The credits are offered through wetland banks based on geographic areas called wetland bank service areas. The appropriation will allow the board to purchase credits for wetland banks in service areas that lack adequate credits.

The law directs BWSR to allow wetland replacement credits from one wetland bank service area to be used for a public transportation project occurring in another wetland bank service area, until the agency establishes enough credits in all wetland bank service areas that are adequate to replace wetlands for existing public road projects.

The law took effect March 11, 2017.

HF434*/SF326/CH7

First Special Session

Health and human services agencies see budget cuts

After receiving a veto from Gov. Mark Dayton calling its first spending proposal "reckless and foolish," lawmakers worked to reduce unnecessary spending throughout Minnesota's health and human services agencies while still providing an adequate balance of funding.

Sponsored by Rep. Matt Dean (R-Dellwood) and Sen. Michelle Benson (R-Ham Lake), the 680-page law trims \$463.47 million in General Fund state health and human services agency spending during the 2018-19 biennium.

An additional \$392 million from the Health care Access Fund will be spent over the biennium. Funded through a 2 percent tax on medical providers set to expire in 2020, the fund finances MinnesotaCare health insurance programs that increase access to health care for low-income Minnesotans. The increased spending from this fund for the upcoming biennium will be used to fund \$389 million in Medical Assistance expenditures.

Under the law Department of Human Services' General Fund appropriations will decrease by \$500.2 million, including:

- \$173.26 million for capitation payment delay;
- \$19.3 million for MNChoices administration reform using person-centered planning principles;
- \$18.61 million from the one-time use of Child Care and Development Block Grant funds for Child Care Assistance Programs;
- \$15.27 million for child care assistance program integrity modifications;
- \$13.08 million to defund the Medical Assistance Reasonable Opportunity to Enroll verification; and
- \$11.73 million to provide long-term care Medical Assistance facilities for the Return to Communities program.

Notable funding increases for the department include:

- \$24 million to fund self-directed workforce negotiations to implement rate adjustments in compliance with wages and benefits negotiated between Minnesota and the Service Employees International Union;
- \$22.85 million for increased security hospital staffing to improve client care and staff security;
- \$18 million for child care assistance program modification;
- \$17.3 million to modernize the Medicaid management information and integrated service delivery systems;
- \$12.42 million for compliance with federal managed care and access to care rules; and
- \$10.28 million for state-operated services sustainability.

The Department of Health will see a budget increase of \$36.3 million, most of it in General Fund spending, including \$12 million for home visiting services for pregnant and parenting teens, and \$7.63 million for operating adjustments.

The Board of Nursing (\$2.67 million), Board of Nursing Home Administrators (\$2.47 million) and Board of Medical Practice (\$2.3 million) receive funding increases.

But, the Board of Physical Therapy (\$1.47 million) and Board of Social Work (\$533,000) will see a budget decrease.

SSHFnone/SSSF2*/CH6

Regular Session

Strategic plan to end spread of HIV/AIDS expected by February 2018

The Health and Human Services departments will develop a comprehensive, statewide plan to address the spread of HIV/AIDS in Minnesota by February 2018.

Sponsored by Rep. Keith Franke (R-St. Paul Park) and Sen. Scott Dibble (DFL-Mpls), a new law orders the departments to develop a coordinated approach to determine what services, levels of care and testing would be needed to eliminate HIV in the state. Nearly 300 new HIV infections are identified in Minnesota each year.

The plan must identify strategies that can be used to reduce the number of new diagnoses by at least 75 percent and make sure that at least 90 percent of people with HIV know their status, are receiving treatment and are virally suppressed.

In addition, the report must recommend how the state can most effectively use existing funds and propose any new or enhanced interventions and additional resources that may be needed to meet the plan's objectives.

The plan is to be completed using existing resources.

HF2047*/SF847/CH75

Health and Human Services - 2017

Regular Session

Law delivers almost \$327 million in insurance premium relief

Nearly \$327 million will aid Minnesotans in the individual health care market with rising insurance premiums.

Sponsored by Rep. Joe Hoppe (R-Chaska) and Sen. Michelle Benson (R-Ham Lake), the new law requires health carriers to subsidize qualifying customers' premiums then seek state reimbursement. It calls for pulling \$326.9 million out of the state's budget reserves and assigning up to \$311.7 million of that for the premium relief.

The remaining \$15 million covers transition care for people with new health plans but are continuing treatment for serious conditions, life-threatening mental or physical illnesses and pregnancy beyond the first trimester.

Included in the relief package are a number of reforms, like allowing for-profit HMOs to join the state-run individual marketplace once controlled only by nonprofits.

The law, mostly effective Jan. 27, 2017, also paves the way for agricultural cooperative health plans to provide insurance to farmers and agribusiness employees. Another measure allows hospitals and clinics to use administrative law judges to challenge the way insurance providers select their network.

A requirement that an enrollee have the same cost-sharing requirements for defined unauthorized provider services as those applicable to services received from a participating provider in a health plan network is effective April 27, 2017.

The setting of stop-loss aggregate attachment point for all groups at no less than 110 percent of expected claims and a requirement that claim settlement periods under a stop-loss policy be no less favorable than claims incurred during the contract period and paid by the plan during the contract period or within three months after expiration of the contract period take effect June 1, 2017.

How everyone gets the money

Minnesota Management and Budget will issue checks to insurance companies with help from the Commerce and Human Services departments. Those companies are required to provide an invoice and supporting information to fulfill their end of the bargain.

The law requires the health plan carriers to subsidize insurance premiums by April 30, 2017. Individuals who qualify for the subsidies will see the 25 percent reductions reflected on their bills.

The MMB commissioner will be allowed to assess the allocated funding and determine if it's enough for 25 percent across-the-board relief. If the \$311 million isn't enough, that 25 percent reduction can be decreased. (Art. 1, Sec. 2)

Following the money

The law gives the Office of the Legislative Auditor authority to dig through the insurance companies' supporting documentation. If the audit finds fiscal mismanagement, the state can

bill the carriers – or withhold money from them – for the alleged wrongdoing. The state allocated \$157,000 for audit.

The \$326.9 million for these subsidies comes from the state's budget reserves, the so-called "rainy day" fund. (Art. 1, Secs. 3, 7)

Jam-packed with reforms

Although one purpose behind the law was providing immediate help to individual marketplace consumers, another focused on reforming that market.

The law includes changes to stop-loss coverage, believed to help small businesses. It also includes striking "nonprofit" from health maintenance organization, or HMOs, in Minnesota's marketplace – opening up the market to for-profit entities (Art. 2, Secs. 2-4).

A big win for Greater Minnesota, supporters argue, is a provision allowing tax-exempt agricultural cooperative health plans for people working in agricultural production or people providing direct services to agribusiness. (Art. 2, Sec. 10)

Transition care is intended to help customers in the individual marketplace. Insurance companies must cover shoppers leaving one of their plans and going to another. The protection only applies to specific individuals, and it also puts limits on the transitional care. (Art. 2, Sec. 15)

HF1/SF1*/CH2

Health and Human Services - 2017

Regular Session

Claims against estates of people on Medical Assistance modified

State and federal law require the Department of Human Services and local agencies to recover some Medical Assistance costs through estates of deceased enrollees older than age 55.

A new law, effective May 13, 2017, will only allow this recovery for expenses obtained through long-term services and supports pending on or after July 1, 2016, and the estates of those who died on or after that date.

These measures were needed after the institution of the Affordable Care Act, because many people qualified for the program and signed up without knowledge of the estate recovery provision. They were blindsided by the liens against them, which could be for tens of thousands of dollars, said Rep. Jason Rarick (R-Pine City), who sponsors the law with Sen. Scott Jensen (R-Chaska).

A 2016 law first limited estate recovery to long-term services or supports received on or after Jan. 1, 2014, but it needed to be updated to comply with the state plan approved by the Centers for Medicare and Medicaid Services.

HF629/SF216*/CH46

Health and Human Services - 2017

Regular Session

Refills on eye drops to have insurance coverage

Health plans that cover prescription eye drops will need to cover refills earlier than the expiration of a 30- or 90-day supply.

Sponsored by Rep. Tony Albright (R-Prior Lake) and Sen. Karin Housley (R-St. Marys Point), the law takes effect for health plans offered, sold, issued or renewed on or after Jan. 1, 2018.

HF1203/SF997*/CH47

Health and Human Services - 2017

Regular Session

New law expands benefits for people with autism, related conditions

More people with autism spectrum disorders and related conditions will receive early intensive developmental and behavioral intervention benefits.

The law, sponsored by Rep. Roz Peterson (R-Lakeville) and Sen. Jim Abeler (R-Anoka), modifies a 2013 law that provides intensive treatment for children with autism spectrum disorders. The changes will expand benefits to include adults younger than 21 years old and broaden qualifying conditions.

Supporters say the law will provide more flexibility in therapy and treatment, as well as additional workplace opportunities.

Sections of the law regarding benefit provider qualifications and the development of an exception process to address provider shortages took effect April 28, 2017. The rest of the legislation takes effect July 1, 2017.

HF919/SF562*/CH19

Health and Human Services - 2017

Regular Session

Foster care provisions modified

A new law modifies specific adult foster care licensing provisions and expirations while further expanding background studies for caregivers.

Sponsored by Rep. Dave Baker (R-Willmar) and Sen. Paul Utke (R-Park Rapids), the law requires the Department of Human Services to conduct a background study, at least upon application for initial license for all license types, on family foster care settings when the license holder resides in the home where foster care services are provided.

All changes take effect May 31, 2017, unless otherwise noted.

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.

The department will regulate home and community-based services to persons with disabilities and persons age 65 and older. The law will require the person, or the person's legal representative, and license holder to sign and date the residency agreement when the license holder provides foster care or supported living services. This section is effective Aug. 1, 2017.

The law also adapts a person's protected rights to include the freedom to come and go from the residence at will (and choose visitors and time of visits), the freedom to furnish and decorate a bedroom or living unit, the use of the lock on the person's bedroom door, and access to the person's personal possessions at any time, including financial resources.

Finally, it also changes the date that the department shall not issue a new adult foster care license after from June 30, 2017 to June 30, 2019, and creates a base wage index for individualized home supports services staff.

HF696/SF359*/CH90

Health and Human Services - 2017

Regular Session

Some physicians would see their license to practice expedited

A technical change will make it easier for physicians to receive expedited licenses in other states belonging to the Interstate Medical Licensure Compact.

Sponsored by Rep. Tony Albright (R-Prior Lake) and Sen. Carla Nelson (R-Rochester), a new law will authorize the Board of Medical Practice to perform criminal background checks required for Minnesota physicians seeking licenses in other states belonging to the compact. It took effect May 13, 2017.

For physicians who want a license to practice in Minnesota, the law will exempt them from the usual background check requirements if they primarily practice in another compact state that

ran a background check on them in the 12 previous months.

The compact, signed into state law in 2015, is intended to make it easier for physicians to practice in multiple states.

HF474*/SF300/CH50

Health and Human Services - 2017

Regular Session

More can sink their teeth into good dental care under new law

A new law will provide Minnesotans with greater access to dental care by allowing some dental hygienists and assistants to serve patients who have not been first examined by a dentist in settings such as schools and long-term care facilities.

Effective Aug. 1, 2017, hygienists will be allowed to perform procedures outside the clinic in settings where they can better reach underserved communities, provided they have a collaborative agreement with a dentist. The law doesn't change which procedures they can perform, but expands access.

Procedures they will be allowed to perform include taking vital signs, providing topical preventative agents, polishing crowns and taking x-rays without a dentist present.

Dental assistants employed by a health care facility, program or organization will also be able to provide their services, if they have a collaborative agreement with a dentist and have completed the required emergency medical training.

Rep. Nels Pierson (R-Rochester) and Sen. Michelle Benson (R-Ham Lake) are the sponsors.

HF1712*/SF1496/CH30

Health and Human Services - 2017

Regular Session

After-discharge CEMT support will be available for both nursing facilities and hospitals

A technical fix will allow community emergency medical technicians to visit people on Medical Assistance recently discharged from skilled nursing facilities, as well as hospitals.

Under current law, a CEMT can provide safe home checks or for people after a nursing home discharge to identify any hazards in their homes, to confirm access to medication and food and to identify home hazards. The law, effective Aug. 1, 2017, will allow CEMTs to also provide reminders of discharge orders and record and report vital signs for a person discharged from a skilled nursing facilities.

Rep. Nick Zerwas (R-Elk River) and Sen. Jeff Hayden (DFL-Mpls) sponsor the law.

HF106*/SF93/CH53

Health and Human Services - 2017

Regular Session

Changes to CNA training reimbursement will increase access

Nursing facilities will be required to directly reimburse whoever paid for the training and evaluation of certified nursing assistants. CNAs will be reimbursed for training and evaluation expenses only if the the person actually incurred the expenses.

Sponsored by Rep. Joe Schomacker (R-Luverne) and Sen. Karin Housley (R-St. Marys Point), a new law is intended to simplify the process and increase access to training by giving institutions the ability to turn around funding more quickly. It takes effect Aug. 1, 2017.

Reimbursement can cover the cost of tuition, textbooks and evaluations, as well as additional training in mathematics, vocabulary, literacy and professional skills such as resume writing and interviewing. Reimbursement cannot exceed 30 percent of the total cost for an individual's training and testing.

HF1400*/SF1433/CH71

Health and Human Services - 2017

Regular Session

New law makes changes to some mental health regulations

A new law will make changes to some mental health services and change which facilities qualify for Medical Assistance payments for children's therapeutic services.

Sponsored by Rep. Nels Pierson (R-Rochester) and Sen. Jeff Hayden (DFL-Mpls), the law expands the definition of mental health practitioner and clarifies that Medical Assistance covers service plan development before completion of a child's individual treatment plan.

It also modifies a requirement that a qualified mental health practitioner for adult day services needs to meet 2,000 hours of supervised experience, if that person instead receives 40 hours of training within six months of employment and receives weekly clinical supervision until the 2,000 hours are met.

The law takes effect Aug. 1, 2017.

HF1186*/SF915/CH79

Health and Human Services - 2017

Regular Session

Technical change will clarify protection of some medical titles

Effective Aug. 1, 2017, a new law will clarify the protection of titles for professionals licensed by the Board of Medical Practice, including medical doctors, doctors of osteopathic medicine, physicians and surgeons.

Sponsored by Rep. Roz Peterson (R-Lakeville) and Sen. Carla Nelson (R-Rochester), the law will also clarify the list of improper conduct which could prompt the board to refuse a license or impose disciplinary action.

This will include engaging in conduct likely to harm the public, failure to properly supervise a physician's assistant or health care provider, or having a "willful and careless disregard" for the health, welfare or safety of a patient.

HF643/SF482*/CH56

Health and Human Services - 2017

Regular Session

APRNs required to complete graduate courses for licensing

Advance practice registered nurses will be required to complete graduate-level coursework for licensure.

Sponsored by Rep. Barb Haley (R-Red Wing) and Sen. Mary Kiffmeyer (R-Big Lake), the law will add additional requirements for APRN programs, completed on or after Jan. 1, 2016, to include at least one graduate-level course in several subjects.

APRNs who completed their programs before 2016 will need to demonstrate compliance with the education requirements in effect at that time.

APRNs are licensed by the Board of Nursing and certified by national certification organizations as clinical nurse specialists, nurse anesthetists, nurse-midwives or nurse practitioners.

The law will allow collaborative agreements, through which APRNs complete their postgraduate practice hour requirements within hospitals or integrated clinical settings, to include physicians licensed in another U.S. state or territory. It will also make licensure easier for APRNs licensed as nurses in another state or country with equivalent qualifications.

The law took effect May 18, 2017.

HF733/SF527*/CH57

Health and Human Services - 2017

Regular Session

Telemedicine defined in new law, standards upheld

A new law will define telemedicine and clarify that health care providers working with patients remotely are subject to the same professional standards as those working with patients in person.

Sponsored by Rep. Matt Dean (R-Dellwood) and Sen. Julie Rosen (R-Vernon Center), the law addresses both professional standards and what services can be provided via telemedicine, which include assessment, diagnosis, treatment, education and care management.

The law, effective Aug. 1, 2017, also clarifies that “telemedicine” refers to real-time, two-way interactive audio, visual and audio-visual communications — like secure video conferencing — but not a telephone conversation, email or fax between licensed health care providers.

HF1314/SF1353*/CH58

Health and Human Services - 2017

Regular Session

APRNs and physician assistants allowed to perform more duties under new law

Existing laws will be updated to allow advanced practice registered nurses and physician assistants to perform certain tasks previously restricted to physicians.

APRNs and physician assistants will be granted the statutory authority needed to perform a range of duties, including filing vital records with the Office of Vital Records and completing identification cards for people who need special diets for medical reasons.

Rep. Nick Zerwas (R-Elk River) and Sen. Mary Kiffmeyer (R-Big Lake) sponsor the law that took effect May 18, 2017.

Other duties the law will authorize APRN’s and physicians assistants to perform include:

- certifying that someone has an expected lifetime of 180 days or less, or verifying a person’s HIV status in some situations;
- certifying for school screenings whether a student has tuberculosis or its symptoms;
- recommending actions for some do-not-resuscitate orders;
- ordering skilled nursing visit services and reviewing or approving plans of care;
- certifying whether a person intends to return home after staying in a long-term care facility or medical institution;
- prescribing special diets or dietary items for people receiving Minnesota Supplemental Aid;
- determining whether a child is in serious or critical condition because of abuse or neglect; and
- authorizing a prescription for new eyeglasses, based on a recent prescription, in an emergency.

HF2177/SF1844*/CH59

Health and Human Services - 2017

Regular Session

Public hospitals will have more investment options under new law

Public hospitals will be allowed to invest in a broader range of securities.

A new law, sponsored by Rep. Mary Franson (R-Alexandria) and Sen. Bill Ingebrigtsen (R-Alexandria), allows public hospitals to invest in securities recommended by registered advisors as well as government-backed securities — which were the only investments previously permitted by law. It took effect April 28, 2017.

Supporters say the law will ensure more equality between public and private hospitals, while opponents question whether it will let taxpayer dollars fund higher risk investments.

The new law also allows a portion of a tax levied by a hospital district in northeastern Minnesota to be used for administrative, operational or salary expenses for the Cook and Orr ambulance service.

HF559/SF341*/CH18

Health and Human Services - 2017

Regular Session

Alternate payment rates will keep children's hospitals running

A new law will compensate children's hospitals for a shift in the interpretation of a federal reimbursement formula, which could have cost the state's children's hospitals \$25 million this year.

Sponsored by Rep. Joe Schomacker (R-Luverne) and Sen. Tony Lourey (DFL-Kerrick), the law, retroactive to Jan. 1, 2015, will establish an alternate payment method so hospitals can still receive enhanced funding when treating patients on Medical Assistance.

State Medicaid programs are required under federal law to make Disproportionate Share Hospital payments to hospitals that treat a large number of uninsured patients and people on Medicaid. However, a change for how those payments are calculated would have left hospitals with severe funding shortfalls.

The alternate payment rate established by the new law can be used instead of the DSH rate, if it is higher. Hospitals are not permitted to receive payments under both rates.

HF1619/SF1616*/CH32

Health and Human Services - 2017

Regular Session

Exemption provided for supervised clinical dental work

Students from all accredited dentistry schools will be granted an exemption needed to do supervised clinical work in Minnesota.

Previous law only gave the exemption to dentistry students from the University of Minnesota.

The law, sponsored by Rep. Bob Loonan (R-Shakopee) and Sen. Julie Rosen (R-Vernon Center), is expected to make dental care more accessible to people in need by increasing the pool of people available to help them.

The law is effective April 4, 2017.

HF397/SF662*/CH11

Health and Human Services - 2017

Regular Session

Patient release notifications to comply with federal confidentiality requirements

Patients being released from a treatment or emergency facility now benefit from federal confidentiality requirements.

Sponsored by Rep. Nick Zerwas (R-Elk River) and Sen. Ron Latz (DFL-St. Louis Park), a new law requires treatment facility patient release notifications to comply with federal confidentiality regulations pertaining to alcohol and drug abuse patients. It took effect May 24, 2017.

Under current statute, when a person is mentally ill, developmentally disabled or chemically dependent and considered to be in danger of causing injury to self or others if not immediately detained, they can be admitted, or held, for emergency care and treatment in a treatment facility for up to 72 hours. A person held must be released within the 72-hour period unless a court order is obtained to hold them longer.

Upon release, a treatment facility head is required to notify the local agency that employs the peace or health officer who transported the person to the facility. The law will change the notice to one that "does not apply to the extent that the notice would violate federal law governing the confidentiality of alcohol and drug abuse patient records."

HF827*/SF648/CH85

Health and Human Services - 2017

Regular Session

Generic drug substitution requirements expanded

Affording consumers more choices and communication, a new law will expand state law on generic drug substitution to apply to biological products.

Sponsored by Rep. Tony Albright (R-Prior Lake) and Sen. Carla Nelson (R-Rochester), the law requires pharmacists to substitute less expensive biological products, when safely interchangeable, unless the consumer or purchaser specifies otherwise. It takes effect Aug. 1, 2017.

An "interchangeable biological product" is a biological product that the U.S. Food and Drug Administration has licensed and determined to meet the standards for "interchangeability," or has determined to be therapeutically equivalent.

A new requirement would also mandate pharmacists notify the purchaser the name of the biological product and manufacturer within five days.

HF712*/SF1184/CH84

Health and Human Services - 2017

Regular Session

Age-related hearing loss training to be allowed

Age-related hearing loss can be an isolating experience and lead to depression, increased incidences of dementia, hospitalizations and falls. But the effects may be mitigated by well-informed staff trained to deal with communication barriers through a new law that takes effect Jan. 1, 2018.

Rep. Debra Kiel (R-Crookston) and Sen. Karin Housley (R-St. Marys Point) sponsor the law that will allow homecare providers to include training about age-related hearing loss in the orientation they receive to help them interact more effectively with hard-of-hearing people in their care to improve the quality of their lives.

Home care workers will also be able to count training in age-related hearing loss toward their annual training requirements.

Under current law, all staff performing direct home care services must undergo annual training that can address a range of topics, including maltreatment reporting, the home care bill of rights and infection control techniques.

HF952*/SF818/CH51

Higher Education - 2017

Regular Session

Higher education funding passed into law

After being told by Gov. Mark Dayton their first proposal “fell short,” lawmakers came together to craft a proposal that funds statewide public post-secondary opportunities.

Sponsored by Rep. Bud Nornes (R-Fergus Falls) and Senate President Michelle Fischbach (R-Paynesville), the omnibus higher education law provides \$3.28 billion in funding during the 2018-19 biennium, a base funding increase of \$210 million. Dayton initially requested \$318 million in additional base funding.

Effective July 1, 2017, the law provides \$1.45 billion in biennial appropriations for Minnesota State, \$1.31 billion for the University of Minnesota and \$517 million for the Office of Higher Education.

Nornes emphasized the law will provide affordability, access and accountability throughout post-secondary education across the state. But opponents expressed concern the law does not invest enough in the future success of students.

A provision requires a student vote on mandatory student fee increases of more than 2 percent. If the University of Minnesota raises fees by more than 2 percent without a student vote approval, its base funding would be punitively decreased by 1 percent over the next biennium.

Minnesota State’s 2017-18 academic year tuition rates at colleges will not exceed the previous year’s rate by more than 1 percent. For the 2018-19 academic year, tuition rates for undergraduates at both colleges and universities will not exceed the 2017-18 rate. Per the law, “The Board of Trustees is requested to help Minnesota close the attainment gap by funding activities which improve retention and completion for students of color.”

Tuition relief cannot be offset by increases in mandatory fees, but colleges and universities will be permitted to increase different tuition charges to cover costs of programs facing increases due to unforeseen and extraordinary circumstances.

It also requests a tuition freeze at the University of Minnesota in the second year of the biennium, but due to the university’s constitutional autonomy, the state cannot require it to adhere to legislative requests.

The Office of Higher Education funding includes \$250,000 each year for College Possible “to support programs of college admission and college graduation for low-income students through an intensive curriculum of coaching and support at both the high school and postsecondary level.” This is to be proportionately allocated between students in the Twin Cities metropolitan area and Greater Minnesota.

HF2080/SF943*/CH89

Housing - 2017

Regular Session

Condo associations will have to clear higher standards before suing construction companies under a new law

Condominium associations and similar organizations will have to clear a higher bar before they file lawsuits over construction defects.

A new law adds definitions to the term “construction defect claims,” it also requires common interest communities, also known as CICs, to get a majority of association voters’ approval before filing litigation. This new law would also require CICs to have a maintenance schedule and gives contractors and developers immunity for losses and damages due to CICs failing to follow those maintenance plans.

Rep. Dennis Smith (R-Maple Grove) and Sen. Kari Dziedzic (DFL-Mpls) sponsor the law that takes effect Aug. 1, 2017.

Under current law, CICs aren’t required to create maintenance plans and schedules, so the new law gives them until Jan. 1, 2019, to create those plans. Those plans must be based on “the best available” information and “generally accepted standards” of maintenance.

A new standard will allow CICs and a development party to go to mediation before pursuing a construction defect claim.

HF1538*/SF1455/CH87

Housing - 2017

Regular Session

No fire sprinkler systems required in two-unit townhouses

New construction on two-unit townhouses won't require fire sprinkler systems any longer under a new law requiring the Department of Labor and Industry to amend the State Building Code.

Sponsored by Rep. Tama Theis (R-St. Cloud) and Sen. Rich Draheim (R-Madison Lake), the new law makes technical changes and creates uniformity between Minnesota's building code and neighboring states.

The law takes effect the date it's published in the Minnesota State Register when the labor commissioner posts the rule change.

HF792*/SF578/CH20

Housing - 2017

Regular Session

New law allows electronic cancellation of condo sales

A new law will allow buyers of condominiums or apartments in cooperative buildings to cancel those purchases under certain circumstances using electronic communication.

Sponsored by Rep. Eric Lucero (R-Dayton) and Sen. Warren Limmer (R-Maple Grove), the law will allow the cancellation if the seller or seller's agent has provided an electronic address at which they agree to receive electronic communication as defined in statute.

The law takes effect Aug. 1, 2017.

HF1118*/SF920/CH38

Local Government - 2017

Regular Session

Firefighters' civil service commission members can now donate, receive political contributions

A new law will allow firefighters' civil service commission members to donate to political campaigns and solicit political party contributions – activities previously deemed misdemeanors.

The new law scrubs the misdemeanor provision from state law, allowing commission members to engage financially with political parties. The law, effective Aug. 1, 2017, also gives commissions more time to fill vacancies – stretching it from 30 days to 90 days – and allows commissions to meet anywhere but keep records at a city hall. The commissions were previously required to meet at a city hall.

The law generally applies to any city with a population exceeding 2,000 that has a fire department of two or more regularly employed and paid firefighters. Cities of the first class are excluded.

Rep. Peggy Flanagan (DFL-St. Louis Park) and Sen. Ron Latz (DFL-St. Louis Park) are the sponsors.

HF1640/SF1354*/CH97

Local Government - 2017

Regular Session

Townships caught in training Catch-22 get reprieve

Some townships in 2016 found themselves in a Catch-22 of thinking their local board of appeal and equalization was in compliance with a training requirement, only to lose that status because the trained person died, moved or lost the position in an election.

A new law provides a waiver from the requirement for those townships.

Sponsored by Rep. Greg Davids (R-Preston) and Sen. Torrey Westrom (R-Elbow Lake), the new law took effect Feb. 11, 2017.

The duties of the local board of appeal and equalization are to determine whether property in the township has been properly valued and classified by the assessor for taxation purposes, and to field complaints.

State law requires that at least one member of a local board of appeal and equalization having taken the training course during the last four years be present at each board meeting. If a city or town cannot certify compliance with this requirement, the powers of the local board are transferred to the county, for at least the current and following assessment year. The waiver provided in the law applies to any city or town that certified it was in compliance with current law by Feb. 10, 2017.

HF244*/SF270/CH3

Local Government - 2017

Regular Session

County license bureaus will set their own hours

State law will still continue to state: "County license bureaus shall maintain hours to best serve the public."

But a new law will replace existing statute's specific requirements that bureaus be open "each week for at least three hours one evening after 5:00 p.m. or on Saturday" with a more general requirement: "for at least 40 hours each week."

Sponsored by Rep. Nolan West (R-Blaine) and Sen. Jim Abeler (R-Anoka), the new law takes effect Aug. 1, 2017.

HF1519/SF1399*/CH67

Local Government - 2017

Regular Session

Cap lifted on local government spending for awards

A new law removes a 60-year-old limit on how much local governments can spend on awards and trophies for recreational leagues.

Sponsored by Rep. Drew Christensen (R-Savage) and Sen. Dan Hall (R-Burnsville), the law repeals the \$800 spending cap towns, cities and counties were previously limited to for public recreational leagues. It also removes veterans' organizations, like American Legions, from the requirement established in 1957.

The law, effective May 12, 2017, allows "funds available," usually pass-through funding that comes from registration fees, to be used toward the purchase of awards and trophies.

HF1345/SF1020*/CH29

Local Government - 2017

Regular Session

Ramsey County may create jobs for people with disabilities

A new law will make an exception to Ramsey County's classified employment process, allowing for the county to create five full-time positions to be filled by people with intellectual and developmental disabilities who require a job coach.

Each position in the supported work program may be shared by as many as three people and a job coach.

The sponsors are Rep. Randy Jessup (R-Shoreview) and Sen. John Marty (DFL-Roseville).

The effective date is Aug. 1, 2017.

HF2174*/SF1855/CH61

Local Government - 2017

Regular Session

Ramsey County employees may work past the age of 70

A new law removes Ramsey County's mandatory retirement at age 70 for employees.

It also removes a requirement that Ramsey County keep names of eligible job applicants for at least six months. Instead, the time the county keeps lists of such applicants will be up to its director of human resources.

The law also changes some terms in Ramsey County special law. For example, references to "personnel department" will change to "human resources department."

Sponsored by Rep. Connie Bernardy (DFL-New Brighton) and Sen. Sandy Pappas (DFL-St. Paul), the law takes effect the day after the Ramsey County Board of Commissioners approves the law by resolution and the county's chief clerical files a certificate of approval with the secretary of state.

Ramsey County is the state's only home rule charter county and one of five counties to have its own chapter in state law.

HF1147/SF1135*/CH28

Local Government - 2017

Regular Session

Cities, others join school districts in paying claims electronically

School districts are already permitted to pay claims electronically. Effective Aug. 1, 2017, local governments will have the same authority.

A new law opens the electronic payment option for counties, local social service agencies, towns, park districts and home rule charter cities of the second, third and fourth class. Certain policy controls must be adopted by those local units of government before making such electronic payments.

Another provision will repeal a requirement for a declaration form. By making a claim, a claimant will be declaring that it is just, correct and hasn't been paid.

Rep. Randy Jessup (R-Shoreview) and Sen. Andrew Mathews (R-Milaca) are the sponsors.

HF997*/SF1245/CH52

Local Government - 2017

Regular Session

Local governments given leave to fund police-community events

National Night Out or other events intended to promote positive relations between police and community members are now legal purposes for local governments to spend money on.

The new law applies to "any home rule charter or statutory city or any town, county or school district."

Local governments may also, by passing a resolution, grant officials authority to raise money for such events.

Sponsored by Rep. Jeff Howe (R-Rockville) and Sen. Andrew Mathews (R-Milaca), the law is effective May 3, 2017.

HF1101/ SF870*/CH26

Military and Veterans Affairs - 2017

Regular Session

Now allowing veterans memorials anywhere in counties

A new law will lift prior restrictions on where counties can build veteran memorials.

Sponsored by Rep. Chris Swedzinski (R-Ghent) and Sen. Gary Dahms (R-Redwood Falls), the new law strikes previous language that required county-funded memorials be located in the county seat – and limited to the “courthouse square,” “a public park” or in “a cemetery adjacent to the county seat.”

Effective Aug. 1, 2017, county-funded veteran memorials can be constructed anywhere in the county.

HF375*/SF620/CH9

Public Safety - 2017

Regular Session

More court funding, no protestor penalty increase in omnibus judiciary/public safety law

Additional dollars for the judiciary, language regarding potential use of the Appleton prison and rulemaking related to driver’s licenses for undocumented residents are three of the more high-profile items in the omnibus judiciary and public safety law.

Missing is language related to freeway protestor penalties.

The law, effective July 1, 2017, unless otherwise noted, calls for \$2.33 billion in spending, a \$167.89 million base increase. Rep. Tony Cornish (R-Vernon Center) and Sen. Warren Limmer (R-Maple Grove) are the sponsors.

Gov. Mark Dayton proffered an almost \$262.2 million base increase.

Courts changes

Among concerns addressed by Dayton in his veto of the first attempt at an omnibus bill was the lack of funding that Judicial Branch officials say is needed “to maintain a well-functioning court system.”

The law calls for a 2.5 percent annual salary increase for judges and court staff of the Supreme Court, Tax Court, district courts and Court of Appeals. Health insurance increases are also covered.

A new district court judge unit (judge, court reporter and law clerk) in the seventh and ninth judicial districts are funded with \$1.7 million and 10 new attorneys are part of the law through an additional \$1.5 million in Board of Public Defense funding. (Art. 1, Secs. 2-4, 9)

Other new court-related funding includes:

- \$1.69 million each year for stability for the state’s treatment courts, which urge offenders to complete a treatment program and abstain from repeating problematic behavior that got them into the judicial system;
- \$1 million for the Guardian Ad Litem Board to maintain compliance with state and federal mandates;
- \$948,000 each year “to improve the access of low-income clients to legal representation in family law matters; and

- \$256,000 toward replacement of an outdated Tax Court case management system. (Art. 1, Secs. 2, 4-6)

Three court filing fee reductions — which total almost \$6.3 million in lost revenue — are in the law, including the civil court filing fee dropping from \$310 to \$285. Motion filing fees in civil and family court cases are reduced from \$100 to \$75 and motion fees in child support cases decrease from \$100 to \$50. Another \$242,000 will be lost by eliminating harassment restraining order filing fees for the respondent. (Art. 4, Sec. 1)

Public safety

Total public safety funding, including a handful of special revenue funds, increases to almost \$390.47 million, a nearly \$7.2 million boost.

Among new spending at the Bureau of Criminal Apprehension is \$4.1 million to replace its aging predatory registration system; \$1.3 million for two more firearms examiners, two criminal history system maintenance staff and a drug forensic scientist; and \$852,000 for a 1 percent employee salary increase each year. Health care cost increases are also covered.

Other General Fund spending includes:

- \$12 million to “support and strengthen law enforcement training and implement best practices”;
- \$1.25 million in Fiscal Year 2018 to Roseau County for reimbursement of costs to repair public infrastructure damaged by floods in 1999 and 2002;
- \$400,000 each year for pathway to policing programs “intended to bring persons with nontraditional backgrounds into law enforcement”;
- \$250,000 each year for local law enforcement agencies to “develop strategies and make efforts to combat the recruitment of Minnesota residents by terrorist organizations”;
- \$180,000 each year for two additional field agents for gambling and alcohol enforcement;
- \$180,000 each year to combat sex trafficking;
- \$150,000 in Fiscal Year 2018 for nonprofit security grants to for physical security enhancements to nonprofit organizations that are at high risk of terrorist attack; and
- \$50,000 each year for reimbursements to local units of government for bomb squad services. (Art. 1, Secs. 11-12)

The law calls for almost \$4.27 million each year from the Fire Safety Account for firefighting training and education; \$850,000 to fund hazardous materials and chemical assessment teams; \$675,000 each year to maintain four emergency response teams under jurisdictions of the Duluth, Moorhead, St. Cloud and St. Paul fire departments; \$300,000 each year for inspection of nursing homes and boarding care facilities; and \$250,000 for the Minnesota Air Rescue Team. The account is funded through a surcharge on homeowner insurance policies and certain commercial insurance policies. (Art. 1, Sec. 11)

The state’s Disaster Assistance Contingency Account would receive up to \$10 million if the Fiscal Year 2017 closing balance in the state’s General Fund balance exceeds the projected balance by at least that amount. If the balance is less than \$10 million, Minnesota Management and Budget must transfer “an amount equal to the difference between the fiscal year 2017 final closing balance and the closing balance projected at the end of the 2017 legislative session” from the General Fund to the contingency account.

Created in 2014, the account helps communities with the cost of repairing public property or infrastructure — such as roads, utilities and public buildings — damaged by a flood or other natural disaster without having the Legislature meet in special session.

The law also adds utility cooperatives to the list of entities eligible for state disaster assistance appropriations. (Art. 1, Sec. 15; Art. 3, Secs. 2-3)

Additionally, \$600,000 from the Railroad and Pipeline Safety Account, partially funded by an assessment on railroad companies and pipeline companies transporting hazardous materials through the state, will go toward improving safety at railroad grade crossings. (Art. 3, Sec. 10)

Beginning July 1, 2018, an officer will be required to complete 16 continuing education credits within their three-year licensing cycle that cover crisis intervention and mental health crisis, conflict management and mediation, and recognizing and valuing community diversity and cultural awareness. (Art. 3, Sec. 26)

Corrections

The agreement calls for \$83.92 million more for the Corrections Department, mostly compensation and health care cost increases. There is no money to expand mental health services or restrictive housing reform.

To make up for a Fiscal Year 2017 deficit, the law provides \$9.2 million for the offender health care contract. The law calls for \$11.4 million in Fiscal Year 2018 funding, and, aiming to reduce costs, requires the department to get bids from at least five health care organizations who can provide such services to inmates going forward.

Other new corrections funding includes \$2.97 million each year to support critical technology needs; \$2.15 million each year for operational costs; \$1.13 million to comply with the federal Prison Rape Elimination Act; and \$300,000 to increase outpatient sex offender treatment for offenders on community supervision. Because the full request was not received for the Prison Rape Elimination Act, the department is required to limit the number of juveniles at its Red Wing facility to meet the staffing-to-offender ratio requirements. (Art. 1, Sec. 14)

In an effort to reduce the number of people returning to prison for technical release violations, probation and parole agents supervising nonviolent controlled substance offenders will be permitted to instead identify community options, including substance abuse treatment. Offenders will be able to restructure, in writing, terms of supervision to include participation in appropriate community options. Courts will be permitted to amend the terms of supervision based on offenders' written stipulations. If revoking supervision, supervising agents must attempt to place an offender in a local jail. (Art. 3, Secs. 6, 8, 30)

Appleton Prison

Potential use of the empty Appleton prison issue is in the law.

To address potential prison needs, the Corrections Department is to select an independent entity to conduct a thorough assessment of the 1,600-bed facility to "determine the current physical state of the facility and the improvements to it, if any, that would be necessary for the department to open and operate it to house Minnesota offenders in a manner consistent with other state correctional facilities. The assessment must estimate the costs involved in upgrading, leasing or purchasing, and operating the facility." A report is due the Legislature by Jan. 15, 2018. (Art. 3, Sec. 31)

Driver's license issuance authority

The Public Safety Department will be prohibited "from adopting any final rule that amends, conflicts with, or has the effect of modifying requirements in Minnesota Rules, parts 7410.0100 to 7410.0800," which, in essence, prevents the department from using its rulemaking authority to issue driver's licenses for undocumented residents.

During debate on the House Floor, opponents argued this provision was mean-spirited, will not improve public safety, and Rep. Karen Clark (DFL-Mpls) said the provision "smacks of injustice and, I'm afraid, it also smacks of racism."

Cornish said he wants the Legislature to make such a decision, not "unelected bureaucrats," while Rep. Eric Lucero (R-Dayton) said the goal is "to ensure that the executive branch and the state agency doesn't abuse its rulemaking authority and create this law unilaterally."

In a May 30 letter, the governor said the provision is unnecessary. "Several different legal opinions have stated to me that current law does not allow my Administration to make such a change, without action by the Legislature." (Art. 3, Sec. 5)

Cops can carry into private establishment

The agreement also clarifies statute so that off-duty peace officers have the right to carry firearms in — and cannot be prohibited from entering — private establishments. However, an establishment owner "may require the display of official credentials issued by the agency that employs the peace officer prior to granting the officer entry." (Art. 3, Sec. 25)

Serving restraining orders

The law expands who can serve a harassment restraining order from the county sheriff to all peace officers along with "corrections officers including, but not limited to probation officers, court services officers, parole officers, and employees of jails or correctional facilities." The law also expands the prohibition on fees for the service of process to all peace officers.

A short-form notification will be created for which an officer can serve someone. This provision takes effect 30 days after the Bureau of Criminal Apprehension posts notice that a computer system is available to transmit data on harassment restraining orders from the courts to law enforcement.

Additionally \$993,000 is allocated to the Supreme Court in Fiscal Year 2019 to implement changes to restraining order laws. (Art. 1, Secs. 2, 11; Art. 3, Sec. 20-24)

Controlled substances

The state's controlled substance schedules will be amended to add nine synthetic drugs to Schedule I, including cannabinoids, stimulants, hallucinogens, psychedelics and opioids. The Board of Pharmacy has determined drugs at that level can be abused, are potentially addictive and have no approved medical use. Most offenses involving Schedule I drugs are felonies. This section takes effect Aug. 1, 2017.

Additionally, the law will permit drug scheduling changes made at the federal level to be temporarily adopted by the Board of Pharmacy without the use of rulemaking and remain in effect for 12 months at which time it may not be renewed. The board must follow existing scheduling requirements, including legislative approval, to make the change permanent. (Art. 5, Secs. 1-3)

Other policy changes in the law include:

- the Judicial Branch can collect social security numbers for the purpose of debt collection (Art. 2, Sec. 2);
- Sherburne County can use excess law library funds to build a new law library and judicial center (Art. 2, Sec. 3);
- the small claims jurisdiction limit for state tax claims is increased from \$5,000 to \$15,000 to match conciliation court (Art. 2, Sec. 5);
- eliminates the income eligibility criteria (currently more than \$15,000) for farmers seeking assistance for organizations that provide legal services and indexes the eligibility to federal poverty guidelines (Art. 2, Sec. 9);
- adds felony assault by strangulation against a family member to the list of crimes a parent has been convicted of committing that shift the burden for determining custody and parenting time, and requires a criminal court to refer a case to family court if the person being sentenced has been convicted of such a crime and the person convicted has custody or visitation with their child and there is no pending family court action (Art. 2, Secs. 14, 17);
- eliminates the pretrial filing of a transcript prerequisite for admission into evidence of law enforcement body camera recordings (Art. 2, Sec. 18);
- requires each county to maintain at least one receptacle for the disposal of non-controlled substances pharmaceutical controlled substances and other legend drugs (Art. 3, Sec. 5);
- extends the current misdemeanor offense for impersonating a military officer to impersonating any military member or veteran and increases the penalty to a gross misdemeanor if the impersonator attempts to gain access to a public building not open to the public, orders someone else to act or refrain from acting or operates a motor vehicle with lettering or symbols to make it appear the vehicle is a law enforcement vehicle (Art. 3, Sec. 14);
- creates gross misdemeanor and felony penalties for damaging a public safety motor vehicle (Art. 3, Secs. 15-16);
- makes it a misdemeanor to board a school bus with pupils on board or while the bus is in operation and not leave when ordered to by the driver (Art. 3, Sec. 18); and
- establishes a misdemeanor penalty for someone subject to a geographic restriction who enters the restricted area (Art. 3, Sec. 19).

No protestor penalty changes

The law does not include language that would increase the penalty from a misdemeanor to gross misdemeanor "for a person to interfere with or obstruct traffic that is entering, exiting, or on a freeway or entering, exiting, or on a public roadway within the boundaries of airport property with the intent to interfere with, obstruct, or otherwise disrupt traffic."

Also not in the law is elimination of the so-called "seat belt gag rule" that prohibits introduction of evidence regarding the use of or failure to use a seat belt in any civil action for damages arising from a motor vehicle accident. Also absent is removal of the 10 percent interest rate from the period between commencement of suit and entry of judgment for judgments or awards of \$50,000 or more.

HF470*/SF1098/CH95

Taxes - 2017

First Special Session

Controversial tax law to provide \$450 million in tax relief

With reluctance and a caveat, Gov. Mark Dayton signed the special session omnibus tax bill into law.

The legislation, which will provide approximately \$650 million in tax relief over the 2018-19 biennium, was a controversial lightning rod. It characterized the differing priorities of the DFL and the Republican-controlled Legislature that came into the 2017 session hoping the state's projected \$1.65 billion surplus would mean money returning to state taxpayers. However, the governor said, in a May 30 letter to House Speaker Kurt Daudt (R-Crown), the bill's sheer size "jeopardizes our state's future fiscal stability" and has misplaced priorities.

The governor's signature was somewhat forced, as he was held hostage to a so-called "poison pill" in the special session omnibus state government finance bill that would defund the Department of Revenue if the tax bill was not enacted. In a letter to legislative leaders, Dayton wrote: "I consider this provision, snuck into the State Government bill without my knowledge, to be a reprehensible sneak attack, which shatters whatever trust we achieved during the Session."

At first, Dayton intended for the tax bill become law without his signature, but, after advice from the Office of the Attorney General, he signed it. The governor then line-item vetoed funding for the Legislature that was contained in the state government bill. This action forces legislative leaders to strike another deal with Dayton for a summer special session if they want to restore House and Senate funding before the new fiscal year begins July 1, 2017.

The deal would include removing provisions in the tax bill to which the governor objects:

- tobacco tax breaks that would cost the General Fund an estimated \$13.8 million in the 2018-19 biennium, \$39.7 million in fiscal years 2020 and 2021, which includes a tax break for premium cigars, at a cost of \$6.9 million over the next two biennia (Art. 9, Secs. 1-7);
- a \$1 million increase in the estate tax exclusion at a cost to the state of \$34.8 million in the 2018-19 biennium and more in years following (Art. 1, Sec. 33); and
- a freeze on the state general levy applying to commercial-industrial property and seasonal-recreational property that projects to a \$1 billion revenue loss to the state over the next 10 years (Art. 2, Sec. 14).

The new law

Sponsored by Rep. Greg Davids (R-Preston) and Sen. Roger Chamberlain (R-Lino Lakes), the law proposes almost \$451.54 million in relief over the 2018-19 biennium in various tax credits and approximately \$196.6 million in property tax refund aid. The law has various effective dates. Highlights of the new law are:

New income tax subtractions for:

- an amount of Social Security benefits, subject to an income-based phaseout (Art. 1, Sec. 10);
- contributions to section 529 college savings plans (Art. 1, Secs. 7, 14, 25);
- interest earnings of first-time homebuyer accounts (Art. 1, Secs. 6, 38, 39); and
- discharge of debt on student loans with income-based repayment plans (Art. 1, Secs. 8, 24).

Credits and Aids

- increases the state dependent care credit to equal the federal credit for taxpayers with adjusted gross incomes up to \$50,000 (Art. 1, Sec. 18-19);
- extends the working family credit to individuals ages 21-24 who don't have qualifying children and applies the credit to on-reservation earnings of enrolled tribal members (Art. 1, Sec. 20); and
- increases the second tier rate for the research credit from 2.5 percent to 4 percent. (Art. 1, Sec. 23)

New nonrefundable credits

Those hoping to get into farming will benefit by tax credits for the beginning farmer program that are laid out in the new law. It will grant an income/franchise tax credit to a person who sells or rents agricultural assets to a beginning farmer; and to a beginning farmer who participates in an approved financial management course. (Art. 1, Secs. 1, 16-17)

Other new tax credits apply to K-12 teachers who complete master's degrees in their field of licensure, principal and interest payments on student loans and individuals who make contributions to section 529 college savings plans (Art. 1, Secs. 24-26).

Property Tax changes

- exempts the first \$100,000 of commercial-industrial property from the state general tax (Art. 2, Sec. 15);
- exempts a major league soccer stadium to be constructed in St. Paul from state and local property taxes (Art. 2, Sec. 42);
- provides a reduced class rate for congressionally chartered veterans' services organizations (Art. 2, Sec. 11);
- eliminates the annual application requirement for the disabled veterans' exclusion and creates a new spousal eligibility for the program (Art. 2, Sec. 13); and
- repeals the property tax exemption for agricultural containment facilities (appendix).

Sales and Use Taxes

Included in Article 3 of the law are a number of sales tax exemptions for:

- admissions to Minnesota State High School League events (Secs. 4, 26);
- nontaxable food sold through vending machines (Secs. 5, 7, 13);
- precious metal bullion (Secs. 17);
- sports suite licenses and stadium builder licenses (Secs. 18, 19);
- admissions to other Super Bowl-related events sponsored by the NFL or Super Bowl Host Committee, and to sales of non-residential parking by the NFL to the Super Bowl and related events. Super Bowl tickets are already exempt under existing law. (Sec. 21).

Other

The new law creates a school building bond agricultural credit that would pay 40 percent of the school debt levy on all agricultural property. This is a measure designed to help rural school districts garner greater support for bond levies. (Art. 4, Sec. 1)

Local governments that have recently seen minimal state aid increases will get a significant boost. Local government aid and county program aid will increase annually beginning in 2019 by \$15 million and \$25.5 million respectively. (Art. 4, Sec. 19, 20)

The law will allow for later bar closing around the 2018 Super Bowl in Minneapolis. The closing time would not be restricted to the Twin Cities metropolitan area, and would allow licensing jurisdictions to issue special permits for bars to sell intoxicating liquor up to 4 a.m. only from Feb. 2, 2018 - Feb. 5, 2018. (Art. 11, Sec. 19)

The law also provides for several communities to authorize local option sales taxes, modify tax increment financing districts and modify various lodging taxes. (Art. 5 and Art. 6)

The law also modifies the domicile test used to determine if an individual is a Minnesota resident for individual income and estate tax purposes. (Art. 1, Sec. 5)

SSHF1*/SSSF1/CH1

Transportation - 2017

Regular Session

Temporary moratorium on MnDOT permitting process for mowing, haying in right-of-way

The Department of Transportation is prohibited from requiring or issuing permits to mow or bale hay in ditches within MnDOT right-of-way, under a new law that took effect April 8, 2017. The prohibition is in place until April 30, 2018. It does not restrict permits for right-of-way that is located next to public lands.

Sponsored by Rep. Chris Swedzinski (R-Ghent) and Sen. Gary Dahms (R-Redwood Falls), the law also requires MnDOT to report back to the Legislature no later than March 1, 2018, with a recommended plan to establish a permitting process.

HF124/SF218*/CH15

Transportation - 2017

Regular Session

Weight exemptions for some milk trucks on Minnesota roads

Minnesota roads can see heavier trucks transporting milk from points of production.

Sponsored by Rep. Steve Drazkowski (R-Mazeppa) and Sen. Mike Goggin (R-Red Wing), a new law establishes a 10 percent weight limit increase for single-unit vehicles — not semi-trailers — to transport milk from the point of production to another production facility, or to the first point of processing.

The exemption, effective May 24, 2017, increases the maximum weight from 80,000 pounds to 88,000 pounds. It does not apply to federal highways.

Trucks are still subject to seasonal load restrictions and posted bridge load limits, and the limit is not raised further during the winter weight load increases. The vehicles cannot be operated at a weight that exceeds the tire manufacturers recommended load limit or the manufacturer's gross vehicle weight rating.

HF1725*/SF1499/CH86

Transportation - 2017

Regular Session

Stretch of state highway to honor Medal of Honor recipient from Paynesville

A segment of Trunk Highway 23 in west-central Minnesota will be named to honor a Minnesotan who lost his life while serving in the Vietnam War.

The stretch of highway in both the city and town Paynesville will be designated the "Medal of Honor Recipient Kenneth L. Olson Highway," after the Paynesville native who was posthumously awarded the Medal of Honor after he was killed in action in 1968.

Rep. Jeff Howe (R-Rockville) and Senate President Michelle Fischbach (R-Paynesville) sponsor the law that is effective Aug. 1, 2017. Under the new law, the Department of Transportation will be required to develop signage dedicating the stretch of roadway. All funding for signage is required to come from non-state sources.

HF326*/SF232/CH69

Transportation - 2017

Regular Session

An Isanti County highway will pay respect to firefighter killed on job

A stretch of state highway in Isanti County will honor a volunteer firefighter who gave his life on the job.

Sponsored by Rep. Brian Johnson (R-Cambridge) and Sen. Mark Koran (R-North Branch), the law designates a stretch of Trunk Highway 65 from Isanti County Highway 19 to the northern edge of Cambridge Township as the "Chip A. Imker Memorial Highway."

Imker was a volunteer firefighter in Cambridge who lost his life in a training accident in 2011 at the age of 35.

Only non-state funds may be used to design and erect signs along the memorial route.

The law is effective Aug. 1, 2017.

HF1636/SF1564*/CH81

Transportation - 2017

Regular Session

Extra federal highway dollars appropriated to MnDOT

An extra \$105 million in federal funds has been appropriated to the Department of Transportation from the Trunk Highway Fund for Fiscal Year 2017.

Sponsored by Rep. Paul Torkelson (R-Hanska) and Sen. Scott Newman (R-Hutchinson), the new law — effective April 4, 2017 — disburses additional federal highway aid available to the state for road construction.

HF837*/SF821/CH14

Transportation - 2017

Regular Session

Bridge to honor Coates soldier killed in Afghanistan

A bridge over U.S. Highway 52 in Coates will be renamed in honor of an Army Ranger killed in action while serving in Afghanistan in July 2009.

Sponsored by Rep. Anna Wills (R-Rosemount) and Sen. Greg Clausen (DFL-Apple Valley), the law will designate the crossing the "Corporal Benjamin S. Kopp Bridge" in honor of the 21-year-old from Coates who was killed in action.

Effective Aug. 1, 2017, the law directs the Department of Transportation to develop signage for the memorial bridge. Funding for the signage is required to come from non-state sources.

HF745*/SF589/CH70

Transportation - 2017

First Special Session

Law appropriates \$6.5 billion for transportation in 2018-19 biennium

A \$300 million increase in General Fund spending, \$940 million in bonding and a \$75 annual surcharge on electric motor vehicles are all part of the 2017 omnibus transportation finance and policy law.

The law appropriates \$6.5 billion in the 2018-19 biennium budget for the state's transportation system, including the Department of Transportation as well as the transportation portions of the Metropolitan Council and the Department of Public Safety.

Sponsored by Rep. Paul Torkelson (R-Hanska) and Sen. Scott Newman (R-Hutchinson) the law also includes a number of policy measures with various effective dates — including a limit on state spending on operation costs of the planned Southwest Light Rail transit line between Eden Prairie and downtown Minneapolis.

Appropriations

In total, the law will appropriate roughly \$6.5 billion in the 2018-19 biennium primarily from the following funds:

- Trunk Highway Fund: \$3.98 billion;
- County State-Aid Highway Fund: \$1.55 billion;
- Municipal State-Aid Street Fund: \$388.2 million;
- General Fund: \$339.5 million; and
- State Airports Fund: \$56.7 million.

Nearly \$1.9 billion is appropriated for the construction, reconstruction and improvement of state highways, which is primarily used for contracts with highway construction firms. Additional funds are used for design and engineering work along with construction project management. The law also appropriates \$50 million over the biennium for the Corridors of

Commerce program as a new budgetary line item so that it is set to be funded on an ongoing basis.

The General Fund appropriation for Greater Minnesota transit is reduced by \$17 million in Fiscal Year 2018.

The Metropolitan Council is slated to receive \$250.9 million from the General Fund for transit system operations and the Department of Public Safety \$399.2 million in the biennium from multiple sources, including the General Fund and special revenue funds.

The law reallocates \$300 million in motor vehicle-related state sales tax revenues from the General Fund to go toward transportation spending. Tax revenues included in the shift are:

- the remaining share of general sales tax from motor vehicle leases that is not already allocated to roads and transit;
- short-term motor vehicle rental tax;
- general sales tax from short-term motor vehicle rentals; and,
- a portion of general sales tax from motor vehicle repair and replacement parts.

Appropriations provisions take effect July 1, 2017. (Art. 1, Secs. 2-4)

Bonding

The law contains authorization for \$940 million in trunk highway bonding and appropriations over four years.

Effective July 1, 2017, it provides for \$640 million in trunk highway bonding from fiscal years 2018-21, with the proceeds going to the Department of Transportation for road construction. Under the law, the department may use up to 17 percent of the amount each year for program delivery.

Also appropriated is \$300 million in trunk highway bond proceeds for fiscal years 2018-21 to MnDOT for the Corridors of Commerce program. (Art. 2, Secs. 1-4)

Transit funding policy

A number of transit finance policy measures are included that, in part, narrow requirements for state funding for light rail line operations and change how local or regional governments can pay for rail projects.

Some transit provisions included in the law, effective May 31, 2017, will:

- amend a requirement that state sources of funds cover 50 percent of light rail transit net operating costs (minus federal funds and fare revenues) to prevent state funds from being used for operating and capital maintenance costs of an light rail transit line or extension that formally entered the engineering phase of the Federal Transit Administration's New Starts grant program between Aug. 1, 2016, and Dec. 31, 2016. This, in effect, applies specifically to the planned Southwest Light Rail project;
- clarify that transit funding limitations on regional railroad authorities apply whether that county is currently a member of the Counties Transit Improvement Board, or a former member of the board;
- apply the regional railroad authority capital and operating funding limitations to the extension of an existing light rail transit line or commuter rail line;
- prevent the Metropolitan Council from using certificates of participation that are backed by motor vehicle sales tax revenue to fund light rail transit projects; and
- direct the Metropolitan Council to allocate at least 0.35 percent of revenue from the motor vehicle sales tax to suburban transit providers, known as opt-outs — in addition to the current formula-based allocation total — and require the council to develop a regional process to allocate the funds (Art. 3, Secs. 114-115, 118, 120).

Other policy

Among other policy provisions included in the law are those that will:

- set a limitation to only allow grants for projects with a total cost estimate of \$7 million or less under the Local Bridge Replacement and Rehabilitation program, unless funds are set aside specifically for major local bridges. Grants may be provided to projects with a total cost of more than \$7 million if every other local bridge replacement or rehabilitation project on the transportation commissioner's priority list with an estimated cost of less than \$7 million has been funded. This is effective May 31, 2017;

- create liability limits for freight railroads under some circumstances involving co-location of freight rail and light rail transit;
- effective Jan. 1, 2018, authorize a special permit to exceed motor vehicle weight limits in order to haul road construction materials on six- and seven-axle vehicles;
- modify project selection criteria and eligibility requirements for the Corridors of Commerce program, including making public the list of evaluated projects, along with the score for each project;
- require MnDOT to develop and implement a project selection policy for both standard and special selection processes, and submit a report on the policy to the Legislature by Feb. 1, 2019;
- impose a \$75 surcharge on electric motor vehicles as part of annual vehicle registration, to be deposited in the highway user tax distribution fund, effective May 31, 2017, and applying to taxes payable for registration periods starting on or after Jan. 1, 2018;
- create a retired law enforcement special license plate effective Jan. 1, 2018;
- create a "Start Seeing Motorcycles" special license plate, effective Jan. 1, 2018;
- allow a transfer-on-death beneficiary designation to be entered on a motor vehicle's certificate of title, effective July 1, 2017;
- designate a segment of U.S. Highway 52 in Dakota County as "Senator Jim Metzen Memorial Highway," effective July 1, 2017;
- authorize MnDOT to establish a highway sponsorship program allowing business, civic groups or individuals to assist in improving and maintaining the state highway right-of-way, roadside monuments and historic sites, effective July 1, 2017;
- require MnDOT to report to the Legislature by Jan. 2, 2018, on using MnPASS lanes and tolls to help reduce congestion and raise revenue, effective May 31, 2017;
- direct the Metropolitan Council to develop a plan for management of vibration around the Calhoun Isles property in Minneapolis adjacent to the planned Southwest Light Rail project, effective May 31, 2017; and
- establish a Metro Mobility Task Force to examine how to improve efficiency, lower costs and explore a partnership with transportation network companies (like Uber or Lyft) or taxi services for Metro Mobility. A report is due to the Legislature by Feb. 15, 2018. (Art. 3, Sec. 17, 24, 32, 36-37, 41, 72, 100, 121, 134, 140)

SSH3*/SSSFnone/CH3

Transportation - 2017

Regular Session

New license plates to honor fallen officers

Minnesota drivers will be able to honor law enforcement officers killed in the line of duty with special license plates beginning Jan. 1, 2018.

A new law, sponsored by Rep. Duane Quam (R-Byron) and Sen. Dave Senjem (R-Rochester), creates a special law enforcement memorial license plate for Minnesota motor vehicles. To obtain the plate, a vehicle owner will pay a \$10 plate fee and donate \$25 benefitting the Minnesota Law Enforcement Memorial Association. They are also required to contribute at least \$5 annually in subsequent years.

The Department of Public Safety is tasked with designing the plate, and vehicle owners will have to pay a \$5 fee to transfer the plate to another vehicle.

The new plates are exempted from application requirements for new special Minnesota license plate proposals. Those requirements include a survey, marketing strategy and application fee.

Plate-related donations will be directed to a new Minnesota law enforcement memorial account; those funds are appropriated to the DPS for administrative costs and distribution to the Minnesota Law Enforcement Memorial Association.

The \$10 plate fee will be allocated to the vehicle services operating account.

HF678*/SF513/CH55

Vetoes - 2017

Regular Session

Governor vetoes higher education omnibus bill

Tasked with funding public post-secondary education opportunities across the state, lawmakers worked this session to craft an omnibus higher education finance and policy proposal that would make education affordable, accessible and accountable.

But according to Gov. Mark Dayton's veto letter, their first proposal "fell short."

Sponsored by Rep. Bud Nornes (R-Fergus Falls) and Senate President Michelle Fischbach (R-Paynesville), the bill proposed \$3.19 billion in General Fund spending during the 2018-19 biennium, an increase of \$125 million from the current two-year total.

In his veto letter, Dayton wrote, "the lack of investment in core mission support at the University of Minnesota and campus support at Minnesota State risks the degradation of educational quality for our students. ... This will likely lead to layoffs and diminished course offerings and support services on many campuses."

Among allocations in the bill, the Office of Higher Education would have received \$496 million during the biennium, a \$28.5 million increase. State grants would have made up the largest portion of spending, providing \$188.1 million in Fiscal Year 2018 and \$190.95 million in Fiscal Year 2019.

The University of Minnesota would have received \$1.27 billion for the 2018-19 biennium, an increase of \$18.6 million over the period.

Minnesota State would have received \$1.42 billion over the biennium, an increase of \$77.75 million.

A policy provision would have required Minnesota State to freeze tuition at all state colleges during the 2017-18 academic year, and reduce tuition by 1 percent in 2018-19.

The bill requested that the University of Minnesota move non-resident and resident tuition rates for graduate and undergraduate students towards the median tuition at public Big Ten universities. Due to the university's constitutional autonomy, the state cannot require it to adhere to legislative requests.

HF2477/SF2214*/CH65

Vetoes - 2017

Regular Session

Gov. Dayton vetoes omnibus environment and natural resources bill

Citing funding gaps and unnecessary policy changes, Gov. Mark Dayton vetoed the first omnibus environment and natural resources finance bill.

Sponsored by Rep. Dan Fabian (R-Roseau) and Sen. Bill Ingebrigtsen (R-Alexandria), the bill would have appropriated more than \$800 million during the 2018-19 biennium.

In his veto letter, Dayton wrote that outdoors enthusiasts were not willing to see their "experience diminished" during a time of budget surplus, and that the bill's proposed fee increases would not be enough to allow some state services to continue at current levels.

Also missing from the bill were operating adjustments Dayton had requested, an omission he said would cause layoffs at some state agencies and negatively impact their ability to fulfill their duties.

Dayton further objected to the bill's impact on the Pollution Control Agency.

"This bill will hamstring the agency by diminishing needed flexibility to address emerging problems for emergency response or legacy pollution," he wrote.

The legislation would have shifted \$22 million in funding to help implement the 2015 buffer law to another revenue source. Dayton said that proposed shift would not provide the stable base support needed for the program and create "a series of 'domino effects'" in other funding areas.

Dayton took issue with many of the bill's non-funding provisions as well.

"In addition to the objectionable budget cuts and shifts, this bill is full of controversial policy provisions, despite my repeated statements in opposition to policy being included in the budget bills," Dayton wrote.

Among the provisions Dayton listed in his letter, are:

- transferring final decisions on contested case hearings from agency commissioners to the Office of Administrative Hearings;
- allowing contested case hearings on the draft impaired waters list;
- restricting the jurisdiction of the Environmental Quality Board;
- requiring legislative approval of VW Settlement funds;
- a prohibition on lead shot rulemaking;
- "creating new hoops" that slow the permitting process; and
- "putting taxpayers on the hook" for cleaning the Freeway Landfill in Burnsville.

HF888*/SF723/CH42

Vetoed - 2017

Regular Session

Governor vetoes utility dispute bill

Disputes between cooperative or municipal utility companies and their customers will not be settled by the utilities' boards of directors or a third-party mediator after Gov. Mark Dayton vetoed the idea.

Sponsored by Rep. Dave Baker (R-Willmar) and Sen. Bill Weber (R-Luverne), the bill is intended to move resolution of such disputes out of the Public Utilities Commission. Governing bodies of municipal electric utilities or electric cooperative association boards would have been required to adopt rules for resolving disputes, including a provision allowing for independent, third-party mediation if requested by either party.

In his veto letter, Dayton wrote, in part, "I believe the PUC uniquely retains the expertise in energy issues needed to fairly resolve these disputes. While the bill allows for third-party mediation to resolve disputes, it does not provide any guidance on how this mediation would work. Eliminating the PUC's role would remove critical consumer protection for customers."

The bill would have restricted a Public Utilities Commission investigation into electric co-ops' methods for determining so-called net-metering fees. The investigation would have been limited to whether methods meet state law, and would have to have been completed by Dec. 31, 2017.

Utilities may charge net-metering fees to residential and business customers who sell excess electricity generated by small rooftop solar panel installations back to the utility. The fees are meant to recoup utilities' fixed operating costs.

Pending disputes between electric co-ops and their customers before the Public Utilities Commission would have terminated on the bill's effective date.

HF234*/SF141/CH8

Vetoed - 2017

Regular Session

Dayton vetoes omnibus jobs and energy bill

The first draft of the omnibus jobs and energy bill died at the governor's desk.

In his veto letter, Dayton outlined a range of policy and spending objections as reasons for his veto of the \$378 million proposal, which would have covered commerce and telecommunications as well as economic development and energy, among other topic areas. Rep. Pat Garofalo (R-Farmington) and Sen. Jeremy Miller (R-Winona) are the sponsors.

"The bill insufficiently funds the Departments of Employment and Economic Development, Labor and Industry, Commerce, and the Bureau of Mediation Services and contains policies that

will limit workforce and economic development opportunities throughout Minnesota, as well as erode the clean energy progress we have made over the last decade," Dayton wrote.

The bill would not have spent enough on the Border-to-Border Broadband Development Grant program or the Minnesota Investment Fund and Job Creation Fund, in Dayton's view. He also found its funding levels lacking for programs and services directed at people of color, veterans, youth, women, people with disabilities, homeless children and victims of wage theft.

Dayton wrote that it was "baffling that the bill includes extraneous policy language that I have made clear I find objectionable." Included in this category were restrictions on regulation of townhome fire sprinkler, Voice-over-Internet-Protocol service, merchant bags, and rules on residential construction work of \$1,000 or more in value.

The governor deemed the bill's proposed energy policies to be perhaps the most controversial.

"Taken together," Dayton wrote, "these policies would have the cumulative impact of removing citizen input in energy infrastructure decisions, jeopardizing hundreds of solar industry jobs across the state, setting back the state years of energy efficiency progress, endangering Minnesota's ability to receive \$47 million from the Volkswagen settlement, and rewriting the intent of the Renewable Development Fund, which has been a core component of the nuclear waste storage agreement with the Prairie Island Community for nearly twenty years."

HF2209/SF1937*/CH64

Vetoes - 2017

Regular Session

Agriculture omnibus finance bill vetoed by Gov. Mark Dayton

A first try at the normally non-controversial omnibus agriculture finance bill was vetoed by Gov. Mark Dayton.

Sponsored by Rep. Rod Hamilton (R-Mountain Lake) and Sen. Torrey Westrom (R-Elbow Lake), the bill would have appropriated more than \$100 million during the upcoming biennium to fund the Department of Agriculture, Board of Animal Health and Agricultural Utilization Research Institute.

Those General Fund direct appropriations included:

- Department of Agriculture - \$101.88 million
- Board of Animal Health - \$10.77 million
- AURI - \$7.29 million

In his veto letter, Dayton wrote that his budget proposal for additional investments to the Department of Agriculture were not fulfilled.

"These investments are necessary for the Department to carry out its mission of ensuring the integrity of our food supply, the health of our environment, and the strength of our agricultural economy," Dayton wrote.

The governor was also disappointed the bill "earmarks 88 percent" of funds for the Agriculture Growth, Research, and Innovation Program which he believes would have restricted its ability to respond to the needs of the agricultural industry.

Verification of need language in the bill would also conflict with the Federal Insecticide, Fungicide, and Rodenticide Act, according to Dayton, and the governor believes the bill would have removed some of the state's existing pesticide enforcement authority.

Dayton said his administration had consistently met with agriculture chairs in the House and Senate to express his concerns about the bill.

"The Agriculture Omnibus Finance bill provides an opportunity for us to work together and make commonsense investments that support our farmers and ensure the growth of our agricultural economy," Dayton wrote. "Your proposal makes no investment in agriculture which will negatively impact the competitiveness of this important industry in our state."

HF895/SF780*/CH41

Vetoes - 2017

Regular Session

Governor vetoes proposed teacher licensure overhaul

A proposal that supporters say is necessary to fix a teacher licensure process which has furthered a shortage of qualified teachers throughout the state was halted by a veto from Gov. Mark Dayton.

Rep. Sondra Erickson (R-Princeton) and Sen. Eric Pratt (R-Prior Lake) sponsor the bill which would have overhauled the state's teacher licensure system by consolidating the licensure authority under one Professional Educator Licensing and Standards Board, and created a four-tier licensure system.

The bill would have transferred power from the Board of Teaching (which would have dissolved) and the Department of Education to the new 11-member, governor-appointed board that was to evaluate qualified candidates according to state verification requirements and report annually on teacher preparation programs.

The licensure system would have required some teacher candidates to pass general teaching knowledge examinations and exude licensure-specific skills depending on the applicable tier. Each consecutive tier would have increased requirements. A "licensure-by-portfolio" process would have allowed candidates to submit portfolios demonstrating teaching and content competence.

In his veto letter, Dayton said he appreciates compromises made in conference committee, but believes the bill should have also provided funding necessary to implement sweeping changes, citing an estimated cost of \$3.4 million to create the Professional Educator Licensing and Standards Board, and an additional \$1.6 million in administrative expenses.

He was also troubled by the requirements needed to obtain a tier 1 license, and the requirements needed for an unlimited tier 3 license, saying, "We must always balance the very real urgency of addressing our significant teacher shortages with a commitment to maintaining the high professional standards for which Minnesota is known."

HF140*/SF4/CH73

Vetoes - 2017

Regular Session

Gov. Dayton vetoes first omnibus public safety bill

The first omnibus public safety and judiciary finance bill of 2017 was deemed to be "short sighted" by the state's top public official.

"One of the core functions of government is to ensure the public safety of all Minnesotans. This bill fails to do so," Gov. Mark Dayton wrote in his veto letter.

Sponsored by Rep. Tony Cornish (R-Vernon Center) and Sen. Warren Limmer (R-Maple Grove), the conference committee report called for \$2.25 billion in spending, an \$85 million increase over the projected base, nearly the midpoint between initial increases put forth by the House and Senate. The governor proffered an almost \$262.2 million base increase.

Dayton said the conference committee report "provides little funding for the most important responsibilities of government, to protect our citizens and improve public safety for all of Minnesota. Not only is this level of funding seriously inadequate, there are also many policy provisions included that should be debated separately."

In particular, Dayton criticized the lack of funding Judicial Branch officials said was needed "to maintain a well-functioning court system." He also noted staffing in certain areas at the Bureau of Criminal Apprehension needs to be increased to meet "significant increases in requests for assistance in complex homicide and narcotics investigations and laboratory analysis."

For example, Dayton sought \$1.7 million more per fiscal year to fully fund treatment courts; the agreement called for \$100,000 annually; Dayton was seeking \$980,000 annually for cybersecurity needs, the agreement had zero.

The conference committee agreement contained no money for salary increases in judicial and executive branch agencies; however, employee health insurance cost increases were included. Opponents noted that without adequate funding to cover negotiated contracts, the Corrections Department would likely have had to lay off 200-250 employees, including corrections officers, the Bureau of Criminal Apprehension could have been forced to cut 180 employees and 40-50 public defenders could have been eliminated.

"Staffing requests from the BCA are urgent and needed," Dayton wrote. "The BCA's capacity to work these complex cases will be reduced, limiting the ability to meet expectations of communities and partners when they request these services."

Among its funding, the agreement called for an additional \$13 million for peace officer training assistance, and it would have required additional officer training — 16 continuing education credits within a three-year licensing cycle — in "crisis intervention and mental illness crises; conflict management and mediation; and recognizing and valuing community diversity and cultural differences."

Policy

Protestor penalties, a vacant western Minnesota prison and Real ID were arguably the most high-profile policy provisions; two of which were disliked by the governor.

The agreement would have increased the penalty from a misdemeanor to gross misdemeanor "for a person to interfere with or obstruct traffic that is entering, exiting, or on a freeway or entering, exiting, or on a public roadway within the boundaries of airport property with the intent to interfere with, obstruct, or otherwise disrupt traffic."

To address potential prison bed needs, the agreement would have prohibited the Corrections Department from expanding a current, or constructing a new, facility unless the department submitted an outside, independent appraisal completed within the previous 90 days that estimated the market value of the now-empty Appleton prison. The initial House plan would have required the department to use the 1,600-bed facility — currently owned, but maintained by a private company — when the department determines it has an insufficient number of prison beds to house the current or projected population.

The Public Safety Department would have been prohibited "from adopting any final rule that amends, conflicts with, or has the effect of modifying requirements in Minnesota Rules, parts 7410.0100 to 7410.0800," which, in essence, would have prevented the department from using its rulemaking authority to issue driver's licenses for undocumented residents.

"This language is not necessary because current law prohibits DPS from rulemaking without the Legislature's prior approval," Dayton wrote.

HF896/SF803*/CH63

Vetoes - 2017

Regular Session

Governor vetoes 'trespasser bill,' citing 'Constitutional consequences'

Private property owners would have been further protected from lawsuits by injured trespassers, but Gov. Mark Dayton vetoed a bill he said was too broad and has "significant Constitutional consequences."

Sponsored by Rep. Dan Fabian (R-Roseau) and Sen. Warren Limmer (R-Maple Grove) were the sponsors.

Dayton vetoed the legislation, pointing out that this lawsuit-focused protection has already been extended in common law, along with other statutes protecting farmers and people who let others on their land for recreational purposes.

"If this legislation is an effort to revise those existing laws, relating to the duty of a landowner to trespassers, it needs to be more specific," Dayton wrote in his veto letter. "Other states with similar legislation have specifically outlined what those duties are, including: who is an actual trespasser; protections for children, who enter properties; requirements to warn of dangerous conditions on lands; and responsibilities to correct conditions that could cause serious injuries or even death to children."

Dayton added, "I support the protection of landowners. I encourage them and other stakeholders to work together and craft legislation, which more clearly delineates their respective protections and responsibilities."

HF985*/SF1196/CH78

Vetoes - 2017

Regular Session

Governor vetoes omnibus transportation bill

A reallocation of auto-related sales tax revenue and borrowing for new spending on roads and bridges — and the elimination of state funds for the operation of future light rail lines — were among the highlights of a \$6.5 billion omnibus transportation finance and policy bill that Gov. Mark Dayton vetoed.

The bill would have set 2018-19 biennium budget appropriations for the state's transportation system, including the Department of Transportation as well as the transportation portions of the Metropolitan Council and the Department of Public Safety.

Included was a \$372 million increase over base spending from General Fund sources for the 2018-19 biennium, and \$566.5 million over the General Fund base level for the 2020-21 biennium.

Appropriations

In total, the vetoed bill would have spent approximately \$6.5 billion in the 2018-19 biennium primarily from the following funds:

- Trunk Highway Fund: \$4 billion;
- County State-Aid Highway Fund: \$802.8 million;
- Municipal State-Aid Street Fund: \$395.1 million;
- General Fund: \$327 million;
- State Airports Fund: \$56.7 million; and
- Special Revenue Fund: \$131.5 million.

The proposed appropriations included roughly \$1.9 billion for the construction, reconstruction and improvement of state highways, which is primarily used for contracts with highway construction firms. Additional funds are used for design and engineering work along with construction project management. The law would also have appropriated \$50 million for the state's Corridors of Commerce program as a new budgetary line item to fund it on an ongoing basis, and \$20 million over the biennium in onetime funds for the Small Cities Assistance program.

In addition to \$399.2 million for the Department of Public Safety, the bill would also have appropriated \$230.9 million to the Metropolitan Council for transit system operations.

Also included was funding for non-highway transportation modes, including \$6.6 million for the Duluth Airport Authority, \$6 million in one-time funds for hazardous materials freight rail safety projects, and \$1 million in additional one-time funds for the Safe Routes to School program (Art. 1, Secs. 1-2).

Also, a General Fund appropriation for transit in Greater Minnesota would have been reduced by \$17 million in Fiscal Year 2018.

Bonding

The proposal also included appropriation of \$600 million in authorized trunk highway bonding.

It would have provided \$300 million in bonding proceeds to MnDOT for the Corridors of Commerce program, and another \$300 million for state road construction available starting in Fiscal Year 2019. (Art. 2)

Met Council modifications

Major changes would have occurred to the Metropolitan Council, the metropolitan planning organization in the Twin Cities region.

The most dramatic of these would have altered the council's makeup, increasing the number of members from 17 to 28, removing the governor's ability to appoint them and eliminating the Transportation Advisory Board. The governor would continue to appoint the council chair, but the remaining members would have been drawn from:

- county commissioners appointed by each metropolitan county commission;
- local elected officials appointed by each Metropolitan Council District;
- members to represent different modes of transportation; and
- the commissioner of transportation.

Local elected officials and county commissioners would have served two-year terms (ending sooner if they cease to hold public office) and an individual appointed by the transportation commissioner would serve at the pleasure of the appointing authority.

Annual pay for the chair of the council would have been set at \$40,000, with other members at \$20,000. The transportation commissioner would have received no additional compensation for their role on the council. (Art. 3, Sec. 19)

Transit

A major transit finance piece of the bill would have eliminated state funding for light rail transit operating costs.

Under current state law, 50 percent of light rail transit net operating costs (after federal funds and revenues from fares) must be paid from state sources. This provision would have restricted that requirement to light rail lines in operation at the time of this section's enactment, and light rail lines that, after this section's enactment, have a specific appropriation from the state for capital costs of a light rail project.

Under the provision, an extension of a line would be considered a new line, and thus require an appropriation for capital costs to be eligible for state funding.

Other transit finance-related provisions included those that would have:

- amended a formula distributing revenue from the motor vehicle sales tax to increase the amount the Metropolitan Council must allocate to suburban opt-out transit providers; and
- prevented the council from using certificates of participation or other debt obligations backed by motor vehicle sales tax revenues. (Art. 3, Secs. 122-123, 125)

Policy provisions

The bill included a number of policy provisions. Among them were provisions that would have:

- imposed a \$75 surcharge on electric motor vehicles as part of annual vehicle registration, to be deposited in the highway user tax distribution fund;
- raised the maximum document fee that motor vehicle dealers can charge as part of vehicle sales, phased in from the current \$75 to \$125 starting in Fiscal Year 2021;
- control of Clean Air Act diesel settlement funds;
- established an appeals process if MnDOT revokes or denies a trunk highway access permit allowing a property owner to appeal the decision through a contested case proceeding and would make the determination of the administrative law judge final;
- authorized MnDOT to establish a highway sponsorship program allowing business, civic groups or individuals to assist in improving and maintaining the state highway right-of-way, roadside monuments, and historic sites;
- identified a segment of U.S. Highway 212 from Chaska to Montevideo as eligible to be evaluated in the next round of project selection in the Corridors of Commerce program;
- directed the Metropolitan Council to contract with an engineering group for a vibration study of Calhoun Isles property in Minneapolis adjacent to the planned Southwest Light Rail project;
- additional LRT project development requirements;
- created a "Start Seeing Motorcycles" special license plate;
- created a retired law enforcement special license plate;
- required MnDOT to implement efficiencies equal to 15 percent of appropriations made annually for the trunk highway fund; and
- designated a segment of Highway 52 in Dakota County as "Senator Jim Metzen Memorial Highway." (Art. 3, Secs. 2, 4, 9, 19, 29, 37, 41-43, 102, 124, 129, 138)

HF861*/SF1060/CH62

Vetoed - 2017

First Special Session

Governor vetoes statewide labor standards bill

Gov. Mark Dayton vetoed a bill that would have created statewide labor standards, instead of the current system of allowing local governments to draft and pass labor-related ordinances like mandated minimum wage hikes and removing collective bargaining power.

Along with uniform statewide labor standards, the bill would have made changes to public employee pensions and wage theft law, and it would have extended paid parental leave to certain government employees. Rep. Pat Garofalo (R-Farmington) and Sen. Jeremy Miller (R-Winona) were the sponsors.

In his veto letter, Dayton said local governments "can be more adept at responding to local needs with ordinances that reflect local values and the unique needs of their communities." State government, on the other hand, Dayton said, "may land behind when improvements are needed."

"If the concern is truly to set uniform labor standards throughout the state, to avoid the so-called patchwork of labor standards that proponents allege would burden businesses, legislation instead should have proposed to improve wages and benefits statewide, such as a higher minimum wage and statewide earned sick and safe time," Dayton wrote.

"Instead, this legislation interferes with local control, harms workers, and takes away the power of citizens to make positive changes in their communities," he added.

By vetoing the bill, Dayton argues, there is no legal effect on collective bargaining agreements and compensation plans for state labor groups.

SSHF4/SSSF3*/CH2

Vetoed - 2017

Regular Session

Governor says vetoed tax bill focuses on 'misplaced priorities'

The omnibus tax bill vetoed by the Gov. Mark Dayton could be characterized as a symbolic class clash of priorities between Republicans and the DFL governor.

Republicans proposed nearly \$1.13 billion in tax relief noting that the projected \$1.6 billion budget surplus came from residents being overtaxed, and the money should be returned. The governor, on the other hand, said the surplus affords an opportunity for state priorities.

The bill, sponsored by Rep. Greg Davids (R-Preston) and Sen. Roger Chamberlain (R-Lino Lakes), focused heavily on business tax breaks and modifications to the state's estate tax – commonly known as the "death tax."

But Dayton noted in his May 15 veto letter the proposed tax cuts were unsustainable and the sheer size of the proposals would dwarf state spending in other budget areas. "This bill will cost the state \$1.1 billion this biennium and \$1.4 billion in the next and grow in the future, setting the state up for fiscal uncertainty," he wrote.

He said the bill is about misplaced priorities giving tax relief "to some of the most fortunate in our state, large business and special interest while ignoring those in Minnesota who have not yet benefitted from the recovery and those who rely on essential government services."

Among the items Dayton sought but were absent from the bill is expansion of the Working Family Credit. "This credit helps working families across Minnesota pay for basic needs and is a proven tool to fight poverty," he wrote.

He also bemoaned the minimal amount of money targeted for local government and county program aid, which pays for street maintenance and essential services. Instead, he said the bill had provisions that would take away local control and place limitations on local budgeting decision-making.

HF4*/SF2255/CH66

Vetoed - 2017

Regular Session

County law library bill falls to governor's veto

A veto by Gov. Mark Dayton will keep county law libraries' purse strings tied when it comes to building new courtrooms.

The bill, sponsored by Rep. Nick Zerwas (R-Elk River) and Sen. Mary Kiffmeyer (R-Big Lake), would have allowed county law libraries, under certain circumstances, to allocate funds for new courthouse construction.

The bill reads, in its entirety: "If a county law library, through its trustees, has a fiscal reserve that is projected to sustain its operations for a period of over five years, the county law library may transfer up to half of the money in its fiscal reserve, but not to exceed \$200,000, to the county in which the library is located to defray costs of constructing a new building to house the law library and courts."

In his veto letter, Dayton wrote, "County law librarians have raised concerns that the legislation too broadly applies, creating the potential that law library funds will be used to support the construction of new court buildings throughout the state."

Dayton also wrote that he is "willing to consider legislation more narrowly crafted."

HF1390/SF1113*/CH27

Vetoed - 2017

Regular Session

No increase licensure requirements to for abortion facilities

Gov. Mark Dayton vetoed a bill that would have imposed licensure requirements on facilities that perform 10 or more abortions per month, saying that the measure was "overly broad and unnecessary."

"Health care research, findings, and conclusions are best left to experts, who are trained to make medical, not political decisions," Dayton wrote in his veto message. "Our place is not between a woman and her doctor."

The bill, sponsored by Rep. Debra Kiel (R-Crookston) and Senate President Michelle Fischbach (R-Paynesville) would have required facility inspections every two years and a \$365 biennial license fee. It also would have established a system for license suspension or revocation in the event of misconduct, fraud or aiding in the commission of an illegal act.

Dayton's veto message said that the legislation "appears" to target health professionals who provide abortions and stressed the bill failed to provide adequate privacy protection for clinic workers. He also stated that the Department of Health considers the state's current licensing standards "sufficient."

HF812*/SF704/CH33

Vetoed - 2017

Regular Session

Omnibus health and human services bill vetoed, called "reckless and foolish"

Gov. Mark Dayton vetoed a nearly \$14 billion omnibus health and human services bill, which would have cut \$482.44 million from projected state spending for the 2018-19 biennium.

In his veto letter, Dayton said the bill would "undermine services for the most vulnerable Minnesotans," and was "reckless and foolish" for making cuts when the state has a significant budget surplus.

Sponsored by Rep. Matt Dean (R-Dellwood) and Sen. Michelle Benson (R-Ham Lake), the bill would have also eliminated MNSure and transitioned the state to a federally facilitated marketplace, a move which Dayton called one of the bill's "most troubling policies."

It also would have funded a range of new and existing programs through controversial savings measures including:

- changes to health care eligibility audits, which Dayton said are duplicative of current efforts and reliant on the assumption that large numbers of ineligible people would be found;
- a health care delivery system pilot project that would have withheld 2 percent of the state's monthly payments to health plans until they verified that the people enrolled in Medical Assistance were eligible; Dayton said there's no proof that those savings would materialize;

- removal of projected inflation costs for Medical Assistance costs, intended to save \$150.9 million; and
- an \$61.5 million funding cut to county MnCHOICES programs, in which the Department of Human Services pays counties to assess the needs and preferences of people with disabilities, despite the fact that those assessments are still federally required.

“While I share the Legislature’s interest in finding savings and reducing spending in Health and Human Services, I am committed to doing so in a way that’s based on fiscal reality and does not hurt the people served by our programs,” Dayton wrote.

Other measures Dayton criticized include the bill’s lack of operating adjustments for the Department of Human Services (\$44.4 million) and Department of Health (\$6.5 million), which he said are needed to maintain current levels of service and prevent layoffs.

Dayton also disagreed with the Legislature’s decision to leave out many of his proposals, which he considers to be “critical investments,” including:

- \$58 million for Child Care Assistance Program improvements;
- \$48 million to increase the wages and benefits of home health care workers;
- \$22.8 million in funding for the Minnesota Security Hospital;
- \$19.6 million in improvements to the child protection and foster care systems; and
- \$9 million to update technology systems.

Dayton further disapproved of a policy provision that would have required legislative approval for federal waiver applications, saying it was “an onerous step that micromanages the executive branch” and is unnecessary, given that state agencies already require legislative direction to develop a federal waiver.

The bill also would have funded the following appropriations:

- \$4.16 million to provide school-linked mental health grants, allowing students to receive early intervention and care at their schools;
- \$3.52 million to reduce service fees by 25 percent for parents of children who are disabled;
- \$3.44 million to provide a rate increase for complex services provided by personal care assistants;
- \$3.25 million to provide long-term homelessness support services, housing for mentally ill adults, transitional housing and emergency shelters;
- \$2.97 million to implement a value-based reimbursement system for nursing facilities;
- \$2.25 million to increase at-home infant child care assistance;
- \$2 million in mobile food shelf grants and \$1.13 million in food shelf grants;
- \$1.6 million to expand the Department of Human Services’ Return to Community program, which helps people living in nursing homes move back home, or into a new, more integrated situation;
- \$1.38 million to fund a \$13/month increase in cash assistance for families in the Minnesota Family Investment Program, though the program is expected to save \$62,000 over the 2018-19 biennium; and
- \$314,000 in family foster care liability insurance.

HF945/SF800*/CH45

Vetoes - 2017

Regular Session

Dayton vetoes bill that would have blocked state funding for abortions

Gov. Mark Dayton vetoed a bill that would have blocked state-sponsored health programs from paying for abortions, except as required by federal law.

The bill “infringes upon a woman’s basic right to health and safety – a right of every woman, regardless of the type of health insurance she has,” Dayton wrote in his veto message. “This bill

would interfere with critical medical decisions that should be made between a woman and her doctor.”

Dayton said that it “infringes on the constitutionally-protected rights of women, discriminates against women based on socioeconomic status, and doesn’t protect their health or safety.”

Federal law known as the Hyde Amendment bans federal funds from paying for abortions except in the case of rape, incest or preserving the life of the mother. A 1995 Minnesota Supreme Court decision struck down a 1978 law similar to this bill as unconstitutional.

Rep. Mary Franson (R-Alexandria) and Sen. Mary Kiffmeyer (R-Big Lake) are the sponsors.

HF809*/SF702/CH31

Vetoed - 2017

Regular Session

Interim-ordinance changes fall short of enactment

Cities seeking to impose a moratorium on residential development would have had to hold a public hearing with written notice at least three days before hand to anyone who submitted written information about a housing proposal or who requested notice of moratorium ordinances related to housing proposals, and such a moratorium would have had to receive a two-thirds supermajority vote of the city council. The public hearing would have had to be at the earlier of the next regularly scheduled city council after the three day notice or within 10 days of the notice.

However, Gov. Mark Dayton vetoed the bill, sponsored by Rep. Jim Nash (R-Waconia) and Sen. Dan Hall (R-Burnsville).

In his veto letter, Dayton called the bill “a step forward in providing notice and a voice for those potentially affected by an interim ordinance regulating a housing proposal.”

But the two-thirds majority requirement, his letter said, would have been “an unnecessary exception to the general requirement for a majority vote. The provision weakens local control and the rights of local community members.”

Dayton wrote that if the Legislature were to send him a future bill that would require a majority vote instead of two-thirds, he would reconsider.

HF330*/SF201/CH49