STATE OF MINNESOTA

NINETY-THIRD SESSION — 2023

FORTY-SEVENTH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, APRIL 12, 2023

The House of Representatives convened at 12:30 p.m. and was called to order by Dan Wolgamott, Speaker pro tempore.

Prayer was offered by the Reverend Pepe Demarest, The Recovery Church, St. Paul, Minnesota.

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

The roll was called and the following members were present:

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

A quorum was present.

Anderson, P. E.; Daudt; Kiel; Kozlowski and Olson, B., were excused.

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

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

March 30, 2023

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

Dear Speaker Hortman:

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

H. F. No. 1440, relating to housing; appropriating money for the family homeless prevention and assistance program; requiring a report.

H. F. No. 244, relating to uniform laws; adopting the Uniform Electronic Wills Act; making technical, clarifying, and conforming changes.

Sincerely,

TIM WALZ
Governor

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

The Honorable Melissa Hortman
Speaker of the House of Representatives

The Honorable Bobby Joe Champion
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 2023 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S. F. No.	*H. F. No.*	*Session Laws Chapter No.*	*Time and Date Approved 2023*	*Date Filed 2023*
	1440	20	7:39 p.m. March 30	March 30
	244	21	7:40 p.m. March 30	March 30

2265	22	7:41 p.m. March 30	March 30
1816	23	2:37 p.m. April 5	April 5

Sincerely,

STEVE SIMON
Secretary of State

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Stephenson from the Committee on Commerce Finance and Policy to which was referred:

H. F. No. 2, A bill for an act relating to employment; providing for paid family, pregnancy, bonding, and applicant's serious medical condition benefits; regulating and requiring certain employment leaves; classifying certain data; authorizing rulemaking; appropriating money; amending Minnesota Statutes 2022, sections 13.719, by adding a subdivision; 177.27, subdivision 4; 181.032; 256J.561, by adding a subdivision; 256J.95, subdivisions 3, 11; 256P.01, subdivision 3; 268.19, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 268B.

Reported the same back with the following amendments:

Page 1, after line 24, insert:

"Sec. 2. Minnesota Statutes 2022, section 62A.01, subdivision 1, is amended to read:

Subdivision 1. **Definition.** The term "policy of accident and sickness insurance" as used herein includes any policy covering the kind of insurance described in section 60A.06, subdivision 1, clause (5)(a), or the paid family and medical leave benefits as described in section 268B.10."

Page 4, after line 20, insert:

"Sec. 4. Minnesota Statutes 2022, section 256B.0659, subdivision 18, is amended to read:

Subd. 18. **Personal care assistance choice option; generally.** (a) The commissioner may allow a recipient of personal care assistance services to use a fiscal intermediary to assist the recipient in paying and accounting for medically necessary covered personal care assistance services. Unless otherwise provided in this section, all other statutory and regulatory provisions relating to personal care assistance services apply to a recipient using the personal care assistance choice option.

(b) Personal care assistance choice is an option of the personal care assistance program that allows the recipient who receives personal care assistance services to be responsible for the hiring, training, scheduling, and firing of personal care assistants according to the terms of the written agreement with the personal care assistance choice agency required under subdivision 20, paragraph (a). This program offers greater control and choice for the recipient in who provides the personal care assistance service and when the service is scheduled. The recipient or the recipient's responsible party must choose a personal care assistance choice provider agency as a fiscal intermediary. This personal care assistance choice provider agency manages payroll, invoices the state, is responsible for all payroll-related taxes and insurance, including premiums for family and medical benefit insurance, and is responsible for providing the consumer training and support in managing the recipient's personal care assistance services.

Sec. 5. Minnesota Statutes 2022, section 256B.85, subdivision 13, is amended to read:

Subd. 13. **Budget model.** (a) Under the budget model participants exercise responsibility and control over the services and supports described and budgeted within the CFSS service delivery plan. Participants must use services specified in subdivision 13a provided by an FMS provider. Under this model, participants may use their approved service budget allocation to:

(1) directly employ support workers, and pay wages, federal and state payroll taxes, and premiums for workers' compensation, liability, family and medical benefit insurance, and health insurance coverage; and

(2) obtain supports and goods as defined in subdivision 7.

(b) Participants who are unable to fulfill any of the functions listed in paragraph (a) may authorize a legal representative or participant's representative to do so on their behalf.

(c) If two or more participants using the budget model live in the same household and have the same support worker, the participants must use the same FMS provider.

(d) If the FMS provider advises that there is a joint employer in the budget model, all participants associated with that joint employer must use the same FMS provider.

(e) The commissioner shall disenroll or exclude participants from the budget model and transfer them to the agency-provider model under, but not limited to, the following circumstances:

(1) when a participant has been restricted by the Minnesota restricted recipient program, in which case the participant may be excluded for a specified time period under Minnesota Rules, parts 9505.2160 to 9505.2245;

(2) when a participant exits the budget model during the participant's service plan year. Upon transfer, the participant shall not access the budget model for the remainder of that service plan year; or

(3) when the department determines that the participant or participant's representative or legal representative is unable to fulfill the responsibilities under the budget model, as specified in subdivision 14.

(f) A participant may appeal in writing to the department under section 256.045, subdivision 3, to contest the department's decision under paragraph (e), clause (3), to disenroll or exclude the participant from the budget model.

Sec. 6. Minnesota Statutes 2022, section 256B.85, subdivision 13a, is amended to read:

Subd. 13a. **Financial management services.** (a) Services provided by an FMS provider include but are not limited to: filing and payment of federal and state payroll taxes and premiums on behalf of the participant; initiating and complying with background study requirements under chapter 245C and maintaining documentation of background study requests and results; billing for approved CFSS services with authorized funds; monitoring expenditures; accounting for and disbursing CFSS funds; providing assistance in obtaining and filing for liability, workers' compensation, family and medical benefit insurance, and unemployment coverage; and providing participant instruction and technical assistance to the participant in fulfilling employer-related requirements in accordance with section 3504 of the Internal Revenue Code and related regulations and interpretations, including Code of Federal Regulations, title 26, section 31.3504-1.

(b) Agency-provider services shall not be provided by the FMS provider.

(c) The FMS provider shall provide service functions as determined by the commissioner for budget model participants that include but are not limited to:

(1) assistance with the development of the detailed budget for expenditures portion of the CFSS service delivery plan as requested by the consultation services provider or participant;

(2) data recording and reporting of participant spending;

(3) other duties established by the department, including with respect to providing assistance to the participant, participant's representative, or legal representative in performing employer responsibilities regarding support workers. The support worker shall not be considered the employee of the FMS provider; and

(4) billing, payment, and accounting of approved expenditures for goods.

(d) The FMS provider shall obtain an assurance statement from the participant employer agreeing to follow state and federal regulations and CFSS policies regarding employment of support workers.

(e) The FMS provider shall:

(1) not limit or restrict the participant's choice of service or support providers or service delivery models consistent with any applicable state and federal requirements;

(2) provide the participant, consultation services provider, and case manager or care coordinator, if applicable, with a monthly written summary of the spending for services and supports that were billed against the spending budget;

(3) be knowledgeable of state and federal employment regulations, including those under the Fair Labor Standards Act of 1938, and comply with the requirements under chapter 268B and section 3504 of the Internal Revenue Code and related regulations and interpretations, including Code of Federal Regulations, title 26, section 31.3504-1, regarding agency employer tax liability for vendor fiscal/employer agent, and any requirements necessary to process employer and employee deductions, provide appropriate and timely submission of employer tax liabilities, and maintain documentation to support medical assistance claims;

(4) have current and adequate liability insurance and bonding and sufficient cash flow as determined by the commissioner and have on staff or under contract a certified public accountant or an individual with a baccalaureate degree in accounting;

(5) assume fiscal accountability for state funds designated for the program and be held liable for any overpayments or violations of applicable statutes or rules, including but not limited to the Minnesota False Claims Act, chapter 15C;

(6) maintain documentation of receipts, invoices, and bills to track all services and supports expenditures for any goods purchased and maintain time records of support workers. The documentation and time records must be maintained for a minimum of five years from the claim date and be available for audit or review upon request by the commissioner. Claims submitted by the FMS provider to the commissioner for payment must correspond with services, amounts, and time periods as authorized in the participant's service budget and service plan and must contain specific identifying information as determined by the commissioner; and

(7) provide written notice to the participant or the participant's representative at least 30 calendar days before a proposed service termination becomes effective.

(f) The commissioner shall:

(1) establish rates and payment methodology for the FMS provider;

(2) identify a process to ensure quality and performance standards for the FMS provider and ensure statewide access to FMS providers; and

(3) establish a uniform protocol for delivering and administering CFSS services to be used by eligible FMS providers."

Page 8, after line 16, insert:

"(e) For an applicant under a private plan as provided in section 268B.10, the base period is those most recent four quarters in which wage credits were earned with the current employer as provided by the current employer. If an employer does not have four quarters of wage detail information, the employer must accept an employee's certification of wage credits, based on the employee's records. If the employee does not provide certification of additional wage credits, the employer may use a base period that consists of all available quarters."

Page 8, line 22, delete ""Benefit year"" and insert "(a) Except as provided in paragraph (b), "benefit year""

Page 8, after line 25, insert:

"(b) For a private plan under section 268B.10, "benefit year" means:

(1) a calendar year;

(2) any fixed 12-month period, such as a fiscal year or a 12-month period measured forward from an employee's first date of employment;

(3) a 12-month period measured forward from an employee's first day of leave taken; or

(4) a rolling 12-month period measured backward from an employee's first day of leave taken.

Employers are required to notify employees of their benefit year within 30 days of the private plan approval and first day of employment."

Page 9, after line 4, insert:

"Subd. 13. **Construction industry.** "Construction industry" means any construction, reconstruction, building erection, alteration, remodel, repair, renovation, rehabilitation, excavation, or demolition of any building, structure, facility utility, power plant, sewer, dam, highway, road, street, airport, bridge, or other improvement.

Subd. 14. **Covered active duty.** "Covered active duty" has the meaning given in United States Code, title 29, section 2611(14)."

Renumber the subdivisions in sequence and correct the internal references

Page 11, line 7, delete "and"

Page 11, line 8, delete "affinity and" and after "whose" insert "close"

Page 11, line 13, delete the period and insert "; and"

Page 11, after line 13, insert:

"(7) up to one person designated by the applicant."

Page 11, line 26, after "surgeon," insert "podiatrist,"

Page 11, delete line 27 and insert "advanced practice registered nurse, alcohol and drug counselor, as defined in section 148F.01, subdivision 5, or mental health professional, as defined in section 245I.02, subdivision 27; or"

Page 12, line 24, delete "still birth" and insert "stillbirth"

Page 12, line 26, after "member's" insert "covered" and after "to" insert "covered"

Page 13, line 29, delete "at-home care or"

Page 14, line 5, after "times" insert ", within 30 days of the first day of incapacity, unless extenuating circumstances beyond the applicant's control prevent a follow-up visit from occurring as planned,"

Page 15, line 23, delete "hours" and delete "hours"

Page 19, line 31, after the period, insert "Appropriations and transfers to the account are credited to the account. Earnings, such as interest, dividends, and any other earnings arising from assets of the account, are credited to the account. Money remaining in the account at the end of a fiscal year are not canceled to the general fund but remain in the account until expended."

Page 21, line 3, after "filed" insert "up to 60 days before leave taken under section 268B.085"

Page 21, line 5, delete "at the time"

Page 21, line 6, delete "the application is filed"

Page 21, line 7, delete "does not meet eligibility at the time of the application or"

Page 22, line 27, delete "37" and insert "41"

Page 22, delete subdivision 5 and insert:

"Subd. 5. **Maximum length of benefits.** (a) In a single benefit year, an applicant may receive:

(1) up to 12 weeks of benefits under this chapter related to the applicant's serious health condition or pregnancy; and

(2) up to 12 weeks of benefits under this chapter:

(i) for bonding, safety leave, or family care; or

(ii) for leave related to one or more qualifying exigencies."

Page 24, line 13, delete "(a)"

Page 24, line 27, after "clause" insert "(3) or"

Page 24, line 31, delete "need not" and insert "must" and after "consecutive" insert ", unless the leave is intermittent"

Page 25, line 22, before the period, insert "or estimated due date"

Page 26, line 19, before the period, insert "from the employer from whom the applicant is taking leave under this chapter"

Page 26, delete subdivision 5 and insert:

"Subd. 5. **Vacation, sick leave, paid time off, and disability insurance payments.** (a) An employee may use vacation pay, sick pay, paid time off pay, or disability insurance payments, in lieu of family or medical leave program benefits under this chapter, provided the employee is concurrently eligible. Subject to the limitations of section 268B.09, subdivision 1, an employee is entitled to the employment protections under section 268B.09 for those workdays during which this option is exercised. This subdivision applies to private plans under section 268B.10.

(b) An employer may offer a supplemental benefit payment, as defined in section 268B.01, subdivision 41, to an employee on family or medical leave in addition to any paid family or medical leave benefits the employee is receiving. The choice to receive a supplemental benefit payment lies with the employee. Nothing in this section shall be construed as requiring an employee to receive, or an employer to provide, a supplemental benefit payment."

Page 27, line 3, delete "and disability insurance"

Page 27, line 7, after the semicolon, insert "or"

Page 27, line 8, delete "; or" and insert a period

Page 27, delete line 9

Page 28, line 14, after "(1)" insert "or (2)"

Page 29, line 4, after "weeks" insert ", unless the application is incomplete due to outstanding requests for information including clerical or other errors. Nothing prohibits the commissioner from requesting additional information or the applicant from supplementing their initial application before a determination of eligibility. The commissioner may extend the deadline for a determination under this subdivision due to extenuating circumstances"

Page 30, line 28, before "Ninety" insert "(a)"

Page 30, line 29, delete "which the employee" and insert "which: (1) the employee meets the eligibility criteria under section 268B.06, subdivision 1, clause (2); or"

Page 30 delete line 30

Page 31, delete lines 1 and 2 and insert:

"(2) the employee has applied for benefits in good faith under this chapter. For the purposes of this subdivision, good faith is defined as anything that is not knowingly false or in reckless disregard of the truth.

(b) Notwithstanding paragraph (a), an employee no longer has a right to leave following a denial of benefits by a benefit judge. The employee's right to leave under this section is not to exceed the maximum length of benefits under section 268B.04, subdivision 5."

Page 31, after line 29, insert:

"(e) An employer may require that an employee taking leave under this chapter provide a copy of the certification under section 268B.06, subdivision 3. Upon a written request from the employer, the employee shall provide a copy of the certification as soon as practicable given all of the facts and circumstances in the individual situation. Providing certification at or around the time the employee provides a certification to the department is considered practicable. In addition to any prohibition imposed under section 268B.09, an employer must not discharge, discipline, penalize, interfere with, threaten, restrain, coerce, or otherwise retaliate or discriminate against an employee for providing this certification."

Page 31, line 30, delete "(e)" and insert "(f)"

Page 32, line 3, after the period, insert "Employees may also use bonding leave under this chapter before the actual placement or adoption of a child in situations that include but are not limited to an employee's requirement to: attend counseling sessions; appear in court; consult with any attorney or doctor representing the birth parent; submit to a physical examination; or travel to another country to complete an adoption."

Page 32, after line 13, insert:

"(c) For applicants who take leave on an intermittent or reduced leave schedule, the weekly benefit amount is prorated."

Page 33, line 1, before "Any" insert "(a)"

Page 33, line 2, before the period, insert ", except for a voluntary settlement agreement resolving disputed claims or a valid separation agreement releasing putative claims"

Page 33, after line 2, insert:

"(b) Any provision, whether oral or written, of a lease, contract, or other agreement or instrument that purports to be a waiver by an individual of any right or remedy provided in this chapter is contrary to public policy and void if the waiver or release purports to waive claims arising out of acts or practices that occur after the execution of the waiver or release.

(c) A waiver or release of rights or remedies secured by this chapter that purports to apply to claims arising out of acts or practices prior to, or concurrent with, the execution of the waiver or release may be rescinded within 15 calendar days of its execution, except that a waiver or release given in settlement of a claim filed with the department or with another administrative agency or judicial body is valid and final upon execution. A waiving or releasing party must be informed in writing of the right to rescind the waiver or release. To be effective, the rescission must be in writing and delivered to the waived or released party by hand, electronically with the receiving party's consent, or by mail within the 15-day period. If delivered by mail, the rescission must be:

(1) postmarked within the 15-day period;

(2) properly addressed to the waived or released party; and

(3) sent by certified mail, return receipt requested."

Page 33, line 4, before the period, insert ", except as provided under section 268B.10, subdivision 7"

Page 33, line 6, before "During" insert "(a)"

Page 33, line 7, after "benefits" insert "or leave"

Page 33, after line 10, insert:

"(b) This subdivision may be waived for employees who are working in the construction industry under a bona fide collective bargaining agreement that requires employer contributions to a multiemployer health plan pursuant to United States Code, title 29, section 186(c)(5), but only if the waiver is set forth in clear and unambiguous terms in the collective bargaining agreement and explicitly cites this subdivision."

Page 35, after line 16, insert:

"(g) Nothing in this section shall be deemed to affect the Americans with Disabilities Act, United States Code, title 42, chapter 126.

(h) This subdivision and subdivision 7 may be waived for employees who are working in the construction industry under a bona fide collective bargaining agreement with a construction trade union that maintains a referral-to-work procedure for employees to obtain employment with multiple signatory employers, but only if the waiver is set forth in clear and unambiguous terms in the collective bargaining agreement and explicitly cites this subdivision and subdivision 7."

Page 36, delete lines 8 to 11 and insert:

"(i) any and all damages recoverable by law;"

Page 36, line 12, delete everything after "amount" and insert "of damages awarded; and"

Page 36, line 20, after "such" insert "injunctive and other" and delete "may be appropriate" and insert "determined by a court or jury"

Page 36, after line 26, insert:

"Rule 23 of the Rules of Civil Procedure applies to this section."

Page 37, line 10, after the period, insert "Employers may apply for approval of private plans that exceed the benefits provided to employees under this chapter."

Page 37, line 12, after "commissioner" insert ", in consultation with the commissioner of commerce,"

Page 38, line 9, after "commissioner" insert ", in consultation with the commissioner of commerce,"

Page 39, line 2, delete "medical" and insert "family" and delete "medical" and insert "family"

Page 39, after line 5, insert:

"Subd. 4. **Surety bond requirement.** If the private plan is in the form of self-insurance, the employer shall file with its application for private provision of the medical benefit or family benefit program a surety bond in an amount equal to the employer's annual premium that it would otherwise be required to pay to the family and medical benefit insurance account. The surety bond must be in a form approved by the commissioner and issued by a surety company authorized to transact business in Minnesota.

Subd. 5. **Private plan requirements; timing of payment; intermittent leave increments; and weekly benefit determination.** (a) Private plan benefits under this section may be paid to align with the employer's payroll cycle or according to the terms of the approved private plan.

(b) Intermittent leave under a private plan may be taken in the minimum increment the employer offers to employees for other types of leave, not to exceed the eight-hour minimum increment under section 268B.04, subdivision 6.

(c) For purposes of determining the family and medical benefit amount and duration under a private plan, the weekly benefit amount and duration must be based on the employee's typical workweek and wages earned with the employer at the time of an application for benefits or over the past 52-week calendar year, whichever calculation results in the highest benefit amount for the employee. If an employer does not have complete wage information for the full calendar year, the employer must accept an employee's certification of wage credits, based upon the employee's records."

Page 39, line 8, delete the third "product" and insert "product's policy form must be approved by the commissioner of commerce and issued by an insurance company authorized to transact insurance in this state."

Page 39, delete line 9

Page 39, line 25, delete "amended to conform" and insert "administered"

Page 39, after line 26, insert:

"Subd. 7. **Employer reimbursement.** If an employer meeting the requirements of a private plan through an insurance product under subdivision 6 has made advance payments of benefits due under this chapter or has made payments to an employee in like manner as wages during any period of family or medical leave for which the employee is entitled to the benefits provided by this chapter, the employer is entitled to be reimbursed by the carrier or third party administrator out of any benefits due or to become due for the family or medical leave, if the claim for reimbursement is filed with the carrier prior to payment of the benefits by the carrier."

Renumber the subdivisions in sequence and correct the internal references

Page 39, line 27, before "An" insert "(a)"

Page 39, line 28, delete everything before the comma and insert "application for private provision of the medical benefit or family benefit program" and after the period, insert "(b)"

Page 39, line 30, after the period, insert "An employee covered under a private plan has the right to request reconsideration of a decision under a private plan made by an insurer, private plan administrator, or employer prior to exercising appeal rights under section 268B.04."

Page 45, line 7, after "employer" insert ", except for an employer with an approved private plan under section 268B.10"

Page 45, line 15, after the first "employer" insert ", except for an employer with an approved private plan under section 268B.10,"

Page 46, line 2, delete everything after "employers" and insert "must pay a minimum of 50 percent"

Page 46, line 3, after "of" insert "the" and delete "from employee wages" and after the period, insert "Employees, through a deduction in their wages to the employer, must pay the remaining portion, if any, of the premium not paid by the employer."

Page 46, line 13, delete "employer"

Page 46, line 15, delete "employers participating in"

Page 46, line 16, delete "an employer participating in"

Page 46, line 18, delete "an employer participating in"

Page 46, line 20, after "and" insert "by July 31 of"

Page 52, line 13, delete "without" and insert "with"

Page 62, line 24, delete the second "and"

Page 62, after line 24, insert:

"(2) an explanation of the availability of family and medical leave benefits provided under this chapter for independent contractors; and"

Page 62, line 25, delete "(2)" and insert "(3)"

Page 63, line 15, delete everything before "prohibit" and insert "(2)"

Page 63, line 17, delete "under this chapter" and before the semicolon, insert "including through a supplemental benefit payment, as defined under section 268B.01, subdivision 41"

Page 63, line 18, delete "or"

Page 63, line 22, delete the period and insert "; or"

Page 63, after line 22, insert:

"(4) applied so as to create any power or duty in conflict with federal law."

Page 68, line 5, delete "January 1, 2024" and insert "July 1, 2025"

Page 68, after line 5, insert:

"ARTICLE 3
FAMILY AND MEDICAL LEAVE ACTUARIAL STUDY

Section 1. **ACTUARIAL STUDY REQUIREMENT.**

(a) The commissioner of employment and economic development must contract with a qualified independent actuarial consultant to conduct an actuarial study of the family and medical leave premium rate, premium structure, weekly benefit formula, duration of benefit weeks, fund reserve, and other components as necessary to determine the financial soundness of the family and medical benefit insurance program created in this act. A qualified independent actuarial consultant is one who is a Fellow of the Society of Actuaries, Member of the American Academy of Actuaries (FSA MAAA), and who has experience directly relevant to the analysis required under this paragraph. The commissioner must issue a request for proposal to satisfy the requirements of this section no later than 30 days following enactment.

(b) A copy of the actuarial study must be provided to the majority and minority leaders in the senate and house of representatives no later than October 31, 2023."

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 2, delete everything after "to" and insert "employment; creating a family and medical benefit insurance program; requiring leave from employment under certain circumstances; allowing substitution of a private plan; prohibiting retaliation; classifying data; authorizing expedited rulemaking; appropriating money;"

Page 1, delete lines 3 to 4

Page 1, line 5, delete "money;"

Correct the title numbers accordingly

With the recommendation that when so amended the bill be re-referred to the Committee on Workforce Development Finance and Policy.

The report was adopted.

Pursuant to Joint Rule 2.03 and in accordance with Senate Concurrent Resolution No. 3, H. F. No. 2 was re-referred to the Committee on Rules and Legislative Administration.

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

H. F. No. 2105, A bill for an act relating to state lands; modifying requirements for conveying easements; adding to state parks and state forest; authorizing sales of certain state lands; amending Minnesota Statutes 2022, section 84.66, subdivision 7.

Reported the same back with the following amendments:

Page 13, after line 6, insert:

"Sec. 21. **LAND TRANSFER; CITY OF DULUTH.**

Subdivision 1. **Acquisition.** (a) Notwithstanding the requirements or limitations in Minnesota Statutes, section 161.20, or any other law to the contrary, the commissioner of transportation may acquire, by deed or other means, the land described in paragraph (c) from the city of Duluth for the fair market value as determined by an appraisal of the property.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be acquired is described as:

(1) the North 52 feet of Lots 41, 43, 45, and 47 on Glass Street (formerly Fourth Street) in Fond du Lac (part of parcel number 010-1620-00285); and

(2) those portions of Lots 49 and 51 on said Glass Street lying North of a straight line extending from a point on the west line of said Lot 49, distant 52 feet South measured along said west line from the northwest corner thereof, to a point on the east line of said Lot 51, distant 38.1 feet South measured along the east line of said Lot 51 from the northeast corner thereof, all in Fond du Lac (part of parcel number 010-1620-00285).

(d) The interests of the state and the city of Duluth would best be served if the land was purchased for fair market value by the commissioner of transportation in satisfaction of a State of Minnesota General Obligation Bond Financed Declaration under Minnesota Statutes, section 16A.695, and returned to the Fond du Lac Band of the Lake Superior Chippewa, also known as the Fond du Lac Band of the Minnesota Chippewa Tribe, for the Mission Creek Cemetery.

Subd. 2. **Reconveyance.** (a) Upon acquiring the land described in subdivision 1, the commissioner of transportation must convey the land according to this subdivision. Notwithstanding Minnesota Statutes, section 161.44, or any other law to the contrary, the commissioner of transportation must convey the land described in subdivision 1 for no consideration to the Fond du Lac Band of the Lake Superior Chippewa, also known as Fond du Lac Band of the Minnesota Chippewa Tribe, for the public purpose of the Mission Creek Cemetery.

(b) The conveyance must be in accordance with the state standard conveyance form and may incorporate the use restrictions contained in Term 1, paragraphs (a) and (b), of the current vesting deed."

Page 13, line 8, delete "20" and insert "21"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after "sales" insert ", purchases, and transfers"

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

The report was adopted.

Xiong from the Committee on Workforce Development Finance and Policy to which was referred:

H. F. No. 2233, A bill for an act relating to economic development; Department of Employment and Economic Development policy provisions; amending Minnesota Statutes 2022, sections 116J.552, subdivisions 4, 6; 116L.04, subdivision 1a; 116L.17, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 116J.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

(a) The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2024" and "2025" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium" is fiscal years 2024 and 2025.

(b) If an appropriation in this article is enacted more than once in the 2023 regular or special legislative session, the appropriation must be given effect only once.

	APPROPRIATIONS Available for the Year Ending June 30	
	2024	**2025**
Sec. 2. **DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**		
Subdivision 1. **Total Appropriation**	**$186,569,000**	**$176,469,000**

	Appropriations by Fund	
	2024	2025
General	163,982,000	154,582,000
Workforce Development	22,587,000	21,887,000

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

Subd. 2. **Business and Community Development** 12,500,000 12,500,000

(a)(1) $5,000,000 each year is for grants to local communities to increase the number of quality child care providers to support economic development. This is a onetime appropriation and is available through June 30, 2025. Fifty percent of grant money must go to communities located outside the seven-county metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2.

(2) Grant recipients must obtain a 50 percent nonstate match to grant money in either cash or in-kind contribution, unless the commissioner waives the requirement. Grant money available under this subdivision must be used to implement projects to reduce the child care shortage in the state, including but not limited to funding for child care business start-ups or expansion, training, facility modifications, direct subsidies or incentives to retain employees, or improvements required for licensing, and assistance with licensing and other regulatory requirements. In awarding grants, the commissioner must give priority to communities that have demonstrated a shortage of child care providers.

(3) Within one year of receiving grant money, grant recipients must report to the commissioner on the outcomes of the grant program, including but not limited to the number of new providers, the number of additional child care provider jobs created, the number of additional child care slots, and the amount of cash and in-kind local money invested. Within one month of all grant recipients reporting on program outcomes, the commissioner must report the grant recipients' outcomes to the chairs and ranking members of the legislative committees with jurisdiction over early learning and child care and economic development.

(b) $2,500,000 each year is for a grant to the Minnesota Initiative Foundations. This is a onetime appropriation and is available until June 30, 2027. The Minnesota Initiative Foundations must use grant money under this section to:

(1) facilitate planning processes for rural communities resulting in a community solution action plan that guides decision making to sustain and increase the supply of quality child care in the region to support economic development;

(2) engage the private sector to invest local resources to support the community solution action plan and ensure quality child care is a vital component of additional regional economic development planning processes;

(3) provide locally based training and technical assistance to rural child care business owners individually or through a learning cohort. Access to financial and business development assistance must prepare child care businesses for quality engagement and improvement by stabilizing operations, leveraging funding from other sources, and fostering business acumen that allows child care businesses to plan for and afford the cost of providing quality child care; and

(4) recruit child care programs to participate in quality rating and improvement measurement programs. The Minnesota Initiative Foundations must work with local partners to provide low-cost training, professional development opportunities, and continuing education curricula. The Minnesota Initiative Foundations must fund, through local partners, an enhanced level of coaching to rural child care providers to obtain a quality rating through measurement programs.

(c) $5,000,000 each year is for the community energy transition grant program under Minnesota Statutes, section 116J.55. This is a onetime appropriation and is available until expended.

Subd. 3. **Employment and Training Programs**	102,798,000	102,698,000
Appropriations by Fund		
General	88,096,000	88,696,000
Workforce Development	14,702,000	14,002,000

(a) $500,000 each year from the general fund and $500,000 each year from the workforce development fund are for rural career counseling coordinators in the workforce service areas and for the purposes specified under Minnesota Statutes, section 116L.667.

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

(c) $2,546,000 each year from the general fund and $4,604,000 each year from the workforce development fund are for the pathways to prosperity competitive grant program. Of this amount, up to five percent is for administration and monitoring of the program.

(d) $500,000 each year is from the workforce development fund for current Minnesota affiliates of OIC of America, Inc. This appropriation shall be divided equally among the eligible centers.

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

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

(g) $1,750,000 each year is for a grant to Propel Nonprofits to provide capacity-building grants and related technical assistance to small, culturally specific organizations that primarily serve historically underserved cultural communities. Propel Nonprofits may only award grants to nonprofit organizations that have an annual organizational budget of less than $1,000,000. These grants may be used for:

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

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

(3) creating or expanding partnerships with existing organizations that have specialized expertise in order to increase capacity of the grantee organization to improve services to the community.

Of this amount, up to ten percent may be used by Propel Nonprofits for administrative costs. This is a onetime appropriation.

(h) $5,230,000 each year from the general fund and $3,348,000 each year from the workforce development fund are for the youth-at-work competitive grant program under Minnesota Statutes, section 116L.562. Of this amount, up to five percent is

for administration and monitoring of the youth workforce development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year. In fiscal year 2026 and beyond, the base amount from the general fund is $750,000.

(i) $1,093,000 each year from the general fund and $1,000,000 each year from the workforce development fund are for the youthbuild program under Minnesota Statutes, sections 116L.361 to 116L.366. In fiscal year 2026 and beyond, the base amount from the general fund is $0.

(j) $4,427,000 each year from the general fund and $4,050,000 each year from the workforce development fund are for the Minnesota youth program under Minnesota Statutes, sections 116L.56 and 116L.561. In fiscal year 2026 and beyond, the base amount from the general fund is $0.

(k) $1,000,000 each year is for a grant to the Minnesota Technology Association to support the SciTech Internship Program, a program that supports science, technology, engineering, and math (STEM) internship opportunities for two- and four-year college students and graduate students in their fields of study. The internship opportunities must match students with paid internships within STEM disciplines at small, for-profit companies located in Minnesota having fewer than 250 employees worldwide. At least 250 students must be matched each year. No more than 15 percent of the hires may be graduate students. Selected hiring companies shall receive from the grant 50 percent of the wages paid to the intern, capped at $3,000 per intern. The program must work toward increasing the participation among women or other underserved populations. This is a onetime appropriation.

(l) $7,500,000 each year is for the Drive for Five Initiative to conduct outreach and provide job skills training, career counseling, case management, and supportive services for careers in (1) technology, (2) labor, (3) the caring professions, (4) manufacturing, and (5) educational and professional services. These are onetime appropriations.

(m) Of the amounts appropriated in paragraph (l), the commissioner must make $5,000,000 each year available through a competitive request for proposal process. The grant awards must be used to provide education and training in the five industries identified in paragraph (l). Education and training may include:

(1) student tutoring and testing support services;

(2) training and employment placement in high wage and high growth employment;

(3) assistance in obtaining industry-specific certifications;

(4) remedial training leading to enrollment;

(5) real-time work experience in information;

(6) career and educational counseling;

(7) work experience and internships; and

(8) supportive services.

(n) Of the amount appropriated in paragraph (l), $1,625,000 each year must be awarded through competitive grants made to trade associations or chambers of commerce for job placement services. Grant awards must be used to encourage workforce training efforts to ensure that efforts are aligned with employer demands and that graduates are connected with employers that are hiring. Trade associations or chambers must partner with employers with current or anticipated employment opportunities and nonprofit workforce training partners participating in this program. The trade associations or chambers must work closely with the industry sector training providers in the five industries identified in paragraph (l). Grant awards may be used for:

(1) employer engagement strategies to align employment opportunities for individuals exiting workforce development training programs. These strategies may include business recruitment, job opening development, employee recruitment, and job matching. Trade associations must utilize the state's labor exchange system;

(2) diversity, inclusion, and retention training for members to increase the business understanding of welcoming and retaining a diverse workforce; and

(3) industry-specific training.

(o) Of the amount appropriated in paragraph (l), $875,000 each year is to hire, train, and deploy business services representatives in local workforce development areas throughout the state. Business services representatives must work with an assigned local workforce development area to address the hiring needs of Minnesota's businesses by connecting job seekers and program participants in the CareerForce system. Business services representatives serve in the classified service of the state and operate as part of the agency's Employment and Training Office. The commissioner shall develop and implement training materials and reporting and evaluation procedures for the activities of the business services representatives. The business services representatives must:

(1) serve as the primary contact for businesses in that area;

(2) actively engage employers by assisting with matching employers to job seekers by referring candidates, convening job fairs, and assisting with job announcements; and

(3) work with the local area board and the board's partners to identify candidates for openings in small and midsize companies in the local area.

(p) $30,000,000 each year is for the targeted population workforce grants under Minnesota Statutes, section 116L.43. The department may use up to ten percent of this appropriation for administration, monitoring, and oversight of the program. Of this amount:

(1) $22,000,000 each year is for job and entrepreneurial skills training grants under Minnesota Statutes, section 116L.43, subdivision 2;

(2) $2,000,000 each year is for diversity and inclusion training for small employers under Minnesota Statutes, section 116L.43, subdivision 3; and

(3) $6,000,000 each year is for capacity building grants under Minnesota Statutes, section 116L.43, subdivision 4.

Beginning in fiscal year 2026, the base amount is $2,500,000.

(q) $1,500,000 each year is to establish an Office of New Americans. This is a onetime appropriation.

(r) $400,000 each year is for a grant to the nonprofit 30,000 Feet to fund youth apprenticeship jobs, wraparound services, after-school programming, and summer learning loss prevention targeted at African American youth. This is a onetime appropriation.

(s) $700,000 each year is for a grant to Avivo to provide low-income individuals with career education and job skills training that is fully integrated with chemical and mental health services. This is a onetime appropriation.

(t)(1) $450,000 each year is for a grant to Better Futures Minnesota to provide job skills training to individuals who have been released from incarceration for a felony-level offense and are no more than 12 months from the date of release. This is a onetime appropriation.

(2) Better Futures Minnesota shall annually report to the commissioner on how the money was spent and what results were achieved. The report must include, at a minimum, information and data about the number of participants; participant homelessness, employment, recidivism, and child support compliance; and job skills training provided to program participants.

(u) $600,000 each year is for a grant to East Side Neighborhood Services. This is a onetime appropriation of which:

(1) $300,000 each year is for the senior community service employment program, which provides work readiness training to low-income adults ages 55 and older to provide ongoing support and mentoring services to the program participants as well as the transition period from subsidized wages to unsubsidized wages; and

(2) $300,000 each year is for the nursing assistant plus program to serve the increased need for growth of medical talent pipelines through expansion of the existing program and development of in-house training.

The amounts specified in clauses (1) and (2) may also be used to enhance employment programming for youth and young adults, ages 14 to 24, to introduce them to work culture, develop essential work readiness skills, and make career plans through paid internship experiences and work readiness training.

(v) $250,000 each year is for Minnesota Family Resiliency Partnership programs under Minnesota Statutes, section 116L.96. The commissioner, through the adult career pathways program, shall distribute the money to existing nonprofit and state displaced homemaker programs. This is a onetime appropriation.

(w) $550,000 each year is for a grant to the International Institute of Minnesota for workforce training for new Americans in industries in need of a trained workforce. This is a onetime appropriation.

(x) $1,500,000 each year is for a grant to Summit Academy OIC to expand employment placement, GED preparation and administration, and STEM programming in the Twin Cities, Saint Cloud, and Bemidji. This is a onetime appropriation.

(y) $500,000 each year is for a grant to Big Brothers Big Sisters of the Greater Twin Cities to provide disadvantaged youth ages 12 to 21 with job-seeking skills, connections to job training and education opportunities, and mentorship while exploring careers. The grant must serve youth in the Big Brothers Big Sisters chapters in the Twin Cities, central Minnesota, and southern Minnesota. This is a onetime appropriation.

(z) $400,000 each year is for a grant to the White Bear Center for the Arts for establishing a paid internship program for high school students to learn professional development skills through an arts perspective. This is a onetime appropriation.

(aa) $750,000 each year is for a grant to Bridges to Healthcare to provide career education, wraparound support services, and job skills training in high-demand health care fields to low-income parents, nonnative speakers of English, and other hard-to-train

individuals, and to help families build secure pathways out of poverty and address worker shortages in one of Minnesota's most innovative industries. Money may be used for program expenses, including but not limited to hiring instructors and navigators; space rental; and supportive services to help participants attend classes, including assistance with course fees, child care, transportation, and safe and stable housing. Up to five percent of grant money may be used for Bridges to Healthcare's administrative costs. This is a onetime appropriation.

(bb) $400,000 each year is for a grant to Hired to expand their career pathway job training and placement program that connects lower-skilled job seekers to entry-level and gateway jobs in high-growth sectors. This is a onetime appropriation.

(cc) $1,000,000 each year is for a grant to the Minnesota Alliance of Boys and Girls Clubs to administer a statewide project of youth job skills and career development. This project, which may have career guidance components including health and life skills, must be designed to encourage, train, and assist youth in early access to education and job-seeking skills; work-based learning experience, including career pathways in STEM learning, career exploration, and matching; and first job placement through local community partnerships and on-site job opportunities. This grant requires a 25 percent match from nonstate sources. This is a onetime appropriation.

(dd) $300,000 each year is for a grant to Southeast Minnesota Workforce Development Area 8 and Workforce Development, Inc., to provide career planning, career pathway training and education, wraparound support services, and job skills advancement in high-demand careers to individuals with barriers to employment in Steele County, and to help families build secure pathways out of poverty and address worker shortages in the Owatonna and Steele County area, as well as supporting Employer Outreach Services that provide solutions to workforce challenges and direct connections to workforce programming. Money may be used for program expenses, including but not limited to hiring instructors and navigators; space rental; and supportive services to help participants attend classes, including assistance with course fees, child care, transportation, and safe and stable housing. Up to five percent of grant money may be used for Workforce Development, Inc.'s administrative costs. This is a onetime appropriation and is available until June 30, 2025.

(ee) $1,250,000 each year is for a grant to Ujamaa Place to assist primarily African American men with job training, employment preparation, internships, education, vocational housing, and organizational capacity building. This is a onetime appropriation.

(ff) $500,000 each year is for grants to Minnesota Diversified Industries, Inc., to provide inclusive employment opportunities and services for people with disabilities. This is a onetime appropriation.

(gg) $1,000,000 each year is for performance grants under Minnesota Statutes, section 116J.8747, to Twin Cities R!SE to provide training to individuals facing barriers to employment. This is a onetime appropriation and is available until June 30, 2026.

(hh) $500,000 each year is for the getting to work grant program under Minnesota Statutes, section 116J.545. Of this amount, up to five percent is for administration and monitoring of the program. This is a onetime appropriation.

(ii) $400,000 the first year is for a grant to the ProStart and Hospitality Tourism Management Program for a well-established, proven, and successful education program that helps young people advance careers in the hospitality industry and addresses critical long-term workforce shortages in the tourism industry.

(jj) $1,500,000 each year is for a grant to Comunidades Latinas Unidas En Servicio-Latino Communities United in Service (CLUES) to address employment, economic, and technology access disparities for low-income, unemployed, or underemployed individuals. Money must be used to support short-term certifications and transferable skills in high-demand fields, workforce readiness, customized financial capability, and employment supports. At least 50 percent of this amount must be used for programming targeted at greater Minnesota. This is a onetime appropriation.

(kk) $500,000 each year is for a grant to the American Indian Opportunities and Industrialization Center for workforce development programming, including reducing academic disparities for American Indian students and adults. This is a onetime appropriation.

(ll) $300,000 each year is for a grant to YMCA of the North to provide career exploration, job training, and workforce development services for underserved youth and young adults. This is a onetime appropriation.

(mm) $750,000 each year is for grants to the Minneapolis Park and Recreation Board's Teen Teamworks youth employment and training programs. This is a onetime appropriation and is available in either year of the biennium and is available until spent.

(nn) $700,000 each year is for grants to support competitive robotics teams that prepare youth for careers in STEM fields, by creating internships for high school students to work at private companies in STEM fields, including the payment of student stipends. This is a onetime appropriation.

(oo) $1,000,000 in the first year and $2,000,000 in the second year are for a clean economy equitable workforce grant program. Money must be used for grants to support partnership development, planning, and implementation of workforce readiness programs aimed at workers who are Black, Indigenous, and People of Color. Programs may include workforce training, career development, workers' rights training, employment placement, and culturally appropriate job readiness and must prepare workers for careers in the high-demand fields of construction, clean energy, and energy efficiency. Grants must be given to nonprofit organizations that serve historically disenfranchised communities, including new Americans, with preference for organizations that are new providers of workforce programming or which have partnership agreements with registered apprenticeship programs. This is a onetime appropriation.

(pp) $500,000 each year is for a grant to Emerge Community Development to support and reinforce critical workforce training at the Emerge Career and Technical Center, Cedar-Riverside Opportunity Center, and Emerge Second Chance programs in Minneapolis. This is a onetime appropriation.

(qq) $500,000 each year is for a grant to Project for Pride in Living to provide job training and workforce development services for underserved communities. This is a onetime appropriation.

(rr) $500,000 each year is for a grant to Pillsbury United Communities to provide job training and workforce development services for underserved communities. This is a onetime appropriation.

(ss) $1,000,000 each year is for a grant to the Redemption Project to provide employment services to adults leaving incarceration, including recruiting, educating, training, and retaining employment mentors and partners. This is a onetime appropriation.

(tt) $350,000 each year is for a grant to the YWCA of Minneapolis to provide training to eligible individuals, including job skills training, career counseling, and job placement assistance necessary to secure a child development associate credential and to have a career path in early childhood education. This is a onetime appropriation.

(uu) $500,000 each year is for a grant to Greater Twin Cities United Way to make grants to partner organizations to provide workforce training using the career pathways model that helps students gain work experience, earn experience in high-demand fields, and transition into family-sustaining careers. This is a onetime appropriation.

(vv) $1,500,000 each year is for a grant to the nonprofit Sanneh Foundation to fund out-of-school summer programs focused on mentoring and behavioral, social, and emotional learning interventions and enrichment activities directed toward low-income students of color. This is a onetime appropriation and is available until spent.

(ww) $3,000,000 each year is for a grant to Youthprise to provide economic development services designed to enhance long-term economic self-sufficiency in communities with concentrated African populations statewide. Of these amounts, 50 percent is for subgrants to Ka Joog and 50 percent is for competitive subgrants to community organizations. This is a onetime appropriation.

(xx) $1,000,000 each year is for performance grants under Minnesota Statutes, section 116J.8747, to Goodwill-Easter Seals Minnesota and its partners. The grant shall be used to continue the FATHER Project in Rochester, St. Cloud, St. Paul, Minneapolis, and the surrounding areas to assist fathers in overcoming barriers that prevent fathers from supporting their children economically and emotionally, including with community re-entry following confinement. This is a onetime appropriation.

(yy) $1,000,000 each year is for a grant to the Hmong American Partnership to expand job training and placement programs primarily serving the Southeast Asian community. This is a onetime appropriation.

(zz) $400,000 each year is for a grant to Project Restore Minnesota for the Social Kitchen project, a pathway program for careers in the culinary arts. This is a onetime appropriation.

(aaa) $1,000,000 each year is for competitive grants to organizations providing services to relieve economic disparities in the African immigrant community through workforce recruitment, development, job creation, assistance of smaller organizations to increase capacity, and outreach. Of this amount, up to five percent is for administration and monitoring of the program. Beginning in fiscal year 2026, the base amount is $200,000.

(bbb) $500,000 each year is for a grant to the Hmong Chamber of Commerce to train ethnically Southeast Asian business owners and operators in better business practices. Of this amount, up to $5,000 may be used for administrative costs. This is a onetime appropriation.

(ccc) $250,000 each year is for a grant to the Center for Economic Inclusion for a strategic intervention program designed to target and connect program participants to meaningful, sustainable living-wage employment. This is a onetime appropriation.

(ddd) $100,000 each year is for grants to the Minnesota Grocers Association Foundation for Carts to Careers, a statewide initiative to promote careers, conduct outreach, provide job skills training, and award scholarships for students pursuing careers in the food industry. This is a onetime appropriation.

(eee) $500,000 each year is for a grant to Minnesota Independence College and Community to provide employment preparation, job placement, job retention, and service coordination services to adults with autism and learning differences. This is a onetime appropriation.

(fff) $500,000 each year is for a grant to Ramsey County to provide job training and workforce development for underserved communities. Grant money may be subgranted to Milestone Community Development for the Milestone Tech program. This is a onetime appropriation.

(ggg) $500,000 each year is for a grant to Ramsey County for a technology training pathway program focused on intergenerational community tech work for residents who are at least 18 years old and no more than 24 years old and who live in a census tract that has a poverty rate of at least 20 percent as reported in the most recently completed decennial census published by the United States Bureau of the Census. Grant money may be used for program administration, training, training stipends, wages, and support services. This is a onetime appropriation.

(hhh) $700,000 in the first year is from the workforce development fund for a grant to the Southwest Initiative Foundation for the southwestern Minnesota workforce development scholarship pilot program. This is a onetime appropriation and is available until June 30, 2028.

Subd. 4. **General Support Services** 17,505,000 7,505,000

Appropriations by Fund

General Fund	17,450,000	7,450,000
Workforce Development	55,000	55,000

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

(b) $10,000,000 in the first year is for the workforce digital transformation projects. This appropriation is available until June 30, 2027.

Subd. 5. **Vocational Rehabilitation** 42,341,000 42,341,000

Appropriations by Fund

General	34,511,000	34,511,000
Workforce Development	7,830,000	7,830,000

(a) $14,300,000 each year is for the state's vocational rehabilitation program under Minnesota Statutes, chapter 268A.

(b) $11,495,000 each year from the general fund and $6,830,000 each year from the workforce development fund are for extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15. Of the amounts appropriated from the general fund, $4,500,000 each year is for new rate increases and maintaining prior rate increases to providers of extended employment services.

(c) $4,805,000 each year is for grants to programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14. Beginning in fiscal year 2026, the base amount is $2,555,000.

(d) $3,911,000 each year is for grants to centers for independent living under Minnesota Statutes, section 268A.11. Beginning in fiscal year 2026, the base amount is $3,011,000.

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

Subd. 6. **Services for the Blind** 11,425,000 11,425,000

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

(b) $2,500,000 each year is for the employer reasonable accommodation fund. This is a onetime appropriation.

Sec. 3. **DEPARTMENT OF CORRECTIONS** **$3,500,000** **$3,500,000**

(a) $2,250,000 each year is for contracts with Minnesota's institutions of higher education to provide instruction to incarcerated individuals in state correctional facilities and to support partnerships with public and private employers, trades programs, and community colleges in providing employment opportunities for individuals after incarceration. Funding must be used for contracts with institutions of higher education and other training providers and associated re-entry and operational support services provided by the agency. Beginning in fiscal year 2026, the base amount is $200,000.

(b) $1,250,000 each year is to expand the use of the existing work release program at the Department of Corrections to increase the availability of educational programming for incarcerated individuals who are eligible and approved for work release. Beginning in fiscal year 2026, the base amount is $100,000.

ARTICLE 2
WORKFORCE DEVELOPMENT

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

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

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

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

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

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

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

(2) motor vehicle repair and maintenance services; or

(3) motor vehicle loans.

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

(1) financial literacy education;

(2) education on budgeting for vehicle ownership;

(3) car maintenance and repair instruction;

(4) credit counseling; or

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

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

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

(2) the area to be served;

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

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

(i) automobile dealers;

(ii) automobile parts dealers;

(iii) independent local mechanics and automobile repair facilities;

(iv) banks and credit unions;

(v) employers;

(vi) employment and training agencies;

(vii) insurance companies and agents;

(viii) local workforce centers; and

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

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

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

(2) be at least 18 years of age;

(3) have a valid driver's license;

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

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

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

Subd. 6. **Report to legislature.** By January 15, 2026, and each January 15 in an even-numbered year thereafter, the commissioner shall submit a report to the chairs of the house of representatives and senate committees with jurisdiction over workforce and economic development on program outcomes. At a minimum, the report must include:

(1) the total number of program participants;

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

(i) provision of a motor vehicle;

(ii) motor vehicle repair services; and

(iii) motor vehicle loans;

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

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

Sec. 2. Minnesota Statutes 2022, section 116J.5492, subdivision 8, is amended to read:

Subd. 8. **Meetings.** The advisory committee must meet ~~monthly until the energy transition plan is submitted~~ quarterly and submit an updated energy transition plan annually to the governor and the legislature. Once submitted, the committee shall develop a regular meeting schedule as needed. The chair may call additional meetings as necessary.

Sec. 3. Minnesota Statutes 2022, section 116J.5492, subdivision 10, is amended to read:

Subd. 10. **Expiration.** This section expires ~~the day after the Minnesota energy transition plan required under section 116J.5493 is submitted to the legislature and the governor~~ on June 30, 2027.

Sec. 4. Minnesota Statutes 2022, section 116J.55, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of this section, "eligible community" means a county, municipality, or tribal government located in Minnesota in which an electric generating plant owned by a public utility, as defined in section 216B.02, that is powered by coal, nuclear energy, or natural gas:

(1) is currently operating and (i) is scheduled to cease operations ~~or~~, (ii) whose cessation of operations has been proposed in an integrated resource plan filed with the commission under section 216B.2422, or (iii) whose current operating license expires within 15 years of the effective date of this section; or

(2) ceased operations or was removed from the local property tax base no earlier than five years before the date an application is made for a grant under this section.

Sec. 5. Minnesota Statutes 2022, section 116J.55, subdivision 5, is amended to read:

Subd. 5. **Grant awards; limitations.** ~~(a) The commissioner must award grants under this section to eligible communities through a competitive grant process.~~

~~(b)~~ (a) A grant awarded to an eligible community under this section must not exceed ~~$500,000~~ $1,000,000 in any calendar year. The commissioner may accept grant applications on an ongoing or rolling basis.

~~(c)~~ (b) Grants funded with revenues from the renewable development account established in section 116C.779 must be awarded to an eligible community located within the retail electric service territory of the public utility that is subject to section 116C.779 or to an eligible community in which an electric generating plant owned by that public utility is located.

Sec. 6. Minnesota Statutes 2022, section 116J.55, subdivision 6, is amended to read:

Subd. 6. **Eligible expenditures.** (a) Money in the account established in subdivision 3 must be used only to:

(1) award grants to eligible communities under this section; and

(2) reimburse the department's reasonable costs to administer this section, up to a maximum of five percent of the appropriation made to the commissioner under this section. The commissioner may transfer part of the allowable administrative portion of this appropriation to the Environmental Quality Board to assist communities with regulatory coordination and dedicated technical assistance on conversion for these communities.

(b) An eligible community awarded a grant under this section may use the grant to plan for or address the economic and social impacts on the eligible community of the electric generating plant's cessation of operations, including but not limited to land use studies, economic planning, researching, planning, and implementing activities, capital costs of public infrastructure necessary for economic development, and impact studies and other planning activities enabling communities to become shovel-ready and support the transition from power plants to other economic activities to minimize the negative impacts of power plant closures on tax revenues and jobs designed to:

(1) assist workers at the plant find new employment, including worker retraining and developing small business start-up skills;

(2) increase the eligible community's property tax base; and

(3) develop alternative economic development strategies to attract new employers to the eligible community.

Sec. 7. **[116J.659] OFFICE OF NEW AMERICANS.**

Subdivision 1. **Office established; purpose.** (a) The Office of New Americans is established within the Department of Employment and Economic Development. The governor must appoint an assistant commissioner who serves in the unclassified service. The assistant commissioner must hire a program manager and an office assistant, as well as any staff necessary to carry out the office's duties under subdivision 2.

(b) The purpose of the office is to serve immigrants and refugees in Minnesota by:

(1) addressing challenges that face immigrants and refugees in Minnesota, and creating access in economic development and workforce programs and services; and

(2) providing interstate agency coordination, policy reviews, and guidance that assist in creating access to immigrants and refugees.

Subd. 2. **Duties.** (a) The office has the duty to:

(1) create and implement a statewide strategy to support immigrant and refugee integration into Minnesota communities;

(2) address the state's workforce needs by connecting employers and job seekers within the immigrant and refugee community;

(3) identify strategies to reduce employment barriers, including the creation of alternative pathways for immigrants and refugees;

(4) support programs and activities designed to ensure equitable access to the workforce for immigrants and refugees, including those who are disabled;

(5) support equitable opportunities for immigrants and refugees to access state government services and grants;

(6) work with state agencies and community and foundation partners to undertake studies and research and analyze economic and demographic trends to better understand and serve the state's immigrant and refugee communities;

(7) coordinate and establish best practices for language access initiatives to all state agencies;

(8) convene stakeholders and provide assistance and recommendations to the governor on issues impacting immigrants and refugees;

(9) make policy recommendations to the governor on issues impacting immigrants and refugees;

(10) develop systems of communication and collaboration with local offices and service providers to ensure that immigrants and refugees can access support available to them to address multisectoral barriers to success, including in the areas of employment, housing, legal services, health care, and education;

(11) collaborate with existing immigrant and refugee inclusion positions and offices at the city and county level statewide;

(12) encourage and support the creation of new immigrant and refugee inclusion positions and offices at the city and county level statewide;

(13) serve as the point of contact for immigrants and refugees accessing resources both within the department and with boards charged with oversight of a profession;

(14) promulgate rules necessary to implement and effectuate this section;

(15) provide an annual report, as required by subdivision 3; and

(16) perform any other activities consistent with the office's purpose.

Subd. 3. **Reporting.** (a) Beginning January 15, 2024, and each year thereafter, the Office of New Americans shall report to the legislative committees with jurisdiction over the office's activities during the previous year.

(b) The report shall contain, at a minimum:

(1) a summary of the office's activities;

(2) suggested policies, incentives, and legislation designed to accelerate the achievement of the duties under subdivision 2;

(3) any proposed legislative and policy initiatives;

(4) the amount and types of grants awarded under subdivision 6; and

(5) any other information deemed necessary and requested by the legislative committees with jurisdiction over the office.

(c) The report may be submitted electronically and is subject to section 3.195, subdivision 1.

Subd. 4. **Interdepartmental Coordinating Council on Immigrant and Refugee Affairs.** (a) An interdepartmental Coordinating Council on Immigrant and Refugee Affairs is established to advise the Office of New Americans.

(b) The purpose of the council is to identify and establish ways in which state departments and agencies can work together to deliver state programs and services effectively and efficiently to Minnesota's immigrant and refugee populations. The council shall implement policies, procedures, and programs requested by the governor through the state departments and offices.

(c) The council shall be chaired by the assistant commissioner of the Office of New Americans and shall be comprised of the commissioners, department directors, or senior leadership designees, from the following state departments and offices:

(1) the governor's office;

(2) the Department of Administration;

(3) the Department of Employment and Economic Development;

(4) the Department of Human Services;

(5) the Department of Human Services Resettlement Program Office;

(6) the Department of Labor and Industry;

(7) the Department of Health;

(8) the Department of Education;

(9) the Office of Higher Education;

(10) the Department of Public Safety;

(11) the Department of Corrections;

(12) the Council for Minnesotans of African Heritage;

(13) the Minnesota Council on Latino Affairs; and

(14) the Council on Asian Pacific Minnesotans.

(d) Each department or office serving as a member of the council shall designate one staff member as an immigrant and refugee services liaison. The liaisons' responsibilities shall include:

(1) preparation and dissemination of information and services available to immigrants and refugees; and

(2) interfacing with the Office of New Americans on issues that impact immigrants and refugees and their communities.

Subd. 5. **No right of action.** Nothing in this section shall be construed to create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the state; its departments, agencies, or entities; its officers, employees, or agents; or any other person.

Subd. 6. **Grants.** The office may apply for grants for interested state agencies, community partners, and stakeholders under this section to carry out the duties under subdivision 2. In awarding grants, the commissioner must allocate grants as evenly as practicable among interested parties.

Sec. 8. Minnesota Statutes 2022, section 116L.361, subdivision 7, is amended to read:

Subd. 7. **~~Very~~ Low income.** "~~Very~~ Low income" means incomes that are at or less than ~~50~~ 80 percent of the area median income, adjusted for family size, as estimated by the Department of Housing and Urban Development.

Sec. 9. Minnesota Statutes 2022, section 116L.362, subdivision 1, is amended to read:

Subdivision 1. **Generally.** (a) The commissioner shall make grants to eligible organizations for programs to provide education and training services to targeted youth. The purpose of these programs is to provide specialized training and work experience for targeted youth who have not been served effectively by the current educational system. The programs are to include a work experience component with work projects that result in the rehabilitation, improvement, or construction of (1) residential units for the homeless; (2) improvements to the energy efficiency and environmental health of residential units and other green jobs purposes; (3) facilities to support community garden projects; or (4) education, social service, or health facilities which are owned by a public agency or a private nonprofit organization.

(b) Eligible facilities must principally provide services to homeless or ~~very~~ low income individuals and families, and include the following:

(1) Head Start or day care centers, including playhouses or similar incidental structures;

(2) homeless, battered women, or other shelters;

(3) transitional housing and tiny houses;

(4) youth or senior citizen centers;

(5) community health centers; and

(6) community garden facilities.

Two or more eligible organizations may jointly apply for a grant. The commissioner shall administer the grant program.

Sec. 10. Minnesota Statutes 2022, section 116L.364, subdivision 3, is amended to read:

Subd. 3. **Work experience component.** A work experience component must be included in each program. The work experience component must provide vocational skills training in an industry where there is a viable expectation of job opportunities. A training subsidy, living allowance, or stipend, not to exceed an amount equal to 100 percent of the poverty line for a family of two as defined in ~~United States Code, title 42, section 673, paragraph (2)~~ the final rules and regulations of the Workforce Innovation and Opportunity Act, may be provided to program participants. The wage or stipend must be provided to participants who are recipients of public assistance in a manner or amount which will not reduce public assistance benefits. The work experience component must be designed so that work projects result in (1) the expansion or improvement of residential units for homeless persons and ~~very~~ low income families; (2) improvements to the energy efficiency and environmental health of residential units; (3) facilities to support community garden projects; or (4) rehabilitation, improvement, or construction of eligible education, social service, or health facilities that principally serve homeless or ~~very~~ low income individuals and families. Any work project must include direct supervision by individuals skilled in each specific vocation. Program participants may earn credits toward the completion of their secondary education from their participation in the work experience component.

Sec. 11. Minnesota Statutes 2022, section 116L.365, subdivision 1, is amended to read:

Subdivision 1. **Priority for housing.** Any residential or transitional housing units that become available through a work project that is part of the program described in section 116L.364 must be allocated in the following order:

(1) homeless targeted youth who have participated in constructing, rehabilitating, or improving the unit;

(2) homeless families with at least one dependent;

(3) other homeless individuals;

(4) other ~~very~~ low income families and individuals; and

(5) families or individuals that receive public assistance and that do not qualify in any other priority group.

Sec. 12. **[116L.43] TARGETED POPULATIONS WORKFORCE GRANTS.**

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

(b) "Community-based organization" means a nonprofit organization that:

(1) provides workforce development programming or services;

(2) has an annual organizational budget of no more than $1,000,000;

(3) has its primary office located in a historically underserved community of color or low-income community; and

(4) serves a population that generally reflects the demographics of that local community.

(c) "Entry level jobs" means part-time or full-time jobs that an individual can perform without any prior education or experience.

(d) "High wage" means the income needed for a family to cover minimum necessary expenses in a given geographic area, including food, child care, health care, housing, and transportation.

(e) "Industry specific certification" means a credential an individual can earn to show proficiency in a particular area or skill.

(f) "Remedial training" means additional training provided to staff following the identification of a need and intended to increase proficiency in performing job tasks.

(g) "Small business" has the same meaning as section 645.445.

Subd. 2. **Job and entrepreneurial skills training grants.** (a) The commissioner shall establish a job and entrepreneurial skills training grant program that must provide competitive funding to community-based organizations to provide skills training that leads to employment or business development in high-growth industries.

(b) Eligible forms of skills training include:

(1) student tutoring and testing support services;

(2) training and employment placement in high-wage and high-growth employment;

(3) assistance in obtaining industry specific certifications;

(4) remedial training leading to enrollment in further training or education;

(5) real-time work experience or on-the-job training;

(6) career and educational counseling;

(7) work experience and internships;

(8) supportive services;

(9) tuition reimbursement for new entrants into public sector careers;

(10) career mentorship;

(11) postprogram case management services;

(12) job placement services; and

(13) the cost of corporate board of director training for people of color.

(c) Grant awards must not exceed $750,000 per year per organization and all funding awards must be made for the duration of a biennium. An organization may partner with another organization to utilize grant awards, provided that the organizations must not be funded to deliver the same services. Grants awarded under this subdivision are not subject to section 116L.98.

Subd. 3. **Diversity and inclusion training for small employers.** (a) The commissioner shall establish a diversity and inclusion training grant program which shall provide competitive grants to small businesses for diversity and inclusion training, including the creation and implementation of a plan to actively engage, hire, and retain people of color for both entry level and high-wage opportunities, including management and board of director positions.

(b) Grant awards must not exceed $300,000 per year per business. A business may only receive one grant for diversity and inclusion training per biennium.

(c) Applicants are required to submit a plan for use of the funds. Grant recipients are required to submit a diversity and inclusion implementation plan after training is completed.

(d) Grants awarded under this subdivision are not subject to section 116L.98.

(e) Sections 116J.993 to 116J.995 do not apply to assistance under this subdivision.

Subd. 4. **Capacity building.** (a) The commissioner shall establish a capacity building grant program to provide training services and funding for capacity building to community-based organizations.

(b) Eligible uses of grant awards include covering the cost of workforce program delivery staff, program infrastructure costs, and workforce training related service model development.

(c) Grant awards must not exceed $50,000 per organization and are limited to one grant per community-based organization.

(d) Grants awarded under this subdivision are not subject to section 116L.98.

(e) Grant recipients must submit a report to the commissioner outlining the use of grant funds and the impact of that funding on the community-based organization's future ability to provide workforce development services.

Sec. 13. Minnesota Statutes 2022, section 116L.56, subdivision 2, is amended to read:

Subd. 2. **Eligible applicant.** "Eligible applicant" means an individual who is between the ages of 14 and ~~21~~ 24 and economically disadvantaged.

An at-risk youth who is classified as a family of one is deemed economically disadvantaged. For purposes of eligibility determination the following individuals are considered at risk:

(1) a pregnant or parenting youth;

(2) a youth with limited English proficiency;

(3) a potential or actual school dropout;

(4) a youth in an offender or diversion program;

(5) a public assistance recipient or a recipient of group home services;

(6) a youth with disabilities including learning disabilities;

(7) a child of drug or alcohol abusers or a youth with substance use disorder;

(8) a homeless or runaway youth;

(9) a youth with basic skills deficiency;

(10) a youth with an educational attainment of one or more levels below grade level appropriate to age; or

(11) a foster child.

Sec. 14. Minnesota Statutes 2022, section 116L.561, subdivision 5, is amended to read:

Subd. 5. **Allocation formula.** Seventy percent of Minnesota youth program funds must be allocated based on the county's share of economically disadvantaged youth. The remaining 30 percent must be allocated based on the county's share of population ages 14 to ~~21~~ 24.

Sec. 15. Minnesota Statutes 2022, section 116L.562, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of this section:

(1) "eligible organization" or "eligible applicant" means a local government unit, nonprofit organization, community action agency, or a public school district;

(2) "at-risk youth" means youth classified as at-risk under section 116L.56, subdivision 2; and

(3) "economically disadvantaged" means youth who are economically disadvantaged as defined in ~~United States Code, title 29, section 1503~~ the rules and regulations of the Workforce Innovation and Opportunity Act.

Sec. 16. Minnesota Statutes 2022, section 268.035, subdivision 20, is amended to read:

Subd. 20. **Noncovered employment.** "Noncovered employment" means:

(1) employment for the United States government or an instrumentality thereof, including military service;

(2) employment for a state, other than Minnesota, or a political subdivision or instrumentality thereof;

(3) employment for a foreign government;

(4) employment covered under the federal Railroad Unemployment Insurance Act;

(5) employment for a church or convention or association of churches, or a nonprofit organization operated primarily for religious purposes that is operated, supervised, controlled, or principally supported by a church or convention or association of churches;

(6) employment for an elementary or secondary school with a curriculum that includes religious education that is operated by a church, a convention or association of churches, or a nonprofit organization that is operated, supervised, controlled, or principally supported by a church or convention or association of churches;

(7) employment for Minnesota or a political subdivision, or a nonprofit organization, of a duly ordained or licensed minister of a church in the exercise of a ministry or by a member of a religious order in the exercise of duties required by the order;

(8) employment for Minnesota or a political subdivision, or a nonprofit organization, of an individual receiving rehabilitation of "sheltered" work in a facility conducted for the purpose of carrying out a program of rehabilitation for individuals whose earning capacity is impaired by age or physical or mental deficiency or injury or a program providing "sheltered" work for individuals who because of an impaired physical or mental capacity cannot be readily absorbed in the competitive labor market. This clause applies only to services performed in a facility certified by the Rehabilitation Services Branch of the department or in a day training or habilitation program licensed by the Department of Human Services;

(9) employment for Minnesota or a political subdivision, or a nonprofit organization, of an individual receiving work relief or work training as part of an unemployment work relief or work training program financed in whole or in part by any federal agency or an agency of a state or political subdivision thereof. This clause does not apply to programs that require unemployment benefit coverage for the participants;

(10) employment for Minnesota or a political subdivision, as an elected official, a member of a legislative body, or a member of the judiciary;

(11) employment as a member of the Minnesota National Guard or Air National Guard;

(12) employment for Minnesota or a political subdivision, or instrumentality thereof, of an individual serving on a temporary basis in case of fire, flood, tornado, or similar emergency;

(13) employment as an election official or election worker for Minnesota or a political subdivision, if the compensation for that employment was less than $1,000 in a calendar year;

(14) employment for Minnesota that is a major policy-making or advisory position in the unclassified service;

(15) employment for Minnesota in an unclassified position established under section 43A.08, subdivision 1a;

(16) employment for a political subdivision of Minnesota that is a nontenured major policy making or advisory position;

(17) domestic employment in a private household, local college club, or local chapter of a college fraternity or sorority, if the wages paid in any calendar quarter in either the current or prior calendar year to all individuals in domestic employment totaled less than $1,000.

"Domestic employment" includes all service in the operation and maintenance of a private household, for a local college club, or local chapter of a college fraternity or sorority as distinguished from service as an employee in the pursuit of an employer's trade or business;

(18) employment of an individual by a son, daughter, or spouse, and employment of a child under the age of 18 by the child's father or mother;

(19) employment of an inmate of a custodial or penal institution;

(20) employment for a school, college, or university, by a student who is enrolled and whose primary relation to the school, college, or university is as a student. This does not include an individual whose primary relation to the school, college, or university is as an employee who also takes courses;

(21) employment of an individual who is enrolled as a student in a full-time program at a nonprofit or public educational institution that maintains a regular faculty and curriculum and has a regularly organized body of students in attendance at the place where its educational activities are carried on, taken for credit at the institution, that combines academic instruction with work experience, if the employment is an integral part of the program, and the institution has so certified to the employer, except that this clause does not apply to employment in a program established for or on behalf of an employer or group of employers;

(22) employment of a foreign college or university student who works on a seasonal or temporary basis under the J-1 visa summer work travel program described in Code of Federal Regulations, title 22, section 62.32;

(23) employment of university, college, or professional school students in an internship or other training program with the city of St. Paul or the city of Minneapolis under Laws 1990, chapter 570, article 6, section 3;

(24) employment for a hospital by a patient of the hospital. "Hospital" means an institution that has been licensed by the Department of Health as a hospital;

(25) employment as a student nurse for a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in an accredited nurses' training school;

(26) employment as an intern for a hospital by an individual who has completed a four-year course in an accredited medical school;

(27) employment as an insurance salesperson, by other than a corporate officer, if all the wages from the employment is solely by way of commission. The word "insurance" includes an annuity and an optional annuity;

(28) employment as an officer of a township mutual insurance company or farmer's mutual insurance company under chapter 67A;

(29) employment of a corporate officer, if the officer directly or indirectly, including through a subsidiary or holding company, owns 25 percent or more of the employer corporation, and employment of a member of a limited liability company, if the member directly or indirectly, including through a subsidiary or holding company, owns 25 percent or more of the employer limited liability company;

(30) employment as a real estate salesperson, other than a corporate officer, if all the wages from the employment is solely by way of commission;

(31) employment as a direct seller as defined in United States Code, title 26, section 3508;

(32) employment of an individual under the age of 18 in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution;

(33) casual employment performed for an individual, other than domestic employment under clause (17), that does not promote or advance that employer's trade or business;

(34) employment in "agricultural employment" unless it is "covered agricultural employment" under subdivision 11; ~~or~~

(35) if employment during one-half or more of any pay period was covered employment, all the employment for the pay period is covered employment; but if during more than one-half of any pay period the employment was noncovered employment, then all of the employment for the pay period is noncovered employment. "Pay period" means a period of not more than a calendar month for which a payment or compensation is ordinarily made to the employee by the employer.; or

(36) employment of a foreign agricultural worker who works on a seasonal or temporary basis under the H-2A visa temporary agricultural employment program described in Code of Federal Regulations, title 20, section 655.

Sec. 17. Minnesota Statutes 2022, section 268A.15, is amended by adding a subdivision to read:

Subd. 8a. **Provider rate increases.** (a) Effective July 1, 2023, subject to the availability of additional funding, an annual growth factor adjustment of no less than a three percent increase for providers of extended employment services for persons with severe disabilities shall be authorized. If there is sufficient funding appropriated, the commissioner shall increase reimbursement rates by the percentage of this adjustment.

(b) The commissioner of management and budget must include an annual inflationary adjustment in reimbursement rates for providers of extended employment services for persons with severe disabilities as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11.

Sec. 18. Minnesota Statutes 2022, section 469.40, subdivision 11, is amended to read:

Subd. 11. **Public infrastructure project.** (a) "Public infrastructure project" means a project financed in part or in whole with public money in order to support the medical business entity's development plans, as identified in the DMCC development plan. A public infrastructure project may:

(1) acquire real property and other assets associated with the real property;

(2) demolish, repair, or rehabilitate buildings;

(3) remediate land and buildings as required to prepare the property for acquisition or development;

(4) install, construct, or reconstruct elements of public infrastructure required to support the overall development of the destination medical center development district including, but not limited to,: streets, roadways, utilities systems and related facilities,; utility relocations and replacements,; network and communication systems,; streetscape improvements,; drainage systems,; sewer and water systems,; subgrade structures and associated improvements,; landscaping,; facade construction and restoration,; design and predesign, including architectural, engineering, and similar services; legal, regulatory, and other compliance services; construction costs, including all materials and supplies; wayfinding and signage,; community engagement; transit costs incurred on or after March 16, 2020; and other components of community infrastructure;

(5) acquire, construct or reconstruct, and equip parking facilities and other facilities to encourage intermodal transportation and public transit;

(6) install, construct or reconstruct, furnish, and equip parks, cultural, and recreational facilities, facilities to promote tourism and hospitality, conferencing and conventions, and broadcast and related multimedia infrastructure;

(7) make related site improvements including, without limitation, excavation, earth retention, soil stabilization and correction, and site improvements to support the destination medical center development district;

(8) prepare land for private development and to sell or lease land;

(9) provide costs of relocation benefits to occupants of acquired properties; and

(10) construct and equip all or a portion of one or more suitable structures on land owned by the city for sale or lease to private development; provided, however, that the portion of any structure directly financed by the city as a public infrastructure project must not be sold or leased to a medical business entity.

(b) A public infrastructure project is not a business subsidy under section 116J.993.

(c) Public infrastructure project includes the planning, preparation, and modification of the development plan under section 469.43. The cost of that planning, preparation, and any modification is a capital cost of the public infrastructure project.

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

Sec. 19. Minnesota Statutes 2022, section 469.47, subdivision 1, is amended to read:

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

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

(c) "Construction projects" means:

(1) for expenditures by a medical business entity, construction of buildings in the city for which the building permit was issued after June 30, 2013; and

(2) for any other expenditures, construction of privately owned buildings and other improvements that are undertaken pursuant to or as part of the development plan and are located within a medical center development district.

(d) "Expenditures" means expenditures made by a medical business entity or by an individual or private entity on construction projects for the capital cost of the project including~~,~~ but not limited to:

(1) design and predesign, including architectural, engineering, and similar services;

(2) legal, regulatory, and other compliance costs of the project;

(3) land acquisition, demolition of existing improvements, and other site preparation costs;

(4) construction costs, including all materials and supplies of the project; and

(5) equipment and furnishings that are attached to or become part of the real property.

Expenditures excludes supplies and other items with a useful life of less than a year that are not used or consumed in constructing improvements to real property or are otherwise chargeable to capital costs.

(e) "Qualified expenditures for the year" means the total certified expenditures since June 30, 2013, through the end of the preceding year, minus $200,000,000.

(f) "Transit costs" means the portions of a public infrastructure project that are for public transit intended primarily to serve the district, ~~such as~~ including but not limited to buses and other means of transit, transit stations, equipment, bus charging stations or bus charging equipment, rights-of-way, and ~~similar~~ costs permitted under section 469.40, subdivision 11. This provision includes transit costs incurred on or after March 16, 2020.

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

Sec. 20. Minnesota Statutes 2022, section 469.47, subdivision 5, is amended to read:

Subd. 5. **State transit aid.** (a) The city qualifies for state transit aid under this section if the county contributes the required local matching contribution under subdivision 6 or the city or county has agreed to make an equivalent contribution out of other funds for the year.

(b) If the city qualifies for aid under paragraph (a), the commissioner must pay the city the state transit aid in the amount calculated under this paragraph. The amount of the state transit aid for a year equals the qualified expenditures for the year, as certified by the commissioner, multiplied by 0.75 percent, ~~reduced by~~ subject to the amount of the required local contribution under subdivision 6. City or county contributions that are in excess of this ratio carry forward and are credited toward subsequent years. The maximum amount of state transit aid payable in any year is limited to no more than $7,500,000. If the commissioner determines that the city or county has not made the full required matching local contribution for the year, the commissioner must pay state transit aid only ~~in proportion to the amount of~~ for the matching contribution made ~~for the year~~ and any unpaid amount is a carryover aid. The carryover aid must be paid in the first year after the required matching contribution ~~for that prior year~~ is made and in which the aid entitlement for the current year is less than the maximum annual limit, but only to the extent the carryover, when added to the current year aid, is less than the maximum annual limit.

(c) The commissioner, in consultation with the commissioner of management and budget, and representatives of the city and the corporation, must establish a total limit on the amount of state aid payable under this subdivision that will be adequate to finance, in combination with the local contribution, $116,000,000 of transit costs.

(d) The city must use state transit aid it receives under this subdivision for transit costs. The city must maintain appropriate records to document the use of the funds under this requirement.

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

Sec. 21. **MINNESOTA EMPLOYER REASONABLE ACCOMMODATION FUND.**

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

(b) "Applicant" means any person, whether employed or unemployed, seeking or entering into any arrangement for employment or change of employment with an eligible employer.

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

(d) "Eligible employer" means an employer domiciled within the legal boundaries of Minnesota and having its principal place of business as identified in its certificate of incorporation in the state of Minnesota who:

(1) employs not more than 500 employees on any business day during the preceding calendar year; and

(2) generates $5,000,000 or less in gross annual revenue.

(e) "Employee" has the meaning given in Minnesota Statutes, section 363A.03, subdivision 15.

(f) "Individual with a disability" has the meaning given to "qualified disabled person" in Minnesota Statutes, section 363A.03, subdivision 36.

(g) "Reasonable accommodation" has the meaning given in Minnesota Statutes, section 363A.08, subdivision 6.

Subd. 2. **Reimbursement grant program established.** The commissioner shall establish a reasonable accommodation reimbursement grant program that reimburses eligible employers for the cost of expenses incurred in providing reasonable accommodations for individuals with a disability who are either applicants or employees of the eligible employer.

Subd. 3. **Application.** (a) The commissioner must develop forms and procedures for soliciting and reviewing applications for reimbursement under this section.

(b) The program shall award reimbursements to eligible employers to the extent that funds are available in the account established under subdivision 5 for this purpose.

(c) Applications shall be processed on a first-received, first-processed basis within each fiscal year until funding is exhausted. Applications received after funding has been exhausted in a fiscal year are not eligible for reimbursement.

(d) Documentation for reimbursement shall be provided by eligible employers in a form approved by the commissioner.

Subd. 4. **Reimbursement awards.** The maximum total reimbursement per eligible employer in a fiscal year is $30,000 and:

(1) submissions for onetime reasonable accommodation expenses must be no less than $250 and no more than $15,000 per individual with a disability; and

(2) submissions for ongoing reasonable accommodation expenses have no minimum or maximum requirements.

Subd. 5. **Employer reasonable accommodation fund account established.** The employer reasonable accommodation fund account is created as an account in the special revenue fund. Money in the account is appropriated to the commissioner for the purposes of reimbursing eligible employers under this section.

Subd. 6. **Technical assistance and consultation.** The commissioner may provide technical assistance regarding requests for reasonable accommodations.

Subd. 7. **Administration and marketing costs.** The commissioner may use up to 20 percent of the biennial appropriation for administration and marketing of this section.

Subd. 8. **Notification.** By September 1, 2023, or within 60 days following final enactment, whichever is later, and each year thereafter by June 30, the commissioner shall make publicly available information regarding the availability of funds for reasonable accommodation reimbursement and the procedure for requesting reimbursement under this section.

Subd. 9. **Reports to the legislature.** By January 15, 2024, and each January 15 thereafter until expiration, the commissioner must submit a report to the chairs and ranking minority members of the house of representatives and the senate committees with jurisdiction over workforce development that details the use of grant funds. This report must include data on the number of employer reimbursements the program made in the preceding calendar year. The report must include:

(1) the number and type of accommodations requested;

(2) the cost of accommodations requested;

(3) the employers from which the requests were made;

(4) the number and type of accommodations that were denied and why;

(5) any remaining balance left in the account; and

(6) if the account was depleted, the date on which funds were exhausted and the number, type, and cost of accommodations that were not reimbursed to employers.

Subd. 10. **Expiration.** This section expires June 30, 2025, or when money appropriated for its purpose expires, whichever is later.

Sec. 22. **ENGAGEMENT TO ADDRESS BARRIERS TO EMPLOYMENT.**

The commissioner of employment and economic development shall engage stakeholders to identify barriers that adults with mental illness face in obtaining and retaining employment and recommend strategies to address those barriers. The commissioner shall solicit feedback from advocacy organizations for people with mental illness, mental health providers, people with mental illness, organizations that support people with mental illness in obtaining employment, and employers. The commissioner shall submit a plan to the legislative committees with jurisdiction over employment and human services before February 1, 2024, identifying the barriers to employment and making recommendations on how to best improve the employment rate among people with mental illness.

Sec. 23. **SOUTHWESTERN MINNESOTA WORKFORCE DEVELOPMENT SCHOLARSHIP PILOT PROGRAM.**

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

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

(c) "Southwest Initiative Foundation" or "foundation" means a nonprofit organization that provides services to the following counties in southwest Minnesota: Big Stone, Chippewa, Cottonwood, Jackson, Kandiyohi, Lac qui Parle, Lincoln, Lyon, McLeod, Meeker, Murray, Nobles, Pipestone, Redwood, Renville, Rock, Swift, and Yellow Medicine, and the Lower Sioux Indian Community and Upper Sioux Community.

(d) "Employer-sponsored applicant" means a student applicant with a local employer scholarship equal to or greater than 25 percent of the workforce development scholarship.

(e) "Eligible student" means a student applicant who:

(1) is eligible for resident or nonresident tuition;

(2) is enrolling in an eligible program as determined by the regional workforce development board; and

(3) is enrolling at least half-time at a Minnesota West college listed in subdivision 4.

(f) "Local employer" means an employer with a physical location in a county within the service area of the foundation listed in paragraph (c).

Subd. 2. **Program established.** The commissioner shall establish a southwestern Minnesota workforce development scholarship pilot program administered by the foundation to assist in meeting the workforce challenges in southwest Minnesota and enhance long-term economic self-sufficiency by connecting students, higher education facilities, employers, and communities.

Subd. 3. **Grant to the Southwest Initiative Foundation.** The commissioner shall award all grant funds to the foundation, which shall administer the southwestern Minnesota workforce development scholarship pilot program. The foundation may use up to seven percent of grant funds for administrative costs.

Subd. 4. **Scholarship awards.** (a) The foundation shall coordinate available funds and award scholarships to the following Minnesota West colleges:

(1) Canby;

(2) Granite Falls;

(3) Pipestone;

(4) Worthington;

(5) Jackson;

(6) Luverne; and

(7) Marshall.

(b) Scholarships shall be coordinated by the individual colleges listed in paragraph (a) and applied only after all other available grant funding through a last-dollar-in model.

(c) In awarding grants, priority shall first be given to applicants that are program-continuing applicants. Priority shall then be given to employer-sponsored applicants.

(d) Scholarships are intended to supplement all other grant opportunities and to cover the full cost of attendance to the eligible students.

Subd. 5. **Program eligibility.** Scholarships shall be awarded to eligible students who are enrolled in or enrolling in a high-demand occupation associate degree, diploma, or certificate or industry-recognized credential program as defined annually by the applicable regional workforce development board. Students must complete the Free Application for Federal Student Aid if applicable to the program to which they are applying.

Subd. 6. **Renewal; cap.** A student who has been awarded a scholarship may apply in subsequent academic years, but total lifetime awards are not to exceed two full scholarships per student. Students may only be awarded a second scholarship upon successful completion of the program and subsequent work period requirement.

Subd. 7. **Administration.** (a) The foundation and Minnesota West colleges shall establish an application process and other guidelines for implementing the pilot program.

(b) Each college shall receive from their respective workforce development board by December 1 of each year, commencing in 2023, a list of eligible programs administered by the college that are eligible for subsequent year scholarships. The applicable workforce development board must consider data based on a workforce shortage for full-time employment requiring postsecondary education that is unique to the specific region, as reported in the most recent Department of Employment and Economic Development job vacancy survey data for the economic development region in which the college is located. A workforce shortage area is one in which the job vacancy rate for full-time employment in a specific occupation in a region is higher than the state average vacancy rate for that same occupation.

Subd. 8. **Scholarship recipient requirements.** (a) A recipient of a scholarship awarded under the program established in this section shall:

(1) be enrolled in a high-demand occupation associate degree, diploma, or certificate or industry-recognized credential program as defined by the regional workforce development board and offered by a Minnesota West college;

(2) adhere to any applicable participating local employer program requirements;

(3) commit to three years of full-time employment with:

(i) a sponsoring local employer; or

(ii) any qualified local employer within the high-demand occupations as defined by the regional workforce development board; and

(4) fulfill the three-year full-time employment commitment in a county within the service area of the foundation as listed in subdivision 1, paragraph (c).

(b) If a recipient of a scholarship fails to fulfill the requirements of paragraph (a), the foundation may convert the scholarship to a loan. Amounts repaid from a loan shall be used to fund scholarship awards under this section.

Subd. 9. **Employer partnerships.** The foundation and Minnesota West colleges shall establish partnerships with qualified local employers and work to ensure that a percentage of the state funds appropriated to each college for the southwestern Minnesota workforce development scholarship program are equally matched with employer funds.

Subd. 10. **Report required.** The foundation must submit an annual report by December 31 of each year regarding the scholarship program to the chairs and ranking minority members of the legislative committees with jurisdiction over employment and economic development policy. The first report is due no later than December 31, 2023. The annual report shall include:

(1) the number of students receiving a scholarship at each participating college during the previous calendar year;

(2) the number of scholarships awarded for each program and type of program during the previous calendar year;

(3) the number of scholarship recipients who completed a program of study or certification;

(4) the number of scholarship recipients who secured employment by their graduation date and those who secured employment within three months of their graduation date;

(5) a list of the colleges that received funding, the amount of funding each institution received, and whether all withheld funds were distributed;

(6) a list of occupations scholarship recipients are entering;

(7) the number of students who were denied a scholarship;

(8) a list of participating local employers and amounts of any applicable employer contributions; and

(9) a list of recommendations to the legislature regarding potential program improvements.

Sec. 24. **UNEMPLOYMENT INSURANCE FINE REDUCTION AND INTEREST ELIMINATION.**

By January 1, 2024, the commissioner of employment and economic development must make recommendations to the legislative committees with jurisdiction over workforce development for how the unemployment insurance system will reduce the fines and interest applied to misrepresentation overpayments. The commissioner must provide a timeline for implementing a reduction of the 40 percent fine to 15 percent and an elimination of the 12 percent interest rate."

Renumber the sections in sequence and correct the internal references

Delete the title and insert:

"A bill for an act relating to economic development; establishing a budget for workforce development efforts for the Department of Employment and Economic Development; appropriating money to the Department of Corrections for workforce training; modifying various workforce provisions; requiring reports; appropriating money; amending Minnesota Statutes 2022, sections 116J.5492, subdivisions 8, 10; 116J.55, subdivisions 1, 5, 6; 116L.361, subdivision 7; 116L.362, subdivision 1; 116L.364, subdivision 3; 116L.365, subdivision 1; 116L.56, subdivision 2; 116L.561, subdivision 5; 116L.562, subdivision 2; 268.035, subdivision 20; 268A.15, by adding a subdivision; 469.40, subdivision 11; 469.47, subdivisions 1, 5; proposing coding for new law in Minnesota Statutes, chapters 116J; 116L."

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

The report was adopted.

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

H. F. No. 2310, A bill for an act relating to state government; appropriating money for environment and natural resources; modifying prior appropriations; providing for and modifying disposition of certain receipts; modifying and establishing duties, authorities, and prohibitions regarding environment and natural resources; modifying and creating environment and natural resources programs; modifying and creating grant programs; reestablishing citizen board of Pollution Control Agency; reestablishing Legislative Water Commission; modifying Legislative-Citizen Commission on Minnesota Resources; modifying permit and environmental review requirements; modifying requirements for recreational vehicles; modifying state trail and state park provisions; establishing Lowland Conifer Carbon Reserve; modifying forestry provisions; modifying game and fish provisions; modifying regulation of farmed Cervidae; regulating certain seeds and pesticides; modifying Water Law; providing appointments; modifying and providing for fees; requiring reports; requiring rulemaking; amending Minnesota Statutes 2022, sections 13.643, subdivision 6; 16A.151, subdivision 2; 16A.152, subdivision 2; 17.118, subdivision 2; 18B.01, subdivision 31; 18B.09, subdivision 2, by adding a subdivision; 21.82, subdivision 3; 21.86, subdivision 2; 35.155, subdivisions 1, 4, 10, 11, 12, by adding subdivisions; 35.156, subdivision 2, by adding subdivisions; 84.02, by adding a subdivision; 84.0274, subdivision 6; 84.0276; 84.415, subdivisions 3, 6, 7, by adding a subdivision; 84.788, subdivision 5; 84.82, subdivision 2, by adding a subdivision; 84.821, subdivision 2; 84.84; 84.86, subdivision 1; 84.87, subdivision 1; 84.90, subdivision 7; 84.992, subdivisions 2, 5; 84D.02, subdivision 3; 84D.10, subdivision 3; 84D.15, subdivision 2; 85.015, subdivision 10; 85.052, subdivision 6; 85.055, subdivision 1; 85.536, subdivision 2; 85A.01, subdivision 1; 86B.005, by adding a subdivision; 86B.313, subdivision 4; 86B.415, subdivisions 1, 1a, 2, 3, 4, 5, 7; 89A.03, subdivision 5; 90.181, subdivision 2; 97A.015, by adding a subdivision; 97A.031; 97A.126; 97A.137, subdivision 3; 97A.315, subdivision 1; 97A.401, subdivision 1, by adding a subdivision; 97A.405, subdivision 5; 97A.421, subdivision 3; 97A.473, subdivisions 2, 2a, 2b, 5, 5a; 97A.474, subdivision 2; 97A.475, subdivisions 6, 7, 8, 10, 10a, 11, 12, 13, 41; 97B.071; 97B.301, subdivision 6; 97B.516; 97B.668; 97C.087, subdivision 2; 97C.315, subdivision 1; 97C.345, subdivision 1; 97C.355, by adding a subdivision; 97C.371, subdivisions 1, 2, 4; 97C.395, subdivision 1; 97C.601, subdivision 1; 97C.605, subdivisions 1, 2c, 3; 97C.611; 97C.836; 103B.101, subdivisions 2, 9, 16, by adding a subdivision; 103B.103; 103C.501, subdivisions 1, 4, 5, 6, by adding a subdivision; 103D.605, subdivision 5; 103F.505; 103F.511, by adding subdivisions; 103G.005, by adding subdivisions; 103G.2242, subdivision 1; 103G.271, subdivision 6; 103G.287, subdivisions 2, 3; 103G.299, subdivisions 1, 2, 5, 10; 103G.301, subdivisions 2, 6, 7; 115.01, by adding subdivisions; 115.03, subdivision 1, by adding a subdivision; 115.061; 115A.03, by adding a subdivision; 115A.1415; 115A.565, subdivisions 1, 3; 115B.17, subdivision 14; 115B.171, subdivision 3; 115B.52, subdivision 4; 116.02; 116.03, subdivisions 1, 2a; 116.06, subdivision 1, by adding

subdivisions; 116.07, subdivision 6, by adding subdivisions; 116C.03, subdivision 2a; 116P.05, subdivisions 1, 1a, 2; 116P.09, subdivision 6; 116P.11; 116P.15; 116P.16; 116P.18; 168.1295, subdivision 1; 171.07, by adding a subdivision; 297A.94; 325E.046; 325F.072, subdivisions 1, 3, by adding a subdivision; 373.475; Laws 2022, chapter 94, section 2, subdivisions 5, 8, 9; proposing coding for new law in Minnesota Statutes, chapters 3; 18B; 21; 84; 86B; 88; 97A; 97B; 97C; 103B; 103E; 103F; 103G; 115A; 116; 116P; 325E; 473; repealing Minnesota Statutes 2022, sections 84.033, subdivision 3; 84.944, subdivision 3; 86B.101; 86B.305; 86B.313, subdivisions 2, 3; 97A.145, subdivision 2; 97C.605, subdivisions 2, 2a, 2b, 5; 103C.501, subdivisions 2, 3; 115.44, subdivision 9; 116.011; 325E.389; 325E.3891; Minnesota Rules, parts 6100.5000, subparts 3, 4, 5; 6100.5700, subpart 4; 6115.1220, subpart 8; 6256.0500, subparts 2, 2a, 2b, 4, 5, 6, 7, 8; 8400.0500; 8400.0550; 8400.0600, subparts 4, 5; 8400.0900, subparts 1, 2, 4, 5; 8400.1650; 8400.1700; 8400.1750; 8400.1800; 8400.1900.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
ENVIRONMENT AND NATURAL RESOURCES APPROPRIATIONS

Section 1. **ENVIRONMENT AND NATURAL RESOURCES APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2024" and "2025" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium" is fiscal years 2024 and 2025.

	APPROPRIATIONS Available for the Year Ending June 30	
	2024	**2025**
Sec. 2. **POLLUTION CONTROL AGENCY**		
Subdivision 1. **Total Appropriation**	**$276,096,000**	**$214,828,000**

Appropriations by Fund

	2024	2025
General	151,113,000	81,891,000
State Government Special Revenue	85,000	90,000
Environmental	105,227,000	112,600,000
Remediation	19,671,000	20,247,000

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

The commissioner must present the agency's biennial budget for fiscal years 2026 and 2027 to the legislature in a transparent way by agency division, including the proposed budget bill and presentations of the budget to committees and divisions with jurisdiction over the agency's budget.

Subd. 2. **Environmental Analysis and Outcomes** 46,983,000 41,231,000

Appropriations by Fund

	2024	2025
General	28,970,000	20,714,000
Environmental	17,764,000	20,312,000
Remediation	249,000	205,000

(a) $122,000 the first year and $125,000 the second year are from the general fund for:

(1) a municipal liaison to assist municipalities in implementing and participating in the rulemaking process for water quality standards and navigating the NPDES/SDS permitting process;

(2) enhanced economic analysis in the rulemaking process for water quality standards, including more-specific analysis and identification of cost-effective permitting;

(3) developing statewide economic analyses and templates to reduce the amount of information and time required for municipalities to apply for variances from water quality standards; and

(4) coordinating with the Public Facilities Authority to identify and advocate for the resources needed for urban, suburban, and Greater Minnesota municipalities to achieve permit requirements.

(b) $216,000 the first year and $219,000 the second year are from the environmental fund for a monitoring program under Minnesota Statutes, section 116.454.

(c) $132,000 the first year and $137,000 the second year are for monitoring water quality and operating assistance programs.

(d) $390,000 the first year and $399,000 the second year are from the environmental fund for monitoring ambient air for hazardous pollutants.

(e) $106,000 the first year and $109,000 the second year are from the environmental fund for duties related to harmful chemicals in children's products under Minnesota Statutes, sections 116.9401 to 116.9407. Of this amount, $68,000 the first year and $70,000 the second year are transferred to the commissioner of health.

(f) $128,000 the first year and $132,000 the second year are from the environmental fund for registering wastewater laboratories.

(g) $1,492,000 the first year and $1,519,000 the second year are from the environmental fund to continue perfluorochemical biomonitoring in eastern metropolitan communities, as recommended by the Environmental Health Tracking and

Biomonitoring Advisory Panel, and to address other environmental health risks, including air quality. The communities must include Hmong and other immigrant farming communities. Of this amount, up to $1,226,000 the first year and $1,248,000 the second year are for transfer to the commissioner of health.

(h) $61,000 the first year and $62,000 the second year are from the environmental fund for the listing procedures for impaired waters required under this act.

(i) $72,000 the first year and $74,000 the second year are from the remediation fund for the leaking underground storage tank program to investigate, clean up, and prevent future releases from underground petroleum storage tanks and for the petroleum remediation program for vapor assessment and remediation. These same annual amounts are transferred from the petroleum tank fund to the remediation fund.

(j) $500,000 the first year is to facilitate the collaboration and modeling of greenhouse gas impacts, costs, and benefits of strategies to reduce statewide greenhouse gas emissions. This is a onetime appropriation.

(k) $20,266,000 the first year and $20,270,000 the second year are to establish and implement a local government water infrastructure grant program for local governmental units and Tribal governments. Of this amount, $19,720,000 each year is for grants to support communities in planning and implementing projects that will allow for adaptation for a changing climate. At least 50 percent of the money granted under this paragraph must be for projects in the seven-county metropolitan area. This appropriation is available until June 30, 2027. The base for this appropriation in fiscal year 2026 and beyond is $270,000.

(l) $2,070,000 the first year and $2,070,000 the second year are from the environmental fund to develop and implement a drinking water protection and PFAS response program related to emerging issues, including *Minnesota's PFAS Blueprint*.

(m) $1,820,000 the second year is from the environmental fund to support improved management of data collected by the agency and its partners and regulated parties to facilitate decision-making and public access.

(n) $500,000 the first year is for developing and implementing firefighter biomonitoring protocols required under this act. Of this amount, up to $250,000 may be transferred to the commissioner of health for biomonitoring of firefighters. This appropriation is available until June 30, 2025.

(o) $2,000,000 the first year is to develop protocols to be used by agencies and departments for sampling and testing groundwater, surface water, public drinking water, and private wells for microplastics and nanoplastics and to begin implementation. The commissioner of the Pollution Control Agency may transfer money appropriated under this paragraph to the commissioners of agriculture, natural resources, and health to implement the protocols developed. This is a onetime appropriation and is available until June 30, 2025.

(p) $50,000 the first year is from the remediation fund for the work group on PFAS manufacturer fees and report required under this act.

(q) $387,000 the first year and $90,000 the second year are to develop and implement the requirements for fish kills under Minnesota Statutes, sections 103G.216 and 103G.2165. Of this amount, up to $331,000 the first year and $90,000 the second year may be transferred to the commissioners of health, natural resources, agriculture, and public safety and to the Board of Regents of the University of Minnesota as necessary to implement those sections. The base for this appropriation for fiscal year 2026 and beyond is $7,000.

(r) $63,000 the first year and $92,000 the second year are for transfer to the commissioner of health for amending the health risk limit for PFOS. This is a onetime appropriation and is available until June 30, 2026.

(s) $5,000,000 the first year is for community air-monitoring grants as provided in this act. This is a onetime appropriation and is available until June 30, 2025.

(t) $625,000 the first year and $779,000 the second year are from the environmental fund to adopt rules and implement air toxics emissions requirements under Minnesota Statutes, section 116.062. The base for this appropriation is $669,000 in fiscal year 2026 and $1,400,000 in fiscal year 2027 and beyond.

Subd. 3. **Industrial** 54,056,000 34,308,000

Appropriations by Fund

	2024	2025
General	34,980,000	14,577,000
Environmental	17,355,000	17,958,000
Remediation	1,721,000	1,773,000

(a) $1,621,000 the first year and $1,670,000 the second year are from the remediation fund for the leaking underground storage tank program to investigate, clean up, and prevent future releases

from underground petroleum storage tanks and for the petroleum remediation program for vapor assessment and remediation. These same annual amounts are transferred from the petroleum tank fund to the remediation fund.

(b) $448,000 the first year and $457,000 the second year are from the environmental fund to further evaluate the use and reduction of trichloroethylene around Minnesota and identify its potential health effects on communities. Of this amount, $145,000 the first year and $149,000 the second year are transferred to the commissioner of health.

(c) $4,000 the first year and $4,000 the second year are from the environmental fund to purchase air emissions monitoring equipment to support compliance and enforcement activities.

(d) $3,200,000 the first year and $3,200,000 the second year are to provide air emission reduction grants. Of this amount, $2,800,000 each year is for grants to reduce air pollution at regulated facilities within environmental justice areas of concern. This appropriation is available until June 30, 2027, and is a onetime appropriation.

(e) $40,000 the first year and $40,000 the second year are for air compliance equipment maintenance. This is a onetime appropriation.

(f) $20,000,000 the first year and $300,000 the second year are to support research on innovative technologies to treat difficult-to-manage pollutants and for implementation grants based on this research at taconite facilities. Of this amount, $2,100,000 is for the Board of Regents of the University of Minnesota for academic and applied research through the MnDRIVE program at the Natural Resources Research Institute for research to foster economic development of the state's natural resources in an environmentally sound manner and $17,600,000 is for grants. Of the $2,100,000, at least $900,000 is to develop and demonstrate technologies that enhance the long-term health and management of Minnesota's water and mineral resources. This appropriation is for continued characterization of Minnesota's iron resources and development of next-generation process technologies for iron products and reduced effluent. This research must be conducted in consultation with the Mineral Coordinating Committee established under Minnesota Statutes, section 93.0015. This is a onetime appropriation and is available until June 30, 2027.

(g) $500,000 the first year and $500,000 the second year are for the purposes of biofuel wastewater monitoring requirements under Minnesota Statutes, section 115.03, subdivision 12.

(h) $250,000 the first year is for a life cycle assessment of the presence of neonicotinoid pesticide in the production of ethanol, biodiesel, and advanced biofuel, including feedstocks, coproducts, air emissions, and the fuel itself. This is a onetime appropriation

and is available until June 30, 2025. No later than December 15, 2024, the commissioner of the Pollution Control Agency must submit the assessment, including recommendations, to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture and environment.

(i) $670,000 the first year and $522,000 the second year are from the general fund and $277,000 the first year and $277,000 the second year are from the environmental fund for the purposes of the nonexpiring state individual air quality permit requirements under Minnesota Statutes, section 116.07, subdivision 4m. The base for this appropriation in fiscal year 2026 and beyond is $277,000 from the environmental fund.

(j) $250,000 the first year and $250,000 the second year are for rulemaking and implementation of the odor management requirements under Minnesota Statutes, section 116.064. The base for this appropriation is $250,000 in fiscal year 2026 and $500,000 in fiscal year 2027 and beyond.

(k) $9,526,000 the first year and $9,221,000 the second year are from the general fund for implementation of the environmental justice, cumulative impact analysis, and demographic analysis requirements under this act. This is a onetime appropriation and is available until June 30, 2028. The base for this appropriation in fiscal year 2026 and beyond is $9,021,000 from the environmental fund.

Subd. 4. **Municipal** 10,725,000 11,373,000

Appropriations by Fund

	2024	2025
General	761,000	767,000
State Government Special Revenue	85,000	90,000
Environmental	9,879,000	10,516,000

(a) $217,000 the first year and $223,000 the second year are for:

(1) a municipal liaison to assist municipalities in implementing and participating in the rulemaking process for water quality standards and navigating the NPDES/SDS permitting process;

(2) enhanced economic analysis in the rulemaking process for water quality standards, including more-specific analysis and identification of cost-effective permitting;

(3) developing statewide economic analyses and templates to reduce the amount of information and time required for municipalities to apply for variances from water quality standards; and

(4) coordinating with the Public Facilities Authority to identify and advocate for the resources needed for municipalities to achieve permit requirements.

(b) $50,000 the first year and $50,000 the second year are from the environmental fund for transfer to the Office of Administrative Hearings to establish sanitary districts.

(c) $1,240,000 the first year and $1,338,000 the second year are from the environmental fund for subsurface sewage treatment system (SSTS) program administration and community technical assistance and education, including grants and technical assistance to communities for water-quality protection. Of this amount, $350,000 each year is for assistance to counties through grants for SSTS program administration. A county receiving a grant from this appropriation must submit the results achieved with the grant to the commissioner as part of its annual SSTS report. Any unexpended balance in the first year does not cancel but is available in the second year.

(d) $994,000 the first year and $1,094,000 the second year are from the environmental fund to address the need for continued increased activity in new technology review, technical assistance for local governments, and enforcement under Minnesota Statutes, sections 115.55 to 115.58, and to complete the requirements of Laws 2003, chapter 128, article 1, section 165.

(e) Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered on or before June 30, 2025, as grants or contracts for subsurface sewage treatment systems, surface water and groundwater assessments, storm water, and water-quality protection in this subdivision are available until June 30, 2028.

Subd. 5. **Operations** 34,236,000 32,836,000

Appropriations by Fund

	2024	2025
General	23,250,000	21,859,000
Environmental	8,369,000	8,486,000
Remediation	2,617,000	2,491,000

(a) $1,154,000 the first year and $1,124,000 the second year are from the remediation fund for the leaking underground storage tank program to investigate, clean up, and prevent future releases from underground petroleum storage tanks and for the petroleum remediation program for vapor assessment and remediation. These same annual amounts are transferred from the petroleum tank fund to the remediation fund.

(b) $3,000,000 the first year and $3,109,000 the second year are to support agency information technology services provided at the enterprise and agency level to improve operations.

(c) $906,000 the first year and $919,000 the second year are from the environmental fund to develop and maintain systems to support agency permitting and regulatory business processes and data.

(d) $2,000,000 the first year and $2,000,000 the second year are to provide technical assistance to Tribal governments. This is a onetime appropriation.

(e) $18,250,000 the first year and $16,750,000 the second year are to support modernizing and automating agency environmental programs and data systems and how the agency provides services to regulated parties, partners, and the public. This appropriation is available until June 30, 2027. This is a onetime appropriation.

(f) $270,000 the first year and $270,000 the second year are from the environmental fund to support current and future career pathways for underrepresented students.

(g) $700,000 the first year and $700,000 the second year are from the environmental fund to improve the coordination, effectiveness, transparency, and accountability of the environmental review and permitting process.

(h) $438,000 the first year and $333,000 the second year are from the environmental fund for the Minnesota Pollution Control Agency citizen members.

Subd. 6. **Remediation** 40,318,000 16,022,000

Appropriations by Fund

	2024	2025
General	25,000,000	-0-
Environmental	607,000	628,000
Remediation	14,711,000	15,394,000

(a) All money for environmental response, compensation, and compliance in the remediation fund not otherwise appropriated is appropriated to the commissioners of the Pollution Control Agency and agriculture for purposes of Minnesota Statutes, section 115B.20, subdivision 2, clauses (1), (2), (3), (6), and (7). At the beginning of each fiscal year, the two commissioners must jointly submit to the commissioner of management and budget an annual spending plan that maximizes resource use and appropriately allocates the money between the two departments. This appropriation is available until June 30, 2025.

(b) $415,000 the first year and $426,000 the second year are from the environmental fund to manage contaminated sediment projects at multiple sites identified in the St. Louis River remedial action plan to restore water quality in the St. Louis River Area of Concern.

(c) $4,476,000 the first year and $4,622,000 the second year are from the remediation fund for the leaking underground storage tank program to investigate, clean up, and prevent future releases from underground petroleum storage tanks and for the petroleum remediation program for vapor assessment and remediation. These same annual amounts are transferred from the petroleum tank fund to the remediation fund.

(d) $308,000 the first year and $316,000 the second year are from the remediation fund for transfer to the commissioner of health for private water-supply monitoring and health assessment costs in areas contaminated by unpermitted mixed municipal solid waste disposal facilities and drinking water advisories and public information activities for areas contaminated by hazardous releases.

(e) $25,000,000 the first year is for grants to support planning, designing, and preparing for solutions for public water treatment systems contaminated with PFAS. The grants are to reimburse local public water supply operators for source investigations, sampling and treating private drinking water wells, and evaluating solutions for treating private drinking water wells. At least 50 percent of the money appropriated under this paragraph must be for grants in the seven-county metropolitan area. This appropriation is available until June 30, 2027, and is a onetime appropriation.

(f) $76,000 the first year is from the remediation fund for the petroleum tank release cleanup program duties and report required under this act. This is a onetime appropriation.

Subd. 7. **Resource Management and Assistance** 75,025,000 63,467,000

Appropriations by Fund

	2024	2025
General	31,477,000	18,655,000
Environmental	43,548,000	44,812,000

(a) Up to $150,000 the first year and $150,000 the second year may be transferred from the environmental fund to the small business environmental improvement loan account under Minnesota Statutes, section 116.993.

(b) $1,000,000 the first year and $1,000,000 the second year are for competitive recycling grants under Minnesota Statutes, section 115A.565. Of this amount, $300,000 the first year and $300,000 the second year are from the general fund, and $700,000 the first year and $700,000 the second year are from the environmental fund. This appropriation is available until June 30, 2027.

(c) $694,000 the first year and $694,000 the second year are from the environmental fund for emission-reduction activities and grants to small businesses and other nonpoint-emission-reduction efforts. Of this amount, $100,000 the first year and $100,000 the second year are to continue work with Clean Air Minnesota, and the commissioner may enter into an agreement with Environmental Initiative to support this effort.

(d) $22,450,000 the first year and $22,450,000 the second year are for SCORE block grants to counties. Of this amount, $4,000,000 the first year and $4,000,000 the second year are from the general fund, and $18,450,000 the first year and $18,450,000 the second year are from the environmental fund. The base in fiscal year 2026 and beyond is $18,450,000 from the environmental fund. For fiscal years 2024 and 2025, each county's allocation is based on Minnesota Statutes, section 115A.557, and $2,000,000 must be used only for waste prevention and reuse activities.

(e) $119,000 the first year and $119,000 the second year are from the environmental fund for environmental assistance grants or loans under Minnesota Statutes, section 115A.0716.

(f) $400,000 the first year and $400,000 the second year are from the environmental fund for grants to develop and expand recycling markets for Minnesota businesses.

(g) $767,000 the first year and $770,000 the second year are from the environmental fund for reducing and diverting food waste, redirecting edible food for consumption, and removing barriers to collecting and recovering organic waste. Of this amount, $500,000 each year is for grants to increase food rescue and waste prevention. This appropriation is available until June 30, 2027.

(h) $2,797,000 the first year and $2,811,000 the second year are from the environmental fund for the purposes of Minnesota Statutes, section 473.844.

(i) $318,000 the first year and $474,000 the second year are from the environmental fund to address chemicals in products, including to implement and enforce flame retardant provisions under Minnesota Statutes, section 325F.071, and perfluoroalkyl and polyfluoroalkyl substances in food packaging provisions under Minnesota Statutes, section 325F.075. Of this amount, $78,000 the first year and $80,000 the second year are transferred to the commissioner of health.

(j) $180,000 the first year and $140,000 the second year are for quantifying climate-related impacts from projects for environmental review. This is a onetime appropriation.

(k) $1,790,000 the first year and $70,000 the second year are for accelerating pollution prevention at small businesses. Of this amount, $1,720,000 the first year is for zero-interest loans to phase out high-polluting equipment, products, and processes and replace with new options. This appropriation is available until June 30, 2027. This is a onetime appropriation.

(l) $190,000 the first year and $190,000 the second year are to support the Greenstep Cities program. This is a onetime appropriation.

(m) $420,000 the first year is to complete a study on the viability of recycling solar energy equipment. This is a onetime appropriation.

(n) $650,000 the first year and $650,000 the second year are from the environmental fund for Minnesota GreenCorps investment.

(o) $4,210,000 the first year and $210,000 the second year are for PFAS reduction grants. Of this amount, $4,000,000 the first year is for grants to industry and public entities to identify sources of PFAS entering facilities and to develop pollution prevention and reduction initiatives to reduce PFAS entering facilities, prevent releases, and monitor the effectiveness of these projects. Priority must be given to projects in underserved communities. This is a onetime appropriation and is available until June 30, 2027.

(p) $12,940,000 the first year and $12,940,000 the second year are for a waste prevention and reduction grants and loan program. This is a onetime appropriation and is available until June 30, 2027.

(q) $825,000 the first year and $1,453,000 the second year are from the environmental fund for rulemaking and implementation of the new PFAS requirements under Minnesota Statutes, section 116.943. Of this amount, $312,000 the first year and $468,000 the second year are for transfer to the commissioner of health. The base for this appropriation is $1,115,000 in fiscal year 2026 and beyond. The base for the transfer to the commissioner of health in fiscal year 2026 and beyond is $468,000.

(r) $680,000 the first year is for the zero-waste report required in this act. This is a onetime appropriation and is available until June 30, 2026.

(s) $1,592,000 the first year and $805,000 the second year are for zero-waste grants under Minnesota Statutes, section 115A.566.

(t) $35,000 the second year is from the environmental fund for the compostable labeling requirements under Minnesota Statutes, section 325E.046. The base for this appropriation in fiscal year 2026 and beyond is $68,000.

(u) $175,000 the first year is for the rulemaking required under this act providing for the safe and lawful disposal of waste treated seed. This appropriation is available until June 30, 2025.

(v) $1,000,000 the first year is for a lead tackle reduction program that provides outreach, education, and opportunities to safely dispose of and exchange lead tackle throughout the state. This is a onetime appropriation and is available until June 30, 2025.

(w) $4,000,000 is for a grant to the owner of a biomass energy generation plant in Shakopee that uses waste heat from the generation of electricity in the malting process to purchase a wood dehydrator to facilitate disposal of wood that is infested by the emerald ash borer. By October 1, 2024, the commissioner of the Pollution Control Agency must report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources on the use of money appropriated under this paragraph.

(x) Any unencumbered grant and loan balances in the first year do not cancel but are available for grants and loans in the second year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered on or before June 30, 2025, as contracts or grants for environmental assistance awarded under Minnesota Statutes, section 115A.0716; technical and research assistance under Minnesota Statutes, section 115A.152; technical assistance under Minnesota Statutes, section 115A.52; and pollution prevention assistance under Minnesota Statutes, section 115D.04, are available until June 30, 2027.

Subd. 8. **Watershed** 12,678,000 13,952,000

Appropriations by Fund

	2024	2025
General	4,821,000	3,906,000
Environmental	7,484,000	9,662,000
Remediation	373,000	384,000

(a) $3,000,000 the first year and $3,000,000 the second year are for grants to delegated counties to administer the county feedlot program under Minnesota Statutes, section 116.0711, subdivisions 2 and 3. Money remaining after the first year is available for the second year. The base for this appropriation in fiscal year 2026 and beyond is $1,959,000.

(b) $236,000 the first year and $241,000 the second year are from the environmental fund for the costs of implementing general operating permits for feedlots over 1,000 animal units.

(c) $125,000 the first year and $129,000 the second year are from the remediation fund for the leaking underground storage tank program to investigate, clean up, and prevent future releases from underground petroleum storage tanks and for the petroleum remediation program for vapor assessment and remediation. These same annual amounts are transferred from the petroleum tank fund to the remediation fund.

(d) $459,000 the first year and $494,000 the second year are from the general fund and $1,680,000 the second year is from the environmental fund to implement feedlot financial assurance requirements and compile the annual feedlot and manure storage area lists required under Minnesota Statutes, section 116.07, subdivisions 7f and 7g. The general fund base for this appropriation in fiscal year 2026 and beyond is $315,000. The environmental fund base in fiscal year 2026 and beyond is $1,680,000.

(e) $700,000 the first year is for distribution to delegated counties based on registered feedlots and manure storage areas for inspections of manure storage areas and the abandoned manure storage area reports required under this act. This appropriation is available until June 30, 2025.

(f) $250,000 the first year is for a grant to the Minnesota Association of County Feedlot Officers to provide training on state feedlot requirements, working efficiently and effectively with producers, and reducing the incidence of manure or nutrients entering surface water or groundwater.

(g) $140,000 the first year and $140,000 the second year are for the Pig's Eye Landfill Task Force.

Subd. 9. **Environmental Quality Board** 2,075,000 1,639,000

Appropriations by Fund

	2024	2025
General	1,854,000	1,413,000
Environmental	221,000	226,000

$620,000 the first year and $140,000 the second year are to develop a Minnesota-based greenhouse gas sector and source-specific guidance, including climate information, a greenhouse gas calculator, and technical assistance for users. This is a onetime appropriation.

Subd. 10. **Transfers**

(a) The commissioner must transfer up to $23,000,000 the first year and $24,000,000 the second year from the environmental fund to the remediation fund for purposes of the remediation fund under Minnesota Statutes, section 116.155, subdivision 2. The base for this transfer is $24,000,000 in fiscal year 2026 and beyond.

(b) By June 30, 2024, the commissioner of management and budget must transfer $29,055,000 from the general fund to the metropolitan landfill contingency action trust account in the remediation fund to restore the money transferred from the account as intended under Laws 2003, chapter 128, article 1, section 10, paragraph (e), and Laws 2005, First Special Session chapter 1, article 3, section 17, and to compensate the account for the estimated lost investment income.

Sec. 3. **NATURAL RESOURCES**

Subdivision 1. **Total Appropriation** **$569,950,000** **$424,403,000**

Appropriations by Fund

	2024	2025
General	307,778,000	165,064,000
Natural Resources	125,611,000	124,456,000
Game and Fish	129,903,000	131,814,000
Remediation	117,000	117,000
Permanent School	791,000	702,000
Reinvest in Minnesota Resources	5,750,000	2,250,000

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

Subd. 2. **Land and Mineral Resources Management** 9,095,000 8,828,000

Appropriations by Fund

	2024	2025
General	4,095,000	3,828,000
Natural Resources	4,438,000	4,438,000
Game and Fish	344,000	344,000
Permanent School	218,000	218,000

(a) $319,000 the first year and $319,000 the second year are for environmental research relating to mine permitting, of which $200,000 each year is from the minerals management account in the natural resources fund and $119,000 each year is from the general fund.

(b) $3,383,000 the first year and $3,383,000 the second year are from the minerals management account in the natural resources fund for use as provided under Minnesota Statutes, section 93.2236, paragraph (c), for mineral resource management, projects to enhance future mineral income, and projects to promote new mineral-resource opportunities.

(c) $218,000 the first year and $218,000 the second year are transferred from the forest suspense account to the permanent school fund and are appropriated from the permanent school fund to secure maximum long-term economic return from the school trust lands consistent with fiduciary responsibilities and sound natural resources conservation and management principles.

(d) $338,000 the first year and $338,000 the second year are from the water management account in the natural resources fund for mining hydrology.

(e) $1,052,000 the first year and $242,000 the second year are for modernizing utility licensing for state lands and public waters. The first year appropriation is available through fiscal year 2026.

(f) $125,000 the first year and $125,000 the second year are for conservation stewardship.

Subd. 3. **Ecological and Water Resources** 58,394,000 46,763,000

Appropriations by Fund

	2024	2025
General	37,664,000	26,008,000
Natural Resources	15,006,000	15,031,000
Game and Fish	5,724,000	5,724,000

(a) $5,397,000 the first year and $5,422,000 the second year are from the invasive species account in the natural resources fund and $2,831,000 the first year and $2,831,000 the second year are from the general fund for management, public awareness, assessment and monitoring research, and water access inspection to prevent the spread of invasive species; management of invasive plants in public waters; and management of terrestrial invasive species on state-administered lands.

(b) $6,056,000 the first year and $6,056,000 the second year are from the water management account in the natural resources fund for only the purposes specified in Minnesota Statutes, section 103G.27, subdivision 2.

(c) $124,000 the first year and $124,000 the second year are for a grant to the Mississippi Headwaters Board for up to 50 percent of the cost of implementing the comprehensive plan for the upper Mississippi within areas under the board's jurisdiction. By December 15, 2025, the board must submit a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources on the activities funded under this paragraph and the progress made in implementing the comprehensive plan.

(d) $10,000 the first year and $10,000 the second year are for payment to the Leech Lake Band of Chippewa Indians to implement the band's portion of the comprehensive plan for the upper Mississippi River.

(e) $300,000 the first year and $300,000 the second year are for grants for up to 50 percent of the cost of implementing the Red River mediation agreement. The base for this appropriation in fiscal year 2026 and beyond is $264,000.

(f) $2,498,000 the first year and $2,498,000 the second year are from the heritage enhancement account in the game and fish fund for only the purposes specified in Minnesota Statutes, section 297A.94, paragraph (h), clause (1).

(g) $1,150,000 the first year and $1,150,000 the second year are from the nongame wildlife management account in the natural resources fund for nongame wildlife management. Notwithstanding Minnesota Statutes, section 290.431, $100,000 the first year and $100,000 the second year may be used for nongame wildlife information, education, and promotion.

(h) Notwithstanding Minnesota Statutes, section 84.943, $48,000 the first year and $48,000 the second year from the critical habitat private sector matching account may be used to publicize the critical habitat license plate match program.

(i) $5,700,000 the first year and $6,000,000 the second year are for the following activities:

(1) financial reimbursement and technical support to soil and water conservation districts or other local units of government for groundwater-level monitoring;

(2) surface water monitoring and analysis, including installing monitoring gauges;

(3) groundwater analysis to assist with water-appropriation permitting decisions;

(4) permit application review incorporating surface water and groundwater technical analysis;

(5) precipitation data and analysis to improve irrigation use;

(6) information technology, including electronic permitting and integrated data systems; and

(7) compliance and monitoring.

(j) $410,000 the first year and $410,000 the second year are from the heritage enhancement account in the game and fish fund and $500,000 the first year and $500,000 the second year are from the general fund for grants to the Minnesota Aquatic Invasive Species Research Center at the University of Minnesota to prioritize, support, and develop research-based solutions that can reduce the effects of aquatic invasive species in Minnesota by preventing spread, controlling populations, and managing ecosystems and to advance knowledge to inspire action by others.

(k) $134,000 the first year and $134,000 the second year are for increased capacity for broadband utility licensing for state lands and public waters.

(l) $998,000 the first year and $568,000 the second year are for protecting and restoring carbon storage in state-administered peatlands by reviewing and updating the state's peatland inventory, piloting a restoration project, and piloting trust fund buyouts. This is a onetime appropriation and is available until June 30, 2028.

(m) $900,000 the first year is for a grant to the Minnesota Lakes and Rivers Advocates to work with civic leaders to purchase, install, and operate waterless cleaning stations for watercraft; conduct aquatic invasive species education; and implement education upgrades at public accesses to prevent invasive starry stonewort spread beyond the lakes already infested. This is a onetime appropriation and is available until June 30, 2025.

(n) $300,000 the first year is to prepare an analysis of alternative sources of water to resolve the water-use conflict in the Little Rock Creek area and to protect the stream from negative impacts due to groundwater use. The analysis must be submitted to the legislative committees and divisions with jurisdiction over environment and natural resources by June 30, 2027, and include:

(1) a conceptual engineering plan;

(2) an estimate of implementation costs and funding needs;

(3) governance and operational considerations;

(4) a development schedule; and

(5) an economic evaluation of lost revenue if no action is taken.

(o) $6,000,000 the first year is for land acquisition and maintenance and restoration at Grey Cloud Dunes Scientific and Natural Area. This is a onetime appropriation and is available until June 30, 2027.

(p) $6,000,000 the first year is for improved maintenance at scientific and natural areas under Minnesota Statutes, section 86A.05, subdivision 5, including additional natural resource specialists and technicians, coordinators, seasonal crews, equipment, supplies, and administrative support. This is a onetime appropriation and is available until June 30, 2027.

(q) The general fund base for the Ecological and Water Resources Division in fiscal year 2026 and beyond is $25,004,000.

Subd. 4. **Forest Management** 116,725,000 76,067,000

Appropriations by Fund

	2024	2025
General	99,072,000	58,389,000
Natural Resources	16,161,000	16,161,000
Game and Fish	1,492,000	1,517,000

(a) $7,521,000 the first year and $7,521,000 the second year are for prevention, presuppression, and suppression costs of emergency firefighting and other costs incurred under Minnesota Statutes, section 88.12. The amount necessary to pay for presuppression and suppression costs during the biennium is appropriated from the general fund. By January 15 each year, the commissioner of natural resources must submit a report to the chairs and ranking minority members of the house and senate committees and divisions having jurisdiction over environment and natural resources finance that identifies all firefighting costs incurred and reimbursements received in the prior fiscal year. These appropriations may not be transferred. Any reimbursement of firefighting expenditures made to the commissioner from any source other than federal mobilizations must be deposited into the general fund.

(b) $15,386,000 the first year and $15,386,000 the second year are from the forest management investment account in the natural resources fund for only the purposes specified in Minnesota Statutes, section 89.039, subdivision 2.

(c) $1,492,000 the first year and $1,517,000 the second year are from the heritage enhancement account in the game and fish fund to advance ecological classification systems (ECS), forest habitat, and invasive species management.

(d) $906,000 the first year and $926,000 the second year are for the Forest Resources Council to implement the Sustainable Forest Resources Act.

(e) $1,143,000 the first year and $1,143,000 the second year are for the Next Generation Core Forestry data system. Of this appropriation, $868,000 each year is from the general fund and $275,000 each year is from the forest management investment account in the natural resources fund.

(f) $500,000 the first year and $500,000 the second year are from the forest management investment account in the natural resources fund for forest road maintenance on state forest roads.

(g) $500,000 the first year and $500,000 the second year are for forest road maintenance on county forest roads.

(h) $2,086,000 the first year and $2,086,000 the second year are to support forest management, cost-share assistance, and inventory on private woodlands. This is a onetime appropriation.

(i) $800,000 the first year and $800,000 the second year are to accelerate tree seed collection to support a growing demand for tree planting on public and private lands. This is a onetime appropriation and is available until June 30, 2027.

(j) $10,400,000 the first year and $10,400,000 the second year are for grants to local and Tribal governments and nonprofit organizations to enhance community forest ecosystem health and sustainability under Minnesota Statutes, section 88.82, the Minnesota ReLeaf program. This appropriation is available until June 30, 2027. Money appropriated for grants under this paragraph may be used to pay reasonable costs incurred by the commissioner of natural resources to administer the grants. The base is $400,000 beginning in fiscal year 2026.

(k) $3,000,000 the first year and $3,000,000 the second year are for forest stand improvement and to meet the reforestation requirements of Minnesota Statutes, section 89.002, subdivision 2. This is a onetime appropriation.

(l) $5,000,000 is for purposes of the Lowland Conifer Carbon Reserve under Minnesota Statutes, section 88.85. This is a onetime appropriation and is available until June 30, 2026.

(m) $37,000,000 the first year is for emerald ash borer response grants under Minnesota Statutes, section 88.83. This is a onetime appropriation and is available until June 30, 2030. The commissioner may use up to two percent of this appropriation to administer the grants. Of this amount:

(1) $9,000,000 is for grants to local units of government responding or actively preparing to respond to an emerald ash borer infestation; and

(2) $28,000,000 is for grants to a Minnesota nonprofit corporation that owns a cogeneration facility that serves a St. Paul district heating and cooling system.

(n) $1,000,000 the first year is for grants to schools, including public and private schools, to plant trees on school grounds while providing hands-on learning opportunities for students. A grant application under this section must be prepared jointly with the parent-teacher organization or similar parent organization for the school. This is a onetime appropriation and is available until June 30, 2026.

Subd. 5. **Parks and Trails Management** 125,897,000 113,230,000

Appropriations by Fund

	2024	2025
General	50,094,000	38,707,000
Natural Resources	73,503,000	72,223,000
Game and Fish	2,300,000	2,300,000

(a) $7,985,000 the first year and $7,985,000 the second year are from the natural resources fund for state trail, park, and recreation area operations. This appropriation is from revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (h), clause (2).

(b) $23,828,000 the first year and $23,828,000 the second year are from the state parks account in the natural resources fund to operate and maintain state parks and state recreation areas.

(c) $1,300,000 the first year and $1,300,000 the second year are from the natural resources fund for park and trail grants to local units of government on land to be maintained for at least 20 years for parks or trails. Priority must be given for projects that are in underserved communities or that increase access to persons with disabilities. This appropriation is from revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (h), clause (4). Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(d) $9,624,000 the first year and $9,624,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for the snowmobile grants-in-aid program. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(e) $2,435,000 the first year and $2,435,000 the second year are from the natural resources fund for the off-highway vehicle grants-in-aid program. Of this amount, $1,960,000 each year is from the all-terrain vehicle account; $150,000 each year is from the off-highway motorcycle account; and $325,000 each year is from the off-road vehicle account. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(f) $2,250,000 the first year and $2,250,000 the second year are from the state land and water conservation account in the natural resources fund for priorities established by the commissioner for eligible state projects and administrative and planning activities consistent with Minnesota Statutes, section 84.0264, and the federal Land and Water Conservation Fund Act. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(g) $250,000 the first year and $250,000 the second year are for matching grants for local parks and outdoor recreation areas under Minnesota Statutes, section 85.019, subdivision 2.

(h) $250,000 the first year and $250,000 the second year are for matching grants for local trail connections under Minnesota Statutes, section 85.019, subdivision 4c.

(i) $750,000 the first year is from the all-terrain vehicle account in the natural resources fund for a grant to St. Louis County to match other funding sources for design, right-of-way acquisition, permitting, and construction of trails within the Voyageur Country ATV trail system. This is a onetime appropriation and is available until June 30, 2026. This appropriation may be used as a local match to a 2023 state bonding award.

(j) $700,000 the first year is from the all-terrain vehicle account in the natural resources fund for a grant to St. Louis County to match other funding sources for design, right-of-way acquisition, permitting, and construction of a new trail within the Prospector trail system. This is a onetime appropriation and is available until June 30, 2026. This appropriation may be used as a local match to a 2023 state bonding award.

(k) $5,000,000 the first year is to facilitate the transfer of land within Upper Sioux Agency State Park required under this act, including but not limited to the acquisition of any land necessary to facilitate the transfer. This is a onetime appropriation and is available until June 30, 2033.

(l) $10,000,000 the first year is to remove hazardous trees and replace ash trees with more diverse, climate-adapted species within the state park system. This is a onetime appropriation and is available until June 30, 2027.

(m) $100,000 the first year is for the report on state trails required under this act.

(n) $1,075,000 the first year and $1,075,000 the second year are from the water recreation account in the natural resources fund for maintaining and enhancing public water-access facilities.

Subd. 6. **Fish and Wildlife Management**	116,489,000	99,230,000

Appropriations by Fund

	2024	2025
General	20,936,000	3,616,000
Natural Resources	2,082,000	2,082,000
Game and Fish	87,721,000	91,282,000
Reinvest in Minnesota Resources	5,750,000	2,250,000

(a) $10,458,000 the first year and $10,658,000 the second year are from the heritage enhancement account in the game and fish fund only for activities specified under Minnesota Statutes, section 297A.94, paragraph (h), clause (1). Notwithstanding Minnesota Statutes, section 297A.94, five percent of this appropriation may be used for expanding hunter and angler recruitment and retention.

(b) $982,000 the first year and $982,000 the second year are from the general fund and $1,675,000 the first year and $1,675,000 the second year are from the game and fish fund for statewide response and management of chronic wasting disease. The commissioner and the Board of Animal Health must each submit annual reports on chronic wasting disease activities funded in this biennium to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources and agriculture. The general fund base for this appropriation in fiscal year 2026 and beyond is $282,000.

(c) $484,000 of the general fund appropriation for fiscal year 2023 in Laws 2021, First Special Session chapter 6, article 1, section 3, subdivision 6, paragraph (b), for planning for and emergency response to disease outbreaks in wildlife is canceled no later than June 29, 2023.

(d) $8,546,000 the first year and $8,546,000 the second year are from the deer management account for the purposes identified in Minnesota Statutes, section 97A.075, subdivision 1.

(e) $134,000 the first year and $134,000 the second year are for increased capacity for broadband utility licensing for state lands and public waters.

(f) $15,000,000 the first year is for enhancing prairies and grasslands and restoring wetlands on state-owned wildlife management areas to sequester more carbon and enhance climate resiliency. This is a onetime appropriation and is available until June 30, 2027.

(g) $500,000 the first year and $500,000 the second year are from the general fund and $500,000 the first year and $500,000 the second year are from the heritage enhancement account in the game and fish fund for grants for natural-resource-based education and recreation programs serving youth under Minnesota Statutes, section 84.976, and for grant administration. Priority must be given to projects benefiting underserved communities. The base for this appropriation in fiscal year 2026 and beyond is $500,000 from the heritage enhancement account in the game and fish fund. The general fund appropriation is onetime.

(h) $400,000 the first year and $400,000 the second year are from the heritage enhancement account in the game and fish fund for the walk-in access program under Minnesota Statutes, section 97A.126.

(i) $1,000,000 the first year and $1,000,000 the second year are from the game and fish fund for investments in fish management activities.

(j) $2,000,000 the first year and $2,000,000 the second year are for grants to the Fond du Lac Band of Lake Superior Chippewa to expand Minnesota's wild elk population and range. Consideration must be given to moving elk from existing herds in northwest Minnesota to the area of the Fond du Lac State Forest and the Fond du Lac Reservation in Carlton and southern St. Louis Counties. The Fond du Lac Band of Lake Superior Chippewa's elk reintroduction efforts must undergo thorough planning with the Department of Natural Resources to develop necessary capture and handling protocols, including protocols related to cervid disease management, and to produce postrelease state and Tribal elk comanagement plans. This is a onetime appropriation and is available until June 30, 2026.

(k) $773,000 the first year is to examine the impacts of neonicotinoid exposure on the reproduction and survival of Minnesota's game species, including deer and prairie chicken. This is a onetime appropriation and is available until June 30, 2027.

(l) $134,000 the first year and $134,000 the second year are from the heritage enhancement account in the game and fish fund for native fish conservation and classification.

(m) $1,400,000 the first year is for designating swan protection areas under Minnesota Statutes, section 97A.096, and to provide increased education and outreach promoting the protection of swans in the state, including education regarding the restrictions on taking swans. This is a onetime appropriation and is available until June 30, 2026.

(n) $65,000 the first year is for preparing the report on feral pigs and mink required under this act and holding at least one public meeting on the topic.

(o) Notwithstanding Minnesota Statutes, section 84.943, subdivision 3, $5,750,000 the first year and $2,250,000 the second year are transferred from the Minnesota critical habitat private sector matching account to the reinvest in Minnesota resources fund and are appropriated from the reinvest in Minnesota resources fund for wildlife management area acquisition. This appropriation is available until June 30, 2027.

(p) $82,000 the first year is for the native fish reports required under this act. This is a onetime appropriation.

(q) Notwithstanding Minnesota Statutes, section 297A.94, $300,000 the first year and $300,000 the second year are from the heritage enhancement account in the game and fish fund for shooting sports facility grants under Minnesota Statutes, section 87A.10, including grants for archery facilities. Grants must be matched with a nonstate match, which may include in-kind contributions. Priority must be given to facilities that prohibit the use of lead ammunition. Recipients of money appropriated under this paragraph must provide information on the toxic effects of lead. This is a onetime appropriation and is available until June 30, 2026. This appropriation must be allocated as follows:

(1) $200,000 each fiscal year is for grants of $25,000 or less; and

(2) $100,000 each fiscal year is for grants in excess of $25,000.

Subd. 7. **Enforcement** 64,672,000 67,712,000

Appropriations by Fund

	2024	2025
General	18,322,000	22,937,000
Natural Resources	13,911,000	14,011,000
Game and Fish	32,322,000	30,647,000
Remediation	117,000	117,000

(a) $1,718,000 the first year and $1,718,000 the second year are from the general fund for enforcement efforts to prevent the spread of aquatic invasive species.

(b) $2,080,000 the first year and $1,892,000 the second year are from the heritage enhancement account in the game and fish fund for only the purposes specified under Minnesota Statutes, section 297A.94, paragraph (h), clause (1).

(c) $1,442,000 the first year and $1,442,000 the second year are from the water recreation account in the natural resources fund for grants to counties for boat and water safety. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(d) $315,000 the first year and $315,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for grants to local law enforcement agencies for snowmobile enforcement activities. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(e) $250,000 the first year and $250,000 the second year are from the all-terrain vehicle account in the natural resources fund for grants to qualifying organizations to assist in safety and environmental education and monitoring trails on public lands under Minnesota Statutes, section 84.9011. Grants issued under this paragraph must be issued through a formal agreement with the organization. By December 15 each year, an organization receiving a grant under this paragraph must report to the commissioner with details on expenditures and outcomes from the grant. Of this appropriation, $25,000 each year is for administering these grants. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(f) $510,000 the first year and $510,000 the second year are from the natural resources fund for grants to county law enforcement agencies for off-highway vehicle enforcement and public education activities based on off-highway vehicle use in the county. Of this amount, $498,000 each year is from the all-terrain vehicle account, $11,000 each year is from the off-highway motorcycle account, and $1,000 each year is from the off-road vehicle account. The county enforcement agencies may use money received under this appropriation to make grants to other local enforcement agencies within the county that have a high concentration of off-highway vehicle use. Of this appropriation, $25,000 each year is for administering the grants. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(g) $2,250,000 the first year and $5,734,000 the second year are appropriated for inspections, investigations, and enforcement activities taken in conjunction with the Board of Animal Health for the white-tailed deer farm program and for statewide response and management of chronic wasting disease. This appropriation is available until June 30, 2027. The base for fiscal year 2026 and beyond is $3,250,000.

(h) $3,000,000 of the general fund appropriation for fiscal years 2022 and 2023 in Laws 2021, First Special Session chapter 6, article 1, section 3, subdivision 7, paragraph (i), for inspections, investigations, and enforcement activities taken in conjunction with the Board of Animal Health for the white-tailed deer farm program is canceled no later than June 29, 2023.

(i) $3,050,000 the first year is for modernizing the enforcement aviation fleet. This appropriation is available until June 30, 2027.

(j) $360,000 the first year and $360,000 the second year are for training department enforcement officers and for maintaining and storing equipment for conservation officer public safety responses. The training may not include training for duties unrelated to enforcement of game and fish laws. This is a onetime appropriation.

Subd. 8. **Operations Support** 2,434,000 1,408,000

(a) $1,684,000 the first year and $1,408,000 second year are for information technology security and modernization. This is a onetime appropriation.

(b) $750,000 the first year is for legal costs. The unencumbered amount of the general fund appropriation in Laws 2019, First Special Session chapter 4, article 1, section 3, subdivision 8, for legal costs, estimated to be $750,000, is canceled no later than June 29, 2023.

Subd. 9. **Pass Through Funds** 11,244,000 11,165,000

Appropriations by Fund

	2024	2025
General	10,161,000	10,171,000
Natural Resources	510,000	510,000
Permanent School	573,000	484,000

(a) $510,000 the first year and $510,000 the second year are from the natural resources fund for grants to be divided equally between the city of St. Paul for the Como Park Zoo and Conservatory and the city of Duluth for the Lake Superior Zoo. This appropriation is from revenue deposited to the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (h), clause (5).

(b) $211,000 the first year and $221,000 the second year are for the Office of School Trust Lands.

(c) $250,000 the first year and $150,000 the second year are transferred from the forest suspense account to the permanent school fund and are appropriated from the permanent school fund for transaction and project management costs for divesting of school trust lands within Boundary Waters Canoe Area Wilderness.

(d) $323,000 the first year and $334,000 the second year are transferred from the forest suspense account to the permanent school fund and are appropriated from the permanent school fund for the Office of School Trust Lands.

(e) $9,950,000 the first year and $9,950,000 the second year are to be added as a supplement to the 1854 Treaty Area agreement payment under Minnesota Statutes, section 97A.165. This is a onetime appropriation.

Subd. 10. **Get Out MORE (Modernizing Outdoor Recreation Experiences)** 65,000,000 -0-

(a) $65,000,000 the first year is for modernizing Minnesota's state-managed outdoor recreation experiences. Of this amount:

(1) $25,000,000 is for enhancing access and welcoming new users to public lands and outdoor recreation facilities, including improvements to improve climate resiliency;

(2) $4,000,000 is for modernizing camping and related infrastructure, including improvements to improve climate resiliency;

(3) $25,000,000 is for modernizing fish hatcheries and fishing infrastructure; and

(4) $11,000,000 is for restoring streams and modernizing water-related infrastructure with priority given to fish habitat improvements, dam removal, and improvements to improve climate resiliency.

(b) The commissioner may reallocate money appropriated in paragraph (a) across those purposes based on project readiness and priority. The appropriations in paragraph (a) are available until June 30, 2029.

Subd. 11. **Fiscal Year 2023 Appropriation**

$1,000,000 in fiscal year 2023 is from the general fund to address safety concerns at the drill core library. This is a onetime appropriation and is available until June 30, 2026.

EFFECTIVE DATE. Subdivisions 6, 7, 8, and 11 are effective the day following final enactment.

Sec. 4. **BOARD OF WATER AND SOIL RESOURCES** **$52,086,000** **$46,574,000**

(a) $3,116,000 the first year and $3,116,000 the second year are for grants and payments to soil and water conservation districts for accomplishing the purposes of Minnesota Statutes, chapter 103C, and for other general purposes, nonpoint engineering, and implementation and stewardship of the reinvest in Minnesota reserve program. Expenditures may be made from this appropriation for supplies and services benefiting soil and water conservation districts. Any district receiving a payment under this paragraph must maintain a website that publishes, at a minimum, the district's annual report, annual audit, annual budget, and meeting notices.

(b) $761,000 the first year and $761,000 the second year are to implement, enforce, and provide oversight for the Wetland Conservation Act, including administering the wetland banking program and in-lieu fee mechanism.

(c) $1,560,000 the first year and $1,560,000 the second year are for the following:

(1) $1,460,000 each year is for cost-sharing programs of soil and water conservation districts for accomplishing projects and practices consistent with Minnesota Statutes, section 103C.501, including perennially vegetated riparian buffers, erosion control, water retention and treatment, water quality cost-sharing for feedlots under 500 animal units and nutrient and manure management projects in watersheds where there are impaired waters, and other high-priority conservation practices; and

(2) $100,000 each year is for county cooperative weed management programs and to restore native plants at selected invasive species management sites.

(d) $166,000 the first year and $166,000 the second year are to provide technical assistance to local drainage management officials and for the costs of the Drainage Work Group. The board must coordinate the activities of the Drainage Work Group according to Minnesota Statutes, section 103B.101, subdivision 13. The Drainage Work Group must review a drainage authority's power under Minnesota Statutes, chapter 103E, to consider the abandonment or dismantling of drainage systems; to re-meander, restore, or reconstruct a natural waterway that has been modified by drainage; or to deconstruct dikes, dams, or other water-control structures.

(e) $100,000 the first year and $100,000 the second year are for a grant to the Red River Basin Commission for water quality and floodplain management, including program administration. This appropriation must be matched by nonstate funds.

(f) $140,000 the first year and $140,000 the second year are for grants to Area II Minnesota River Basin Projects for floodplain management.

(g) $125,000 the first year and $125,000 the second year are for conservation easement stewardship.

(h) $240,000 the first year and $240,000 the second year are for a grant to the Lower Minnesota River Watershed District to defray the annual cost of operating and maintaining sites for dredge spoil to sustain the state, national, and international commercial and recreational navigation on the lower Minnesota River.

(i) $2,000,000 the first year and $2,000,000 the second year are for the lawns to legumes program under Minnesota Statutes, section 103B.104. The board may enter into agreements with local governments, Metro Blooms, and other organizations to support this effort. This appropriation is available until June 30, 2029. The base for fiscal year 2026 and each year thereafter is $250,000.

(j) $2,000,000 the first year and $2,000,000 the second year are for the habitat enhancement landscape program under Minnesota Statutes, section 103B.106. This is a onetime appropriation and is available until June 30, 2029.

(k) $203,000 the first year and $203,000 the second year are for soil health practice adoption purposes consistent with the cost-sharing provisions of Minnesota Statutes, section 103C.501, and for soil health program responsibilities in consultation with the University of Minnesota Office for Soil Health.

(l) $8,500,000 the first year and $8,500,000 the second year are for conservation easements and to restore and enhance grasslands and adjacent lands consistent with Minnesota Statutes, sections 103F.501 to 103F.531, for the purposes of climate resiliency, adaptation, carbon sequestration, and related benefits. Of this amount, up to $423,000 is for deposit in the water and soil conservation easement stewardship account established under Minnesota Statutes, section 103B.103. This is a onetime appropriation and is available until June 30, 2029. The board must give priority to leveraging nonstate funding, including practices, programs, and projects funded by the U.S. Department of Agriculture via the Conservation Reserve Enhancement Program, the Conservation Reserve Program, the Federal Inflation Reduction Act, the Federal Farm Bill, or the Climate-Smart Commodities Program.

(m) $2,500,000 the first year and $5,000,000 the second year are to acquire conservation easements and to restore and enhance peatlands and adjacent lands consistent with Minnesota Statutes, sections 103F.501 to 103F.531, for the purposes of climate resiliency, adaptation, carbon sequestration, and related benefits. Of this amount, up to $299,000 is for deposit in the water and soil conservation easement stewardship account established under Minnesota Statutes, section 103B.103. This is a onetime appropriation and is available until June 30, 2029. The board must give priority to leveraging nonstate funding, including practices, programs, and projects funded by the U.S. Department of Agriculture via the Conservation Reserve Enhancement Program, the Conservation Reserve Program, the Federal Inflation Reduction Act, the Federal Farm Bill, or the Climate-Smart Commodities Program.

(n) $3,550,000 the first year and $3,550,000 the second year are to enhance existing easements established under Minnesota Statutes, sections 103F.501 to 103F.531. Enhancements are for the purposes of climate resiliency, adaptation, and carbon sequestration and include but are not limited to increasing biodiversity and mitigating the effects of rainfall and runoff events. This is a onetime appropriation and is available until June 30, 2029. The board must give priority to leveraging nonstate funding, including practices, programs, and projects funded by the U.S. Department of Agriculture via the Conservation Reserve Enhancement Program, the Conservation Reserve Program, the Federal Inflation Reduction Act, the Federal Farm Bill, or the Climate-Smart Commodities Program.

(o) $8,500,000 the first year and $8,500,000 the second year are for water quality and storage practices and projects to protect infrastructure, improve water quality and related public benefits, and mitigate climate change impacts consistent with Minnesota Statutes, sections 103F.05 and 103F.06. This is a onetime appropriation and is available until June 30, 2029. The board must give priority to leveraging nonstate funding, including practices, programs, and projects funded by the U.S. Department of Agriculture via the Conservation Reserve Enhancement Program, the Conservation Reserve Program, the Federal Inflation Reduction Act, the Federal Farm Bill, or the Climate-Smart Commodities Program.

(p) $4,673,000 the first year and $4,673,000 the second year are for natural resources block grants to local governments to implement the Wetland Conservation Act and shoreland management program under Minnesota Statutes, chapter 103F, and local water management responsibilities under Minnesota Statutes, chapter 103B. The board may reduce the amount of the natural resources block grant to a county by an amount equal to any reduction in the county's general services allocation to a soil and water conservation district from the county's previous year allocation when the board determines that the reduction was disproportionate. The base for this appropriation in fiscal year 2026 and beyond is $3,423,000.

(q) $129,000 the first year and $136,000 the second year are to accomplish the objectives of Minnesota Statutes, section 10.65, and related Tribal government coordination. The base for fiscal year 2026 and each year thereafter is $144,000.

(r) $5,000,000 the first year is to provide onetime state incentive payments to enrollees in the federal Conservation Reserve Program (CRP) during the continuous enrollment period and to enroll complementary areas in conservation easements consistent with Minnesota Statutes, section 103F.515. The board may establish payment rates based on land valuation and on environmental

benefit criteria, including but not limited to surface water or groundwater pollution reduction, drinking water protection, soil health, pollinator and wildlife habitat, and other conservation enhancements. The board may use state funds to implement the program and to provide technical assistance to landowners or their agents to fulfill enrollment and contract provisions. The board must consult with the commissioners of agriculture, health, natural resources, and the Pollution Control Agency and the United States Department of Agriculture in establishing program criteria. This is a onetime appropriation and is available until June 30, 2027.

(s) $3,000,000 the first year is to acquire conservation easements from landowners to preserve, restore, create, and enhance wetlands and associated uplands of prairie and grasslands and to restore and enhance rivers and streams, riparian lands, and associated uplands of prairie and grasslands, in order to protect soil and water quality, support fish and wildlife habitat, reduce flood damage, and provide other public benefits. Minnesota Statutes, section 103F.515, applies to this program. The board must give priority to leveraging federal money by enrolling targeted new lands or enrolling environmentally sensitive lands that have expiring federal conservation agreements. The board is authorized to enter into new agreements and amend past agreements with landowners as required by Minnesota Statutes, section 103F.515, subdivision 5, to allow for restoration. Up to five percent of this appropriation may be used for restoration and enhancement.

(t) $200,000 the first year is to establish the drainage registry information portal under Minnesota Statutes, section 103E.122.

(u) $5,623,000 the first year and $5,804,000 the second year are for agency administration and operation of the Board of Water and Soil Resources.

(v) The board may shift money in this section and may adjust the technical and administrative assistance portion of the funds to leverage federal or other nonstate funds or to address accountability, oversight, local government performance, or high-priority needs.

(w) Returned grants and payments are available for two years after they are returned or regranted, whichever is later. Funds must be regranted consistent with the purposes of this section. If an appropriation for grants in either year is insufficient, the appropriation in the other year is available for it.

(x) Notwithstanding Minnesota Statutes, section 16B.97, grants awarded from appropriations in this section are exempt from the Department of Administration, Office of Grants Management Policy 08-08 Grant Payments and 08-10 Grant Monitoring.

Sec. 5. **METROPOLITAN COUNCIL** **$47,490,000** **$16,490,000**

Appropriations by Fund

	2024	2025
General	38,540,000	7,540,000
Natural Resources	8,950,000	8,950,000

(a) $7,540,000 the first year and $7,540,000 the second year are for metropolitan-area regional parks operation and maintenance according to Minnesota Statutes, section 473.351. The base for this appropriation in fiscal year 2026 and beyond is $2,540,000.

(b) $8,950,000 the first year and $8,950,000 the second year are from the natural resources fund for metropolitan-area regional parks and trails maintenance and operations. This appropriation is from revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (h), clause (3).

(c) $5,000,000 the first year is for developing a decision-making support tool set to help local partners quantify the risks of a changing climate and prioritize strategies that mitigate those risks. This is a onetime appropriation and is available until June 30, 2027.

(d) $9,000,000 the first year is to modernize regional parks and trails. This is a onetime appropriation and is available until June 30, 2027.

(e) $5,000,000 the first year is for reducing the amount of inflow and infiltration to the Metropolitan Council's metropolitan sanitary sewer disposal system. Of this amount, $4,000,000 is for grants to cities for capital improvements in municipal wastewater collection systems under Minnesota Statutes, section 473.5491, and $1,000,000 is for grants and loans to inspect, repair, and replace privately owned sewer service lines. Priority for grants and loans for privately owned lines must be given to applicants with a household income at or below 80 percent of area median income. This is a onetime appropriation and is available until June 30, 2026.

(f) $9,000,000 the first year is for grants to implementing agencies to remove hazardous trees and replace ash trees with more diverse, climate-adapted species within the metropolitan regional park system. This is a onetime appropriation.

(g) $3,000,000 the first year is to develop a comprehensive plan to ensure communities in the White Bear Lake area have access to sufficient safe drinking water to allow for municipal growth while simultaneously ensuring the sustainability of surface water and groundwater resources to supply the needs of future generations. The Metropolitan Council must establish a work group consisting

of the commissioners of natural resources, health, and the Pollution Control Agency or their designees and representatives from the Metropolitan Area Water Supply Advisory Committee; the St. Paul Regional Water Services; the cities of Stillwater, Mahtomedi, Hugo, Lake Elmo, Lino Lakes, North St. Paul, Oakdale, Vadnais Heights, Shoreview, Woodbury, New Brighton, and White Bear Lake; and the town of White Bear to advise the council in developing the comprehensive plan. This is a onetime appropriation and is available until June 30, 2027. The comprehensive plan must:

(1) evaluate methods for conserving and recharging groundwater in the area, including:

(i) converting water supplies that are groundwater dependent to total or partial supplies from surface water sources;

(ii) reusing water, including water discharged from contaminated wells;

(iii) projects designed to increase groundwater recharge; and

(iv) other methods for reducing groundwater use;

(2) based on the evaluation conducted under clause (1), determine which existing groundwater supply wells, if converted to surface water sources, would be most effective and efficient in ensuring future water sustainability in the area;

(3) identify a long-term plan for converting groundwater supply wells identified in clause (2) to surface water sources, including recommendations on water supply governance and concept-level engineering that addresses preliminary design considerations, including supply source, treatment, distribution, operation, and financing needed to complete any changes to water supply infrastructure;

(4) include any policy and funding recommendations for converting groundwater supply wells to surface water sources, recommendations for treating and reusing wastewater, and any other recommendations for additional measures that reduce groundwater use, promote water reuse, and increase groundwater recharge;

(5) include any policy and funding recommendations for local wastewater treatment and recharge; and

(6) be submitted to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources finance and policy by June 30, 2027.

Sec. 6. **CONSERVATION CORPS MINNESOTA** **$1,195,000** **$1,195,000**

Appropriations by Fund

	2024	2025
General	705,000	705,000
Natural Resources	490,000	490,000

Conservation Corps Minnesota may receive money appropriated from the natural resources fund under this section only as provided in an agreement with the commissioner of natural resources.

Sec. 7. **ZOOLOGICAL BOARD** **$14,494,000** **$13,812,000**

Appropriations by Fund

	2024	2025
General	14,239,000	13,557,000
Natural Resources	255,000	255,000

(a) $255,000 the first year and $255,000 the second year are from the natural resources fund from revenue deposited under Minnesota Statutes, section 297A.94, paragraph (h), clause (5).

(b) $850,000 the first year is to improve safety and security at the Minnesota Zoo. This is a onetime appropriation.

(c) $250,000 the first year is for removing hazardous trees and replacing ash trees with more diverse, climate-adapted species. This is a onetime appropriation.

Sec. 8. **SCIENCE MUSEUM** **$10,200,000** **$1,710,000**

$9,000,000 the first year and $450,000 the second year are for debt reduction, rehiring and retaining employees, and reducing entrance fees for fiscal years 2024 and 2025.

Sec. 9. **LEGISLATIVE COORDINATING COMMISSION** **$52,000** **$52,000**

$52,000 the first year and $52,000 the second year are for the Legislative Water Commission established in this act.

Sec. 10. **UNIVERSITY OF MINNESOTA** **$8,433,000** **$1,856,000**

(a) $1,633,000 the first year and $1,856,000 the second year are for chronic wasting disease contingency plans developed by the Center for Infectious Disease Research and Policy. The center must develop, refine, and share with relevant experts and stakeholders contingency plans regarding the potential transmission of chronic wasting disease from Cervidae to humans, livestock, and other

species. The contingency plans must provide a blueprint for preparedness and response planning documents, including authoritative risk communication, education, and outreach materials. This is a onetime appropriation and is available until June 30, 2026.

(b) $200,000 the first year is for the University of Minnesota Water Council to develop a scope of work, timeline, and budget for the 50-year clean water plan as required under this act.

(c) $6,600,000 the first year is for the Minnesota Aquatic Invasive Species Research Center to enhance and implement the center's aquatic invasive species research-based solutions through:

(1) implementation of a watershed-scale carp management plan and additional research focused on site-specific method refinement and evaluation;

(2) creation of a long-term monitoring program with state and local partners that evaluates the feasibility of whole-lake zebra mussel control projects and the development of criteria for selecting and managing lakes;

(3) refinement and implementation of large-scale surveillance and early detection methods for high-priority aquatic invasive species, including but not limited to zebra mussels, spiny water flea, and starry stonewort; and

(4) development and sharing, with relevant experts and stakeholders, contingency plans regarding the potential risks of aquatic invasive species. The contingency plans must provide a blueprint for preparedness and response planning documents, including authoritative risk communication, education, and outreach materials. The communication, education, and outreach materials must be prepared in multiple languages, including but not limited to Tribal languages.

(d) The board must ensure that the Minnesota Aquatic Invasive Species Research Center coordinates research activities funded under paragraph (c) with Tribal governments.

(e) The appropriation under paragraph (c) is onetime and available until June 30, 2027.

Sec. 11. **PUBLIC SAFETY** **$-0-** **$229,000**

$229,000 the second year is from the fire safety account in the special revenue fund for purposes of the class B firefighting foam requirements under Minnesota Statutes, section 325F.072.

Sec. 12. **APPROPRIATIONS GIVEN EFFECT ONCE.**

If an appropriation or transfer in this article is enacted more than once during the 2023 regular session, the appropriation or transfer must be given effect once.

ARTICLE 2
ENVIRONMENT AND NATURAL RESOURCES TRUST FUND

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the environment and natural resources trust fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2024" and "2025" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium" is fiscal years 2024 and 2025. Any unencumbered balance remaining in the first year does not cancel and is available for the second year or until the end of the appropriation. These are onetime appropriations.

	APPROPRIATIONS Available for the Year Ending June 30	
	2024	**2025**
Sec. 2. **MINNESOTA RESOURCES**		
Subdivision 1. **Total Appropriation**	**$79,833,000**	**$-0-**

Appropriations by Fund

	2024	2025
Environment and Natural Resources Trust Fund	79,644,000	-0-
Great Lakes Protection Account	189,000	-0-

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

Subd. 2. **Definitions**

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

(b) "Great Lakes protection account" means the account referred to in Minnesota Statutes, section 116Q.02.

Subd. 3. **Foundational Natural Resource Data and Information**	8,219,000	-0-

(a) **Assessing Restorations for Rusty-Patched and Other Bumblebee Habitat**

$75,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Friends of the Mississippi River to assess how prairie restoration and different

restoration seeding methods affect bumblebee abundance, diversity, and habitat and make recommendations to improve restoration outcomes.

(b) **Removing Barriers to Carbon Market Entry**

$482,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to develop ground-tested carbon stock models of forest resources throughout Minnesota to enable better resource management of public and private forests as well as generate reliable tools for landowners seeking to enter carbon markets.

(c) **Mapping Migratory Bird Pit Stops in Minnesota**

$340,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the National Audubon Society, Minnesota office, to identify avian migratory stopover sites, develop a shared decision-support tool, and publish guidance for conserving migratory birds in Minnesota. This appropriation is available until June 30, 2027, by which time the project must be completed and final products delivered.

(d) **Enhancing Knowledge of Minnesota River Fish Ecology**

$199,000 the first year is from the trust fund to the commissioner of natural resources to collect baseline information about the diets, distribution, status, and movement patterns of fish in the Minnesota River to inform management and conservation decisions.

(e) **Changing Distribution of Flying Squirrel Species in Minnesota**

$186,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota for the Natural Resources Research Institute in Duluth to determine current distribution and habitat associations of northern and southern flying squirrels to fill key knowledge gaps in flying squirrel status in Minnesota.

(f) **Statewide Forest Carbon Inventory and Change Mapping**

$987,000 the first year is from the trust fund to the commissioner of natural resources to work with Minnesota Forest Resources Council, Minnesota Forestry Association, the Board of Water and Soil Resources, and the University of Minnesota to develop a programmatic approach and begin collecting plot-based inventories on private forestland for use with remote sensing data to better assess changing forest conditions and climate mitigation opportunities across all ownerships in the state.

(g) **Predicting the Future of Aquatic Species by Understanding the Past**

$170,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to use past and present information to model future ranges of native aquatic species in Minnesota to generate publicly available tools for species and habitat management.

(h) **Assessing Status of Common Tern Populations in Minnesota**

$199,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota for the Natural Resources Research Institute in Duluth to assess the population status of Common Tern breeding colonies in Minnesota, implement management activities, and develop a standardized monitoring protocol and online database for accessing current and historic monitoring data to help prioritize conservation and restoration actions for this state-threatened species.

(i) **Salvaged Wildlife to Inform Environmental Health, Ecology, and Education**

$486,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota, Bell Museum of Natural History, to establish a statewide network to collect, analyze, and archive salvaged dead wildlife and build a foundation of biodiversity resources to track ecosystem-wide changes, monitor environmental health, and educate Minnesotans about the value of scientific specimens.

(j) **Developing Conservation Priorities for Rare and Specialist Bees**

$619,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to collect data on rare and specialist bees and their habitat preferences, determine their conservation status, and develop strategies to improve their chances of survival.

(k) **Efficacy of Urban Archery Hunting to Manage Deer**

$393,000 the first year is from the trust fund to the Board of Trustees of the Minnesota State Colleges and Universities for Bemidji State University to conduct an analysis of deer survival, habitat use, and hunter data in the city of Bemidji to improve special archery hunt management practices in urban areas of the state.

(l) **Mapping the Ecology of Urban and Rural Canids**

$601,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to determine how disease prevalence, diet, habitat use, and interspecies interactions of coyotes and foxes change from urban to rural areas along the Mississippi River corridor.

(m) **Maximizing Lowland Conifer Ecosystem Services - Phase II**

$482,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to continue monitoring forested peatland hydrology and wildlife, conduct new wildlife and habitat surveys, and quantify carbon storage to provide support for management decisions.

(n) **Modernizing Minnesota's Wildlife (and Plant) Action Plan**

$889,000 the first year is from the trust fund to the commissioner of natural resources to modernize the Minnesota Wildlife Action Plan by filling critical data gaps, including adding rare plants to the plan, and standardizing conservation status assessment methods to ensure Minnesota's natural heritage is protected into the future.

(o) **Linking Breeding and Migratory Bird Populations in Minnesota**

$199,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Hawk Ridge Bird Observatory to map year-round habitat use of understudied bird species of special conservation concern and evaluate areas with the greatest risk of contaminant exposure.

(p) **Old Growth Forest Monitoring**

$441,000 the first year is from the trust fund to the commissioner of natural resources to establish baseline conditions and develop a cost-effective method to monitor approximately 93,000 acres of old growth forest in Minnesota to ensure that these rare and important forest resources are properly protected.

(q) **Integrating Remotely Sensed Data with Traditional Forest Inventory**

$191,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota for the Natural Resources Research Institute in Duluth to calibrate and optimize the use of LiDAR for forest inventory purposes and estimate stand-level forest resource metrics in northeastern Minnesota so ecosystem services can be better considered in management decisions.

(r) **Community Response Monitoring for Adaptive Management in Southeast Minnesota**

$483,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with The Nature Conservancy to assess community-level plant and animal responses to past restoration efforts in select southeast Minnesota conservation focus areas to determine if management outcomes are being achieved.

(s) **Minnesota Biodiversity Atlas - Phase III**

$797,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota, Bell Museum of Natural History, to expand the Minnesota Biodiversity Atlas to include more than 2,000,000 records and images of Minnesota wildlife, plants, and fungi by adding insect specimens, collections from new partners, historical data, and repatriating records of Minnesota's biodiversity that exist in various federal institutions.

Subd. 4. **Water Resources**	8,328,000	-0-

Appropriations by Fund

Environment and Natural Resources Trust Fund	8,139,000	-0-
Great Lakes Protection Account	189,000	-0-

(a) **Ditching Delinquent Ditches: Optimizing Wetland Restoration**

$199,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to use new techniques to identify and rank areas statewide where targeted removal of poorly functioning drainage ditches and restoration to wetlands can provide maximum human and ecological benefits, including aquifer recharge and flood prevention.

(b) **Assessment of Red River Basin Project Outcomes**

$920,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Red River Watershed Management Board acting as fiscal agent for the Red River Basin Flood Damage Reduction Work Group to plan and implement multiresource monitoring at flood damage reduction and natural resource enhancement projects across the Red River Basin to evaluate outcomes and improve design of future projects at a regional scale. This appropriation is available until June 30, 2028, by which time the project must be completed and final products delivered.

(c) **Wind Wave and Boating Impacts on Inland Lakes**

$415,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota for the St. Anthony Falls Laboratory to conduct a field study to measure the impacts of boat propeller wash and boat wakes on lake bottoms, shorelines, and water quality compared to the impacts of wind-generated waves.

(d) **Finding, Capturing, and Destroying PFAS in Minnesota Waters**

$478,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to develop novel methods for the detection, sequestration, and degradation of poly- and perfluoroalkyl substances (PFAS) in Minnesota's lakes and rivers.

(e) **Sinking and Suspended Microplastic Particles in Lake Superior**

$412,000 the first year is to the Board of Regents of the University of Minnesota for the Large Lakes Observatory in Duluth to investigate the abundance, characteristics, and fate of microplastic particles in Lake Superior to inform remediation strategies and analyses of environmental impacts. Of this amount, $189,000 is from the Great Lakes protection account and $223,000 is from the trust fund. These appropriations may also be used to educate the public about the research conducted with this appropriation.

(f) **Ecotoxicological Impacts of Quinone Outside Inhibitor (QoI) Fungicides**

$279,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the University of St. Thomas to assess the ecological hazards associated with QoI fungicides and their major environmental transformation products.

(g) **Brightsdale Dam Channel Restoration**

$1,004,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Fillmore County Soil and Water Conservation District to reduce sedimentation and improve aquatic habitat by restoring a channel of the north branch of the Root River at the site of a failed hydroelectric power dam that was removed in 2003.

(h) **Mapping Aquifer Recharge Potential**

$391,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota for the St. Anthony Falls Laboratory to partner with the Freshwater Society to develop a practical tool for mapping aquifer recharge potential, demonstrate the tool with laboratory and field tests, use the tool to evaluate recharge potential of several aquifers in Minnesota, and analyze aquifer recharge policy.

(i) **ALASD's Chloride Source Reduction Pilot Program**

$764,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Alexandria Lake Area Sanitary District (ALASD) to coordinate with Douglas County and the Pollution Control Agency to pilot an incentive program for

residences and businesses to install high-efficiency water softeners, salt-free systems, or softener discharge disposal systems to reduce the annual salt load to Lake Winona and downstream waters. The pilot program includes rebates, inspections, community education, and water quality monitoring to measure chloride reduction success. This appropriation is available until June 30, 2027, by which time the project must be completed and final products delivered.

(j) **Removing CECs from Stormwater with Biofiltration**

$641,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota for the St. Anthony Falls Laboratory to develop a treatment practice design using biofiltration media to remove contaminants of emerging concern (CECs) from stormwater runoff and to provide statewide stormwater management guidance.

(k) **Didymo II The North Shore Threat Continues**

$394,000 the first year is from the trust fund to the Science Museum of Minnesota for the St. Croix Watershed Research Station to identify North Shore streams with didymo, determine the risk of invasion to other streams, document didymo impacts to stream functioning, and develop strategies to prevent further spread of didymo.

(l) **Leveraging Data Analytics Innovations for Watershed District Planning**

$738,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Minnehaha Creek Watershed District to integrate local and statewide data sets into a high-resolution planning tool that forecasts the impacts of changing precipitation patterns and quantitatively compares cost effectiveness and outcomes for water quality, ecological integrity, and flood prevention projects in the district. Minnehaha Creek Watershed District may license third parties to use products developed with this appropriation without further approval from the legislature or the Legislative-Citizen Commission on Minnesota Resources, provided the licensing does not generate income. This appropriation is subject to Minnesota Statutes, section 116P.10.

(m) **Protecting Water in the Central Sands Region of the Mississippi River Headwaters**

$1,693,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the White Earth Band of Minnesota Chippewa Indians to conduct a policy analysis and assess aggregate irrigation impacts on water quality and quantity in the Pineland Sands region of the state.

Subd. 5. **Environmental Education** 3,905,000 -0-

(a) **Fostering Conservation by Connecting Students to the BWCA**

$1,080,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Friends of the Boundary Waters Wilderness to connect Minnesota youth to the Boundary Waters through environmental education, experiential learning, and wilderness canoe trips.

(b) **Statewide Environmental Education via PBS Outdoor Series**

$391,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Pioneer Public Broadcasting Service to produce new episodes of a statewide public television series and an educational web page designed to inspire Minnesotans to connect with the outdoors and to restore and protect the state's natural resources.

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

$763,000 the first year is from the trust fund to the commissioner of natural resources in cooperation with Conservation Corps Minnesota and Iowa to ensure a stable and prepared natural resources work force in Minnesota by encouraging a diversity of students to pursue careers in environment and natural resources through internships, mentorships, and fellowships with the Department of Natural Resources, the Board of Water and Soil Resources, and the Pollution Control Agency. This appropriation is available until June 30, 2028, by which time the project must be completed and final products delivered.

(d) **Reducing Biophobia & Fostering Environmental Stewardship in Underserved Schools**

$180,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota for the Raptor Center to foster long-lasting environmental stewardship and literacy in Minnesota youth in underserved schools by providing engaging, multiunit, standards-based environmental programming featuring positive interactions with raptors and evaluating program effectiveness and areas for improvement.

(e) **Sharing Minnesota's Biggest Environmental Investment**

$628,000 the first year is from the trust fund to the Science Museum of Minnesota, in coordination with the Legislative-Citizen Commission on Minnesota Resources (LCCMR), to increase public access to the results of LCCMR-recommended research, including through a free online interactive map, in-depth videos, and public events.

(f) **North Shore Private Forestry Outreach and Implementation**

$375,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Sugarloaf: The North Shore Stewardship Association to conduct outreach to private forest landowners, develop site restoration plans, and connect landowners with restoration assistance to encourage private forest restoration and improve the ecological health of Minnesota's North Shore forest landscape.

(g) **Teaching Students about Watersheds through Outdoor Science**

$290,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Minnesota Trout Unlimited to engage students in classroom and outdoor hands-on learning focused on water quality, groundwater, aquatic life, and watershed stewardship and provide youth and their families with fishing experiences to further foster a conservation ethic.

(h) **Bioblitz Urban Parks: Engaging Communities in Scientific Efforts**

$198,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Minneapolis Park and Recreation Board to work with volunteers to collect baseline biodiversity data for neighborhood and regional parks to inspire stewardship and inform habitat restoration work.

Subd. 6. **Aquatic and Terrestrial Invasive Species** 5,104,000 -0-

(a) **Northward Expansion of Ecologically Damaging Amphibians and Reptiles**

$163,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to assess the distribution and potential for expansion of key detrimental and nonnative amphibians and reptiles in Minnesota.

(b) **Developing Research-Based Solutions to Minnesota's AIS Problems**

$4,941,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota for the Minnesota Aquatic Invasive Species Research Center to conduct high-priority projects aimed at solving Minnesota's aquatic invasive species problems using rigorous science and a collaborative process. Additionally, funds may be spent to deliver research findings to end users through strategic communication and outreach. This appropriation is subject to Minnesota Statutes, section 116P.10. This appropriation is available until June 30, 2027, by which time the project must be completed and final products delivered.

Subd. 7. **Air Quality, Climate Change, and Renewable Energy** 3,913,000 -0-

(a) **Community Forestry AmeriCorps**

$1,500,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with ServeMinnesota to preserve and increase tree canopy throughout the state by training, supporting, and deploying AmeriCorps members to local agencies and nonprofit organizations to plant and inventory trees, develop and implement pest management plans, create and maintain nursery beds for replacement trees, and organize opportunities for community engagement in tree stewardship activities.

(b) **Biochar Implementation in Habitat Restoration: A Pilot**

$185,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Great River Greening to pilot the use of portable biochar kilns as an alternative to open-pile burning of trees and shrubs to reduce smoke and carbon emissions and produce beneficial by-products from invasive species removal and land restoration efforts.

(c) **Completing Installment of the Minnesota Ecological Monitoring Network**

$1,094,000 the first year is from the trust fund to the commissioner of natural resources to improve conservation and management of Minnesota's native forests, wetlands, and grasslands by completing the Ecological Monitoring Network to measure ecosystems' change through time.

(d) **Lichens as Low-Cost Air Quality Monitors in Minnesota**

$341,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to develop community science protocols for using lichens as indicators of air quality and conduct an analysis of air pollution changes across Minnesota in the present and in the past century.

(e) **Environment-Friendly Decarbonizing of Steel Production with Hydrogen Plasma**

$739,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to investigate the use of microwave hydrogen plasma to reduce fossil fuel use, carbon dioxide emissions, and waste and enable the use of alternative iron resources, including lower quality iron ores, tailings, and iron ore waste piles, in the iron-making industry. This appropriation is subject to Minnesota Statutes, section 116P.10.

(f) **Economic Analysis Guide for Minnesota Climate Investments**

$54,000 the first year is from the trust fund to the commissioner of the Minnesota Pollution Control Agency to create a guide that will incorporate nation-wide best practices for considering costs, benefits, economics, and equity in Minnesota climate policy decisions.

Subd. 8. **Methods to Protect or Restore Land, Water, and Habitat** 15,997,000 -0-

(a) **Minnesota Bee and Beneficial Species Habitat Enhancement II**

$876,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Pheasants Forever Inc. to enhance grassland habitats to benefit pollinators and other wildlife species on permanently protected lands and to collaborate with the University of Minnesota to determine best practices for seeding timing and techniques.

(b) **Karner Blue Butterfly Insurance Population Establishment in Minnesota**

$405,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Three Rivers Park District to establish a breeding population of the federally endangered Karner blue butterfly on protected lands within the butterfly's northern expanding range, increase the habitat area, and evaluate the butterfly establishment effort to assist with adaptive management. This appropriation is available until June 30, 2027, by which time the project must be completed and final products delivered.

(c) **Root River Habitat Restoration at Eagle Bluff**

$866,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Eagle Bluff Environmental Learning Center to restore habitat in and alongside the Root River north of Lanesboro, Minnesota, and to conduct monitoring to ensure water quality and fish population improvements are achieved. This appropriation is available until June 30, 2028, by which time the project must be completed and final products delivered.

(d) **Restoring Mussels in Streams and Lakes - Continuation**

$825,000 the first year is from the trust fund to the commissioner of natural resources to propagate, rear, and restore native freshwater mussel assemblages and the ecosystem services they

provide in the Mississippi, Cedar, and Cannon Rivers; to evaluate reintroduction success; and to inform the public on mussels and mussel conservation.

(e) **Minnesota Million: Seedlings for Reforestation and CO 2 Sequestration**

$906,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota, Duluth, to collaborate with The Nature Conservancy and Minnesota Extension to expand networks of seed collectors and tree growers and to research tree planting strategies to accelerate reforestation for carbon sequestration, wildlife habitat, and watershed resilience.

(f) **Panoway on Wayzata Bay Shoreline Restoration Project**

$200,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of Wayzata to restore native lake bottom and shoreline vegetation to improve shoreline stability, wildlife habitat, and the natural beauty of Lake Minnetonka's Wayzata Bay. The recipient must report to the Legislative-Citizen Commission on Minnesota Resources on the effectiveness of any new methods tested while conducting the project and may use a portion of the appropriation to prepare that report.

(g) **Pollinator Central III: Habitat Improvement with Community Monitoring**

$190,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Great River Greening to restore and enhance pollinator habitat in parks, schools, and other public spaces to benefit pollinators and people and to build knowledge about impacts of the pollinator plantings through community-based monitoring.

(h) **Restoring Forests and Savannas Using Silvopasture - Phase II**

$674,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Great River Greening to continue to partner with the University of Minnesota and the Sustainable Farming Association to demonstrate, evaluate, and increase adoption of the combined use of intensive tree, forage, and grazing as a method to restore and manage forest and savanna habitats.

(i) **Minnesota Community Schoolyards**

$1,433,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with The Trust for Public Land to engage students and communities to create nature-focused habitat improvements at schoolyards across the state to increase environmental outcomes and encourage outdoor learning.

(j) **Pollinator Enhancement and Mississippi River Shoreline Restoration**

$187,000 the first year is from the trust fund to the adjutant general of the Department of Military Affairs to restore native prairie, support pollinator plantings, and stabilize a large section of stream bank along the Mississippi River within Camp Ripley.

(k) **Conservation Cooperative for Working Lands**

$2,611,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Pheasants Forever Inc. to collaborate with Natural Resources Conservation Service, Board of Water and Soil Resources, and Minnesota Association of Soil and Water Conservation Districts to accelerate adoption of voluntary conservation practices on working lands in Minnesota by increasing technical assistance to farmers and landowners while also attracting federal matching funds.

(l) **Quantifying Environmental Benefits of Peatland Restoration in Minnesota**

$754,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to quantify the capacity of restored peatlands to store and accumulate atmospheric carbon and prevent release of accumulated mercury into the surrounding environment. This appropriation is available until June 30, 2027, by which time the project must be completed and final products delivered.

(m) **Renewing Access to an Iconic North Shore Vista**

$197,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Superior Hiking Trail Association to use national trail design best practices to renew trails and a campground along the Bean and Bear Lakes section of the Superior Hiking Trail that provides access to one of Minnesota's most iconic vistas.

(n) **Addressing Erosion Along High Use River Loops**

$368,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Superior Hiking Trail Association to rehabilitate and renew popular river loops of the Superior Hiking Trail to withstand high visitor use and serve Minnesotans for years to come.

(o) **Pollinator Habitat Creation at Minnesota Closed Landfills**

$1,508,000 the first year is from the trust fund to the commissioner of the Minnesota Pollution Control Agency to conduct a pilot project to create pollinator habitat at closed landfill sites in the

closed landfill program. This appropriation is available until June 30, 2027, by which time the project must be completed and final products delivered.

(p) **Enhancing Habitat Connectivity within the Urban Mississippi Flyway**

$190,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Minneapolis Park and Recreation Board to enhance and restore habitat in and between urban neighborhood parks and the Mississippi River to benefit animals, plants, and neighborhoods traditionally disconnected from nature and to raise awareness of the Mississippi River Flyway.

(q) **Statewide Diversion of Furniture and Mattress Waste Pilots**

$2,833,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with EMERGE Community Development to work collaboratively with the University of Minnesota, Second Chance Recycling, and local governments to test and implement methods to expand mattress and furniture recycling statewide, including by researching value-add commodity markets for recycled materials, piloting mattress collection in greater Minnesota counties, piloting curbside furniture collection in the metropolitan area, and increasing facility capacity to recycle collected mattresses. Any revenue generated from selling products or assets developed or acquired with this appropriation must be repaid to the trust fund unless a plan is approved for reinvestment of income in the project. This appropriation is subject to Minnesota Statutes, section 116P.10.

(r) **Phelps Mill Wetland and Prairie Restoration**

$974,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Otter Tail County to plan, engineer, and restore wetlands and prairie within the newly expanded Phelps Mill County Park to improve habitat connectivity for wildlife and enhance recreational experiences for users. Up to $322,000 of this appropriation may be used to plan, engineer, and construct a boardwalk, viewing platforms, and soft trails within the park. This appropriation is available until June 30, 2027, by which time the project must be completed and final products delivered.

Subd. 9. **Land Acquisition, Habitat, and Recreation** 31,241,000 -0-

(a) **SNA Stewardship, Outreach, and Biodiversity Protection**

$1,919,000 the first year is from the trust fund to the commissioner of natural resources to restore and enhance exceptional habitat on scientific and natural areas (SNAs), increase public involvement

and outreach, and strategically acquire lands that meet criteria for SNAs under Minnesota Statutes, section 86A.05, from willing sellers. This appropriation is available until June 30, 2027, by which time the project must be completed and final products delivered.

(b) **Wannigan Regional Park Land Acquisition**

$727,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of Frazee to acquire land for protecting and enhancing natural resources and for future development as Wannigan Regional Park, where the Heartland State, North Country National, and Otter Tail River Water Trails will meet. Initial site development or restoration work may be conducted with this appropriation.

(c) **Local Parks, Trails, and Natural Areas Grant Programs**

$3,802,000 the first year is from the trust fund to the commissioner of natural resources to solicit and rank applications and fund competitive matching grants for local parks, trail connections, and natural and scenic areas under Minnesota Statutes, section 85.019. This appropriation is for local nature-based recreation, connections to regional and state natural areas, and recreation facilities and may not be used for athletic facilities such as sport fields, courts, and playgrounds.

(d) **Outreach and Stewardship Through the Native Prairie Bank Program**

$620,000 the first year is from the trust fund to the commissioner of natural resources to enhance and monitor lands enrolled in the native prairie bank and to provide outreach and technical assistance to landowners, practitioners, and the public to increase awareness and stewardship of the state's remaining native prairie. This appropriation is available until June 30, 2027, by which time the project must be completed and final products delivered.

(e) **Minnesota State Trails Development**

$4,952,000 the first year is from the trust fund to the commissioner of natural resources to expand recreational opportunities on Minnesota state trails by rehabilitating and enhancing existing state trails and replacing or repairing existing state trail bridges.

(f) **Construction of East Park**

$700,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of St. Joseph to increase recreational opportunities and access at East Park along the Sauk River in St. Joseph through enhancements such as a canoe and kayak access, a floating dock, paved and mowed trails, and parking entrance improvements.

(g) **Scandia Gateway Trail to William O'Brien State Park**

$2,689,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of Scandia to engineer and construct a segment of the Gateway State Trail between the city of Scandia and William O'Brien State Park that will be maintained by the Department of Natural Resources. The segment to be constructed includes a pedestrian tunnel and trailhead parking area. This project must be designed and constructed in accordance with Department of Natural Resources state trail standards. Engineering and construction plans must be approved by the commissioner of natural resources before construction may commence. This appropriation is available until June 30, 2027, by which time the project must be completed and final products delivered.

(h) **Grand Marais Mountain Bike Trail Rehabilitation - Phase II**

$200,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Superior Cycling Association to rehabilitate and modify existing mountain bike trails at Pincushion Mountain to increase the trail's environmental sustainability and provide better access to beginner and adaptive cyclers.

(i) **Acquisition of State Parks and Trails Inholdings**

$5,425,000 the first year is from the trust fund to the commissioner of natural resources to acquire high-priority inholdings from willing sellers within the legislatively authorized boundaries of state parks, recreation areas, and trails to protect Minnesota's natural heritage, enhance outdoor recreation, and improve the efficiency of public land management. This appropriation is available until June 30, 2027, by which time the project must be completed and final products delivered.

(j) **St. Louis River Re-Connect - Phase II**

$1,375,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of Duluth to increase recreational opportunities and access to the Waabizheshikana hiking and water trails in West Duluth with trail and trailhead enhancements such as accessible canoe and kayak launches, picnic areas, and restrooms; restored habitat; stormwater improvements; directional signage, and trailside interpretation. This appropriation may also be used to partner with the St. Louis River Alliance to create an ambassadors program to engage the surrounding community and facilitate use of the trails.

(k) **City of Biwabik Recreation**

$1,306,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of Biwabik to reconstruct and renovate Biwabik Recreation Area's access road, parking area, and bathroom facilities.

(l) **Silver Bay Multimodal Trailhead Project**

$1,970,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of Silver Bay to develop a multimodal trailhead center to provide safe access to the Superior Hiking, Gitchi-Gami Bike, and C.J. Ramstad/North Shore trails; Black Beach Park; and other recreational destinations. Before any construction costs are incurred, the city must demonstrate that all funding to complete the project are secured.

(m) **Above the Falls Regional Park Restoration Planning and Acquisition**

$1,376,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Minneapolis Park and Recreation Board to acquire land along the Mississippi River from willing sellers for habitat restoration, trail development, and low-intensity recreational facilities in Above the Falls Regional Park. This appropriation may also be used to prepare restoration plans for lands acquired. This appropriation may not be used to purchase habitable residential structures. Before the acquisition, a phase 1 environmental assessment must be completed and the Minneapolis Park and Recreation Board must not accept any liability for previous contamination of lands acquired with this appropriation.

(n) **Redhead Mountain Bike Park**

$1,666,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of Chisholm as the fiscal agent for the Minnesota Discovery Center to enhance outdoor recreational opportunities by adding trails and amenities to the Redhead Mountain Bike Park in Chisholm. Amenities may include such things as pump tracks, skills courses, changing stations, shade shakes, and signage.

(o) **Maplewood State Park Trail Segment of the Perham to Pelican Rapids Regional Trail**

$2,514,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Otter Tail County to partner with the Department of Natural Resources to construct the Maplewood State Park segment of the Perham to Pelican Rapids Regional Trail. This project must be designed and constructed in accordance with Department of Natural Resources state trail standards. Engineering and construction plans must be approved by the commissioner of natural resources before construction may commence.

Subd. 10. **Administration, Emerging Issues, and Contract Agreement Reimbursement** 3,126,000 -0-

(a) **LCCMR Administrative Budget**

$2,133,000 the first year is from the trust fund to the Legislative-Citizen Commission on Minnesota Resources for

administration in fiscal years 2024 and 2025 as provided in Minnesota Statutes, section 116P.09, subdivision 5. This appropriation is available until June 30, 2025. Notwithstanding Minnesota Statutes, section 116P.11, paragraph (b), Minnesota Statutes, section 16A.281, applies to this appropriation.

(b) **Emerging Issues**

$767,000 the first year is from the trust fund to the Legislative-Citizen Commission on Minnesota Resources to an emerging issues account authorized in Minnesota Statutes, section 116P.08, subdivision 4, paragraph (d).

(c) **Contract Agreement Reimbursement**

$224,000 the first year is from the trust fund to the commissioner of natural resources, at the direction of the Legislative-Citizen Commission on Minnesota Resources, for expenses incurred in preparing and administering contracts, including for the agreements specified in this section.

(d) **Legislative Coordinating Commission Legacy Website**

$2,000 the first year is from the trust fund to the Legislative Coordinating Commission for the website required in Minnesota Statutes, section 3.303, subdivision 10.

Subd. 11. **Availability of Appropriations**

Money appropriated in this section may not be spent on activities unless they are directly related to and necessary for a specific appropriation and are specified in the work plan approved by the Legislative-Citizen Commission on Minnesota Resources. Money appropriated in this section must not be spent on indirect costs or other institutional overhead charges that are not directly related to and necessary for a specific appropriation. Costs that are directly related to and necessary for an appropriation, including financial services, human resources, information services, rent, and utilities, are eligible only if the costs can be clearly justified and individually documented specific to the appropriation's purpose and would not be generated by the recipient but for receipt of the appropriation. No broad allocations for costs in either dollars or percentages are allowed. Unless otherwise provided, the amounts in this section are available for three years beginning July 1, 2023, and ending June 30, 2026, when projects must be completed and final products delivered. For acquisition of real property, the appropriations in this section are available for an additional fiscal year if a binding contract for acquisition of the real property is entered into before the expiration date of the appropriation. If a project receives a federal award, the period of the appropriation is extended to equal the federal award period to a maximum trust fund appropriation length of six years.

Subd. 12. **Data Availability Requirements Data**

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

Subd. 13. **Project Requirements**

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

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

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

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

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

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

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

(1) be permanent;

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

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

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

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

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

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

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

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

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

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

(m) A recipient of an appropriation from the trust fund under this section that is receiving funding to conduct children's services, as defined in Minnesota Statutes, section 299C.61, subdivision 7, must certify to the Legislative-Citizen Commission on Minnesota Resources, as part of the required work plan, that criminal background checks for background check crimes, as defined in Minnesota Statutes, section 299C.61, subdivision 2, are performed on all employees, contractors, and volunteers that have or may have access to a child to whom the recipient provides children's services using the appropriation.

Subd. 14. **Payment Conditions and Capital Equipment Expenditures**

(a) All agreements, grants, or contracts referred to in this section must be administered on a reimbursement basis unless otherwise provided in this section. Notwithstanding Minnesota Statutes, section 16A.41, expenditures made on or after July 1, 2023, or the date the work plan is approved, whichever is later, are eligible for reimbursement unless otherwise provided in this section. Periodic payments must be made upon receiving documentation that the deliverable items articulated in the approved work plan have been achieved, including partial achievements as evidenced by approved progress reports. Reasonable amounts may be advanced to projects to accommodate cash-flow needs or match federal money. The advances must be approved as part of the work plan. No expenditures for capital equipment are allowed unless expressly authorized in the project work plan.

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

Subd. 15. **Purchasing Recycled and Recyclable Materials**

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

Subd. 16. **Energy Conservation and Sustainable Building Guidelines**

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

Subd. 17. **Accessibility**

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

Subd. 18. **Carryforward; Extensions**

The availability of the appropriations for the following projects is extended to June 30, 2024:

(1) Laws 2018, chapter 214, article 4, section 2, subdivision 6, paragraph (a), Minnesota Invasive Terrestrial Plants and Pests Center - Phase 4;

(2) Laws 2018, chapter 214, article 4, section 2, subdivision 8, paragraph (e), Restoring Forests in Minnesota State Parks;

(3) Laws 2019, First Special Session chapter 4, article 2, section 2, subdivision 3, paragraph (d), Minnesota Trumpeter Swan Migration Ecology and Conservation;

(4) Laws 2019, First Special Session chapter 4, article 2, section 2, subdivision 8, paragraph (g), Agricultural Weed Control Using Autonomous Mowers;

(5) Laws 2019, First Special Session chapter 4, article 2, section 2, subdivision 10, paragraph (d), Grants Management System; and

(6) Laws 2021, First Special Session chapter 6, article 5, section 2, subdivision 10, Emerging Issues Account; Wastewater Renewable Energy Demonstration Grants.

Subd. 19. **Repurpose**

The unencumbered amount, estimated to be $176,000, in Laws 2021, First Special Session chapter 6, article 6, section 2, subdivision 8, paragraph (f), Restoring Upland Forests for Birds, is for examining the impacts of neonicotinoid exposure on the reproduction and survival of Minnesota's game species, including deer and prairie chicken. This amount is in addition to the appropriation under article 1, section 3, subdivision 6, for these purposes and is available until June 30, 2027.

Sec. 3. Minnesota Statutes 2022, section 116P.05, subdivision 1, is amended to read:

Subdivision 1. **Membership.** (a) A Legislative-Citizen Commission on Minnesota Resources of ~~17~~ 19 members is created in the legislative branch, consisting of ~~the chairs of the house of representatives and senate committees on environment and natural resources finance or designees appointed for the terms of the chairs, four members of the senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration, and four members of the house of representatives appointed by the speaker~~ ten legislative members and nine citizen members.

~~(b) At least two members from the senate and two members from the house of representatives must be from the minority caucus. Members are entitled to reimbursement for per diem expenses plus travel expenses incurred in the services of the commission.~~

(b) The legislative members of the commission consist of:

(1) three members of the house of representatives appointed by the speaker of the house, including the chair of the environment and natural resources finance committee or the chair's designee;

(2) three members of the senate appointed by the senate majority leader, including the chair of the environment and natural resources finance committee or the chair's designee;

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

(4) two members of the senate appointed by the senate minority leader.

(c) ~~Seven citizens are~~ The citizen members of the commission~~, five~~ consist of:

(1) four members appointed by the governor~~, one~~;

(2) two members appointed by the ~~Senate Subcommittee on Committees of the Committee on Rules and Administration, and one~~ senate majority leader;

(3) two members appointed by the speaker of the house~~. The~~; and

(4) one member appointed by the governor as recommended by the Tribal government representatives of the Indian Affairs Council.

(d) A citizen ~~members are selected and recommended to the appointing authorities according to subdivision 1a and~~ member must:

(1) have experience or expertise in the science, policy, or practice of the protection, conservation, preservation, and enhancement of the state's air, water, land, fish, wildlife, and other natural resources;

(2) have strong knowledge in the state's environment and natural resource issues around the state; ~~and~~

(3) have demonstrated ability to work in a collaborative environment; and

(4) not be a registered lobbyist.

~~(d)~~ (e) Members ~~shall~~ must develop procedures to elect a chair that rotates between legislative and citizen members each meeting. A citizen member, a senate member, and a house of representatives member shall serve as chairs. The citizen members, senate members, and house of representatives members must select their respective chairs. The chair ~~shall~~ must preside and convene meetings as often as necessary to conduct duties prescribed by this chapter.

~~(e)~~ (f) Appointed legislative members ~~shall~~ serve on the commission for two-year terms, beginning in January of each odd-numbered year and continuing through the end of December of the next even-numbered year. Appointed citizen members ~~shall~~ serve four-year terms, beginning in January of the first year and continuing through the end of December of the final year. Citizen and legislative members continue to serve until their successors are appointed.

~~(f)~~ (g) A citizen member may be removed by an appointing authority for cause. Vacancies occurring on the commission ~~shall~~ do not affect the authority of the remaining members of the commission to carry out their duties, and vacancies ~~shall~~ must be filled for the remainder of the term in the same manner under paragraphs (a) to (c).

~~(g)~~ (h) Legislative members are entitled to reimbursement for per diem expenses plus travel expenses incurred in the services of the commission. Citizen members are entitled to per diem and reimbursement for expenses incurred in the services of the commission, as provided in section 15.059, subdivision 3, except that a citizen member may be compensated at the rate of up to $125 a day.

~~(h) The governor's appointments are subject to the advice and consent of the senate.~~

(i) A citizen member may serve no more than eight years, except as necessary to fill a vacancy. A citizen member may not serve more than ten years if serving additional time to fill a vacancy.

EFFECTIVE DATE. This section is effective January 1, 2026.

Sec. 4. Minnesota Statutes 2022, section 116P.05, subdivision 1a, is amended to read:

Subd. 1a. **Citizen selection committee.** (a) The governor ~~shall~~ must appoint a Trust Fund Citizen Selection Committee of five members who come from different regions of the state and who have knowledge and experience of state environment and natural resource issues to provide recommendations for appointments under subdivision 1, paragraph (c), clause (1).

(b) The duties of the Trust Fund Citizen Selection Committee ~~shall be~~ are to:

(1) identify citizen candidates to be members of the commission as part of the open appointments process under section 15.0597;

(2) request and review citizen candidate applications to be members of the commission; and

(3) interview the citizen candidates and recommend an adequate pool of candidates to be selected for commission membership by the governor~~, the senate, and the house of representatives~~.

(c) Members serve three-year terms and are entitled to ~~travel expenses incurred to fulfill their duties under this subdivision as provided in section 15.059, subdivision 6~~ per diem and reimbursement for expenses incurred in the services of the committee, as provided in section 15.059, subdivision 3, except that a citizen selection committee member may be compensated at the rate of up to $125 a day.

(d) A member appointed under this subdivision may not be a registered lobbyist.

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

Sec. 5. Minnesota Statutes 2022, section 116P.05, subdivision 2, is amended to read:

Subd. 2. **Duties.** (a) The commission ~~shall~~ must recommend an annual or biennial legislative bill for appropriations from the environment and natural resources trust fund and ~~shall~~ must adopt a strategic plan as provided in section 116P.08. Except as provided under section 116P.09, subdivision 6, paragraph (b), approval of the recommended legislative bill requires an affirmative vote of at least ~~12~~ 11 members of the commission.

(b) It is a condition of acceptance of the appropriations made from the Minnesota environment and natural resources trust fund, and oil overcharge money under section 4.071, subdivision 2, that the agency or entity receiving the appropriation must submit a work plan and annual or semiannual progress reports in the form determined by the Legislative-Citizen Commission on Minnesota Resources, and comply with applicable reporting requirements under section 116P.16. None of the money provided may be spent unless the commission has approved the pertinent work plan. Modifications to the approved work plan and budget expenditures ~~shall~~ must be made through the amendment process established by the commission. The commission ~~shall~~ must ensure that the expenditures and outcomes described in the work plan for appropriations funded by the environment and natural resources trust fund are met.

(c) The peer review procedures created under section 116P.08 must also be used to review, comment, and report to the commission on research proposals applying for an appropriation from the oil overcharge money under section 4.071, subdivision 2.

(d) The commission may adopt operating procedures to fulfill its duties under this chapter.

(e) As part of the operating procedures, the commission ~~shall~~ must:

(1) ensure that members' expectations are to participate in all meetings related to funding decision recommendations;

(2) recommend adequate funding for increased citizen outreach and communications for trust fund expenditure planning;

(3) allow administrative expenses as part of individual project expenditures based on need;

(4) provide for project outcome evaluation;

(5) keep the grant application, administration, and review process as simple as possible; and

(6) define and emphasize the leveraging of additional sources of money that project proposers should consider when making trust fund proposals.

EFFECTIVE DATE. This section is effective January 1, 2026.

Sec. 6. Minnesota Statutes 2022, section 116P.09, subdivision 6, is amended to read:

Subd. 6. **Conflict of interest.** (a) A commission member, a technical advisory committee member, a peer reviewer, or an employee of the commission may not participate in or vote on a decision of the commission, advisory committee, or peer review relating to an organization in which the member, peer reviewer, or employee has either a direct or indirect personal financial interest. While serving on the commission or technical advisory committee or as a peer reviewer or while an employee of the commission, a person ~~shall~~ must avoid any potential conflict of interest.

(b) A commission member may not vote on a motion regarding the final recommendations of the commission required under section 116P.05, subdivision 2, paragraph (a), if the motion relates to an organization in which the member has a direct personal financial interest. If a commission member is prohibited from voting under this paragraph, the number of affirmative votes required under section 116P.05, subdivision 2, paragraph (a), is reduced by the number of members ineligible to vote under this paragraph.

EFFECTIVE DATE. This section is effective January 1, 2026.

Sec. 7. Minnesota Statutes 2022, section 116P.11, is amended to read:

116P.11 AVAILABILITY OF FUNDS FOR DISBURSEMENT.

~~(a)~~ The amount annually available from the trust fund for the legislative bill developed by the commission is as defined in the Minnesota Constitution, article XI, section 14.

~~(b) Any appropriated funds not encumbered in the biennium in which they are appropriated cancel and must be credited to the principal of the trust fund.~~

Sec. 8. Minnesota Statutes 2022, section 116P.15, is amended to read:

116P.15 CAPITAL CONSTRUCTION AND LAND ACQUISITION; RESTRICTIONS.

Subdivision 1. **Scope.** A recipient of an appropriation from the trust fund or the Minnesota future resources fund who acquires an interest in real property with the appropriation must comply with ~~this section~~ subdivision 2. ~~For the purposes of this section, "interest in real property" includes, but is not limited to, an easement or fee title to property.~~ A recipient of an appropriation from the trust fund who uses any portion of the appropriation for a capital construction project with a total cost of $10,000 or more must comply with subdivision 3.

Subd. 2. **Land acquisition restrictions; modification procedure.** (a) An easement, fee title, or other interest in real property acquired with an appropriation from the trust fund or the Minnesota future resources fund must be used in perpetuity or for the specific term of an easement interest for the purpose for which the appropriation was made. The ownership of the interest in real property transfers to the state if: (1) the holder of the interest in real property fails to comply with the terms and conditions of the grant agreement or work plan; or (2) restrictions are placed on the land that preclude its use for the intended purpose as specified in the appropriation.

(b) A recipient of funding who acquires an interest in real property subject to this section may not alter the intended use of the interest in real property or convey any interest in the real property acquired with the appropriation without the prior review and approval of the commission or its successor. The commission shall notify the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over the trust fund or Minnesota future resources fund at least 15 business days before approval under this paragraph. The commission shall establish procedures to review requests from recipients to alter the use of or convey an interest in real property. These procedures shall allow for the replacement of the interest in real property with another interest in real property meeting the following criteria:

(1) the interest must be at least equal in fair market value, as certified by the commissioner of natural resources, to the interest being replaced; and

(2) the interest must be in a reasonably equivalent location, and have a reasonably equivalent useful conservation purpose compared to the interest being replaced, taking into consideration all effects from fragmentation of the whole habitat.

(c) A recipient of funding who acquires an interest in real property under paragraph (a) must separately record a notice of funding restrictions in the appropriate local government office where the conveyance of the interest in real property is filed. The notice of funding agreement must contain:

(1) a legal description of the interest in real property covered by the funding agreement;

(2) a reference to the underlying funding agreement;

(3) a reference to this section; and

(4) the following statement:

"This interest in real property shall be administered in accordance with the terms, conditions, and purposes of the grant agreement controlling the acquisition of the property. The interest in real property, or any portion of the interest in real property, shall not be sold, transferred, pledged, or otherwise disposed of or further encumbered without obtaining the prior written approval of the Legislative-Citizen Commission on Minnesota Resources or its successor. The ownership of the interest in real property transfers to the state if: (1) the holder of the interest in real property fails to comply with the terms and conditions of the grant agreement or work plan; or (2) restrictions are placed on the land that preclude its use for the intended purpose as specified in the appropriation."

Subd. 3. **Capital construction restrictions; modification procedure.** (a) A recipient of an appropriation from the trust fund who uses the appropriation to wholly or partially construct a building, trail, campground, or other capital asset may not alter the intended use of the capital asset or convey any interest in the capital asset for 25 years from the date the project is completed without the prior review and approval of the commission or its successor. The commission must notify the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over the trust fund at least 15 business days before approval under this paragraph. The commission must establish procedures to review requests from recipients to alter the use of or convey an interest in a capital asset under this paragraph. These procedures must require that:

(1) the sale price must be at least fair market value; and

(2) the trust fund must be repaid a portion of the sale price equal to the percentage of the total funding provided by the fund for constructing the capital asset.

(b) The commission or its successor may waive the requirements under paragraph (a), clauses (1) and (2), by recommendation to the legislature if the transfer allows for a continued use of the asset in a manner consistent with the original appropriation purpose or with the purposes of the trust fund.

(c) If both a capital asset and the real property on which the asset is located were wholly or partially purchased with an appropriation from the trust fund and the commission approves a request to alter the use of or convey an interest in the real property under subdivision 2, a separate approval under this subdivision to alter the use of the capital asset is not required.

(d) A recipient of an appropriation from the trust fund who uses the appropriation to wholly or partially construct a building, trail, campground, or other capital asset must separately record a notice of funding restrictions in the appropriate local government office. The notice of funding restrictions must contain:

(1) a legal description of the interest in real property covered by the funding agreement;

(2) a reference to the underlying funding agreement;

(3) a reference to this subdivision; and

(4) the following statement:

"This interest in real property must be administered in accordance with the terms, conditions, and purposes of the grant agreement controlling the improvement of the property. The interest in real property, or any portion of the interest in real property, must not be altered from its intended use or be sold, transferred, pledged, or otherwise disposed of or further encumbered without obtaining the prior written approval of the Legislative-Citizen Commission on Minnesota Resources or its successor."

EFFECTIVE DATE. This section is effective July 1, 2025, and applies to money appropriated on or after that date.

Sec. 9. Minnesota Statutes 2022, section 116P.16, is amended to read:

116P.16 REAL PROPERTY INTERESTS; REPORT.

(a) By December 1 each year, a recipient of an appropriation from the trust fund, that is used for the acquisition of an interest in real property, including, but not limited to, an easement or fee title, or for the construction of a building, trail, campground, or other capital asset with a total cost of $10,000 or more must submit annual reports on the status of the real property to the Legislative-Citizen Commission on Minnesota Resources or its successor in a form determined by the commission. The responsibility for reporting under this section may be transferred by the recipient of the appropriation to another person who holds the interest in the real property. To complete the transfer of reporting responsibility, the recipient of the appropriation must:

(1) inform the person to whom the responsibility is transferred of that person's reporting responsibility;

(2) inform the person to whom the responsibility is transferred of the property restrictions under section 116P.15; and

(3) provide written notice to the commission of the transfer of reporting responsibility, including contact information for the person to whom the responsibility is transferred.

(b) After the transfer, the person who holds the interest in the real property is responsible for reporting requirements under this section.

(c) The annual reporting requirements on the status of a building, trail, campground, or other capital asset with a total cost of $10,000 or more and that was constructed with an appropriation from the trust fund expire 25 years after the date the final progress report under section 116P.05, subdivision 2, paragraph (b), is approved.

EFFECTIVE DATE. This section is effective July 1, 2025, and applies to money appropriated on or after that date.

Sec. 10. Minnesota Statutes 2022, section 116P.18, is amended to read:

116P.18 LANDS IN PUBLIC DOMAIN.

Money appropriated from the trust fund must not be used to purchase any land in fee title or a permanent conservation easement if the land in question is fully or partially owned by the state or a political subdivision of the state or was acquired fully or partially with state money, unless:

(1) the purchase creates additional direct benefit to the protection, conservation, preservation, and enhancement of the state's air, water, land, fish, wildlife, and other natural resources; and

(2) the purchase is approved, prior to the acquisition, by an affirmative vote of at least ~~12~~ 11 members of the commission.

EFFECTIVE DATE. This section is effective January 1, 2026.

Sec. 11. **[116P.21] ADDITIONAL CAPITAL CONSTRUCTION PROJECT REQUIREMENTS.**

Subdivision 1. **Full funding.** If an appropriation from the trust fund for a capital construction project or project phase is not alone sufficient to complete the project or project phase and a commitment from sources other than the trust fund is required:

(1) the commitment must be in an amount that, when added to the appropriation from the trust fund, is sufficient to complete the project or project phase; and

(2) the agency administering the appropriation from the trust fund must not distribute the money until the commitment is determined to be sufficient. In determining the sufficiency of a commitment under this clause, the agency must apply the standards and principles applied by the commissioner of management and budget under section 16A.502.

Subd. 2. **Match.** A recipient of money appropriated from the trust fund for a capital construction project must provide a cash or in-kind match from nontrust fund sources of at least 50 percent of the total costs to complete the project or project phase.

Subd. 3. **Sustainable building guidelines.** The sustainable building guidelines established under sections 16B.325 and 216B.241, subdivision 9, apply to new buildings and major renovations funded from the trust fund. A recipient of money appropriated from the trust fund for a new building or major renovation must ensure that the project complies with the guidelines.

Subd. 4. **Applicability.** (a) Subdivisions 1, 2, and 3 do not apply to:

(1) a capital construction project with a total cost of less than $10,000; or

(2) a land acquisition project.

(b) If land is acquired with trust fund money for the purpose of capital construction, the land acquisition is not exempted under paragraph (a), clause (2).

Subd. 5. **Other capital construction statutes.** The following statutes also apply to recipients of appropriations from the trust fund: sections 16B.32; 16B.326; 16B.335, subdivisions 3 and 4; 16C.054; 16C.16; 16C.28; 16C.285; 138.40; 138.665; 138.666; 177.41 to 177.44; and 471.345.

EFFECTIVE DATE. This section is effective July 1, 2025, and applies to money appropriated on or after that date.

Sec. 12. Laws 2022, chapter 94, section 2, subdivision 5, is amended to read:

Subd. 5. **Environmental Education**	-0-	4,269,000

(a) Teacher Field School: Stewardship through Nature-Based Education

$500,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Hamline University to create an immersive, research-backed field school for teachers to use nature-based education to benefit student well-being and academic outcomes while increasing stewardship habits.

(b) Increasing K-12 Student Learning to Develop Environmental Awareness, Appreciation, and Interest

$1,602,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Osprey Wilds Environmental Learning Center to partner with Minnesota's five other accredited residential environmental learning centers to provide needs-based scholarships to ~~at least 25,000~~ K-12 students statewide for immersive multiday environmental learning experiences.

(c) Expanding Access to Wildlife Learning Bird by Bird

$276,000 the second year is from the trust fund to the commissioner of natural resources to engage young people from diverse communities in wildlife conservation through bird-watching in schools, outdoor leadership training, and participating in neighborhood bird walks.

(d) Engaging a Diverse Public in Environmental Stewardship

$300,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Great River Greening to increase participation in natural resources restoration efforts through volunteer, internship, and youth engagement activities that target diverse audiences more accurately reflecting local demographic and socioeconomic conditions in Minnesota.

(e) Bugs Below Zero: Engaging Citizens in Winter Research

$198,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to raise awareness about the winter life of bugs, inspire learning about stream food webs, and engage citizen scientists in research and environmental stewardship.

(f) ESTEP: Earth Science Teacher Education Project

$495,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the Minnesota Science Teachers Association to provide professional development for Minnesota science teachers in environmental and earth science to strengthen environmental education in schools.

(g) YES! Students Take Action to Complete Eco Projects

$199,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Prairie Woods Environmental Learning Center, in partnership with Ney Nature Center and Laurentian Environmental Center, to empower Minnesota youth to connect with natural resource experts, identify ecological challenges, and take action to complete innovative projects in their communities.

(h) Increasing Diversity in Environmental Careers

$500,000 the second year is from the trust fund to the commissioner of natural resources, in cooperation with Conservation Corps Minnesota and Iowa, to encourage a diversity of students to pursue careers in the environment and natural resources through internships, mentorships, and fellowships with the Department of Natural Resources, the Board of Water and Soil Resources, and the Pollution Control Agency.

(i) Diversity and Access to Wildlife-Related Opportunities

$199,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to broaden the state's conservation constituency by researching diverse communities' values about nature and wildlife experiences and identifying barriers to engagement.

Sec. 13. Laws 2022, chapter 94, section 2, subdivision 8, is amended to read:

Subd. 8. **Methods to Protect, Restore, and Enhance Land, Water, and Habitat**	-0-	11,294,000

(a) Minnesota's Volunteer Rare Plant Conservation Corps

$859,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota for the Minnesota Landscape Arboretum to partner with the Department of Natural Resources and the Minnesota Native Plant Society to establish and train a volunteer corps to survey, monitor, and bank seed from Minnesota's rare plant populations and enhance the effectiveness and efficiencies of conservation efforts.

(b) Conservation Corps Veterans Service Corps Program

$1,339,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Conservation Corps Minnesota to create a Veterans Service Corps program to accelerate natural resource restorations in Minnesota while providing workforce development opportunities for the state's veterans.

(c) Creating Seed Sources of Early-Blooming Plants for Pollinators

$200,000 the second year is from the trust fund to the commissioner of natural resources to establish new populations of early-season flowers by hand-harvesting and propagating species that are currently lacking in prairie restorations and that are essential to pollinator health. This appropriation is available until June 30, 2026, by which time the project must be completed and final products delivered.

(d) Hastings Lake Rebecca Park Area

$1,000,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the city of Hastings to develop an ecological-based master plan for Lake Rebecca Park and to enhance habitat quality and construct passive recreational facilities consistent with the master plan. No funds for implementation may be spent until the master plan is complete.

(e) Pollinator Plantings and the Redistribution of Soil Toxins

$610,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to map urban and suburban soil toxins of concern, such as heavy metals and microplastics, and to test whether pollinator plantings can redistribute these toxins in the soil of yards, parks, and community gardens and reduce exposure to humans and wildlife.

(f) PFAS Fungal-Wood Chip Filtering System

$189,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to identify, develop, and field-test various types of waste wood chips and fungi to sequester and degrade PFAS leachate from contaminated waste sites. This appropriation is subject to Minnesota Statutes, section 116P.10.

(g) Phytoremediation for Extracting Deicing Salt

$451,000 the second year is from the trust fund to the Board of Regents of the University of Minnesota to protect lands and waters from contamination by collaborating with the Department of Transportation to develop methods for using native plants to remediate roadside deicing salt.

(h) Mustinka River Fish and Wildlife Habitat Corridor Rehabilitation

$2,692,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the Bois de Sioux Watershed District to permanently rehabilitate a straightened reach of the Mustinka River to a naturally functioning stream channel and floodplain corridor for water, fish, and wildlife benefits.

(i) Bohemian Flats Savanna Restoration

$286,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Minneapolis Park and Recreation Board to restore an area of compacted urban turf within Bohemian Flats Park and adjacent to the Mississippi River to an oak savanna ecosystem.

(j) Watershed and Forest Restoration: What a Match!

$3,318,000 the second year is from the trust fund to the Board of Water and Soil Resources, in cooperation with soil and water conservation districts, the Mille Lacs Band of Ojibwe, and the Department of Natural Resources, to acquire interests in land and to accelerate tree planting on ~~privately-owned,~~ protected lands for water-quality protection and carbon sequestration. Notwithstanding subdivision 14, paragraph (e), this appropriation may be spent to reforest lands protected through long-term contracts as provided in the approved work plan.

(k) River Habitat Restoration and Recreation in Melrose

$350,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the city of Melrose to conduct habitat restoration and create fishing, canoeing, and camping opportunities along a segment of the Sauk River within the city of Melrose and to provide public education about stream restoration, fish habitat, and the importance of natural areas.

Sec. 14. Laws 2022, chapter 94, section 2, subdivision 9, is amended to read:

Subd. 9. **Habitat and Recreation** -0- 26,179,000

(a) Mesabi Trail: Wahlsten Road (CR 26) ~~to~~ toward Tower

$1,307,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the St. Louis and Lake Counties Regional Railroad Authority to acquire easements, engineer, and construct a segment of the Mesabi Trail beginning at the intersection of Wahlsten Road (CR 26) and Benson Road in Embarrass and extending ~~to~~ toward Tower.

(b) Environmental Learning Classroom with Trails

$82,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Mountain Iron-Buhl Public Schools to build an outdoor classroom pavilion, accessible trails, and a footbridge within the Mountain Iron-Buhl School Forest to conduct environmental education that cultivates a lasting conservation ethic.

(c) Local Parks, Trails, and Natural Areas Grant Programs

$3,560,000 the second year is from the trust fund to the commissioner of natural resources to solicit, rank, and fund competitive matching grants for local parks, trail connections, and natural and scenic areas under Minnesota Statutes, section 85.019. This appropriation is for local nature-based recreation, connections to regional and state natural areas, and recreation facilities and may not be used for athletic facilities such as sport fields, courts, and playgrounds.

(d) St. Louis River Re-Connect

$500,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the city of Duluth to expand recreational access along the St. Louis River and estuary by implementing the St. Louis River National Water Trail outreach plan, designing and constructing upgrades and extensions to the Waabizheshikana Trail, and installing interpretive features that describe the cultural and ecological significance of the area.

(e) Native Prairie Stewardship and Prairie Bank Easement Acquisition

$1,353,000 the second year is from the trust fund to the commissioner of natural resources to provide technical stewardship assistance to private landowners, restore and enhance native prairie

protected by easements in the native prairie bank, and acquire easements for the native prairie bank in accordance with Minnesota Statutes, section 84.96, including preparing initial baseline property assessments. Up to $60,000 of this appropriation may be deposited in the natural resources conservation easement stewardship account created under Minnesota Statutes, section 84.69, proportional to the number of easements acquired.

(f) Minnesota State Parks and State Trails Maintenance and Development

$1,600,000 the second year is from the trust fund to the commissioner of natural resources for maintenance and development at state parks, recreation areas, and trails to protect Minnesota's natural heritage, enhance outdoor recreation, and improve the efficiency of public land management.

(g) Minnesota State Trails Development

$7,387,000 the second year is from the trust fund to the commissioner of natural resources to expand recreational opportunities on Minnesota state trails by rehabilitating and enhancing existing state trails and replacing or repairing existing state trail bridges.

(h) SNA Habitat Restoration and Public Engagement

$5,000,000 the second year is from the trust fund to the commissioner of natural resources for the scientific and natural areas (SNA) program to restore and enhance exceptional habitat on SNAs and increase public involvement and outreach.

(i) The Missing Link: Gull Lake Trail, Fairview Township

$1,394,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with Fairview Township to complete the Gull Lake Trail by engineering and constructing the trail's final segment through Fairview Township in the Brainerd Lakes area.

(j) Silver Bay Multimodal Trailhead Project

$1,000,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the city of Silver Bay to develop a multimodal trailhead center to provide safe access to the Superior, Gitchi-Gami, and C.J. Ramstad/North Shore trails; Black Beach Park; and other recreational destinations.

(k) Brookston Campground, Boat Launch, and Outdoor Recreational Facility

$453,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the city of Brookston to build a campground, boat launch, and outdoor

recreation area on the banks of the St. Louis River in northeastern Minnesota. Before any trust fund dollars are spent, the city must demonstrate that all funds to complete the project are secured and a fiscal agent must be approved in the work plan.

(l) Silver Lake Trail Connection

$727,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the city of Virginia to design, engineer, and construct a multiuse trail that will connect Silver Lake Trail to a new Miners Entertainment and Convention Center and provide lighting on Bailey Lake Trail.

(m) Floodwood Campground Improvement Project

$816,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the city of Floodwood to upgrade the Floodwood Campground and connecting trails to provide high-quality nature and recreation experience for people of all ages.

(n) Ranier Safe Harbor/Transient Dock - Phase 2

$1,000,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the city of Ranier to construct a safe harbor and transient dock to accommodate watercraft of many sizes to improve public access for boat recreation on Rainy Lake. Before trust fund dollars are spent, a fiscal agent must be approved in the work plan. Before any trust fund dollars are spent, the city must demonstrate that all funds to complete the project are secured. Any revenue generated from selling products or assets developed or acquired with this appropriation must be repaid to the trust fund unless a plan is approved for reinvestment of income in the project as provided under Minnesota Statutes, section 116P.10.

Sec. 15. **INITIAL CITIZEN APPOINTMENTS AND FIRST MEETING.**

(a) Initial citizen appointments to the Legislative-Citizen Commission on Minnesota Resources as amended in this act must be made by February 1, 2026. The first meeting of the revised Legislative-Citizen Commission on Minnesota Resources must be convened by the chair or a designee of the Legislative Coordinating Commission by June 15, 2026. The Legislative-Citizen Commission on Minnesota Resources must select cochairs from its membership at its first meeting.

(b) Citizen members of the Legislative-Citizen Commission on Minnesota Resources must initially be appointed according to the following schedule of terms:

(1) two citizen members appointed by the governor for a term ending the first Monday in January 2028;

(2) three citizen members appointed by the governor, including the member from a federally recognized Tribe, for a term ending the first Monday in January 2030;

(3) one citizen member appointed by the senate majority leader for a term ending the first Monday in January 2028;

(4) one citizen member appointed by the senate majority leader for a term ending the first Monday in January 2030;

(5) one citizen member appointed by the speaker of the house for a term ending the first Monday in January 2028; and

(6) one citizen member appointed by the speaker of the house for a term ending the first Monday in January 2030.

(c) Notwithstanding the law in effect at the time of their appointment, the terms of all incumbent citizen members appointed before the effective date of this act are terminated effective January 1, 2026. An incumbent citizen member whose appointment is terminated by this paragraph may apply for reappointment as provided in this act.

EFFECTIVE DATE. This section is effective January 1, 2026.

Sec. 16. **APPROPRIATIONS GIVEN EFFECT ONCE.**

If an appropriation or transfer in this article is enacted more than once during the 2023 regular session, the appropriation or transfer must be given effect once.

Sec. 17. **EFFECTIVE DATE.**

Unless otherwise provided, this article is effective the day following final enactment.

ARTICLE 3
POLLUTION CONTROL

Section 1. Minnesota Statutes 2022, section 16A.151, subdivision 2, is amended to read:

Subd. 2. **Exceptions.** (a) If a state official litigates or settles a matter on behalf of specific injured persons or entities, this section does not prohibit distribution of money to the specific injured persons or entities on whose behalf the litigation or settlement efforts were initiated. If money recovered on behalf of injured persons or entities cannot reasonably be distributed to those persons or entities because they cannot readily be located or identified or because the cost of distributing the money would outweigh the benefit to the persons or entities, the money must be paid into the general fund.

(b) Money recovered on behalf of a fund in the state treasury other than the general fund may be deposited in that fund.

(c) This section does not prohibit a state official from distributing money to a person or entity other than the state in litigation or potential litigation in which the state is a defendant or potential defendant.

(d) State agencies may accept funds as directed by a federal court for any restitution or monetary penalty under United States Code, title 18, section 3663(a)(3), or United States Code, title 18, section 3663A(a)(3). Funds received must be deposited in a special revenue account and are appropriated to the commissioner of the agency for the purpose as directed by the federal court.

(e) Tobacco settlement revenues as defined in section 16A.98, subdivision 1, paragraph (t), may be deposited as provided in section 16A.98, subdivision 12.

(f) Any money received by the state resulting from a settlement agreement or an assurance of discontinuance entered into by the attorney general of the state, or a court order in litigation brought by the attorney general of the state, on behalf of the state or a state agency, related to alleged violations of consumer fraud laws in the marketing,

sale, or distribution of opioids in this state or other alleged illegal actions that contributed to the excessive use of opioids, must be deposited in the settlement account established in the opiate epidemic response fund under section 256.043, subdivision 1. This paragraph does not apply to attorney fees and costs awarded to the state or the Attorney General's Office, to contract attorneys hired by the state or Attorney General's Office, or to other state agency attorneys.

(g) Notwithstanding paragraph (f), if money is received from a settlement agreement or an assurance of discontinuance entered into by the attorney general of the state or a court order in litigation brought by the attorney general of the state on behalf of the state or a state agency against a consulting firm working for an opioid manufacturer or opioid wholesale drug distributor, the commissioner shall deposit any money received into the settlement account established within the opiate epidemic response fund under section 256.042, subdivision 1. Notwithstanding section 256.043, subdivision 3a, paragraph (a), any amount deposited into the settlement account in accordance with this paragraph shall be appropriated to the commissioner of human services to award as grants as specified by the opiate epidemic response advisory council in accordance with section 256.043, subdivision 3a, paragraph (d).

(h) If the Minnesota Pollution Control Agency, through litigation or settlement of a matter that could have resulted in litigation, recovers $250,000 or more in a civil penalty from violations of a permit issued by the agency, then 40 percent of the money recovered must be distributed to the community health board, as defined in section 145A.02, where the permitted facility is located. Within 30 days of a final court order in the litigation or the effective date of the settlement agreement, the commissioner of the Minnesota Pollution Control Agency must notify the applicable community health board that the litigation has concluded or a settlement has been reached. The commissioner must collect the money and transfer it to the applicable community health board. The community health board must meet directly with the residents potentially affected by the pollution that was the subject of the litigation or settlement to identify the residents' concerns and incorporate those concerns into a project that benefits the residents. The project must be implemented by the community health board and funded as directed in this paragraph. The community health board may recover the reasonable costs it incurs to administer this paragraph from the funds transferred to the board under this paragraph. This paragraph directs the transfer and use of money only and does not create a right of intervention in the litigation or settlement of the enforcement action for any person or entity. A supplemental environmental project funded as part of a settlement agreement is not part of a civil penalty and must not be included in calculating the amount of funds required to be distributed to a community health board under this paragraph. For the purposes of this paragraph, "supplemental environmental project" means a project that benefits the environment or public health that a regulated facility agrees to undertake, though not legally required to do so, as part of a settlement with respect to an enforcement action taken by the Minnesota Pollution Control Agency to resolve noncompliance.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all litigation actions or settlements from which the Minnesota Pollution Control Agency recovers $250,000 or more on or after that date.

Sec. 2. Minnesota Statutes 2022, section 115.01, is amended by adding a subdivision to read:

Subd. 8a. **Microplastics.** "Microplastics" means particles of plastic less than 500 micrometers in size.

Sec. 3. Minnesota Statutes 2022, section 115.01, is amended by adding a subdivision to read:

Subd. 8b. **Nanoplastics.** "Nanoplastics" means plastic particles less than or equal to 100 nanometers in size.

Sec. 4. Minnesota Statutes 2022, section 115.01, is amended by adding a subdivision to read:

Subd. 10a. **Plastic.** "Plastic" means a synthetic material made from linking monomers through a chemical reaction to create a polymer chain that can be molded or extruded at high heat into various solid forms that retain their defined shapes during their life cycle and after disposal. Plastic does not mean natural polymers that have not been chemically modified.

Sec. 5. Minnesota Statutes 2022, section 115.03, subdivision 1, is amended to read:

Subdivision 1. **Generally.** (a) The ~~agency~~ commissioner is ~~hereby~~ given and charged with the following powers and duties:

~~(a)~~ (1) to administer and enforce all laws relating to the pollution of any of the waters of the state;

~~(b)~~ (2) to investigate the extent, character, and effect of the pollution of the waters of this state and to gather data and information necessary or desirable in the administration or enforcement of pollution laws, and to make such classification of the waters of the state as it may deem advisable;

~~(c)~~ (3) to establish and alter such reasonable pollution standards for any waters of the state in relation to the public use to which they are or may be put as it shall deem necessary for the purposes of this chapter and, with respect to the pollution of waters of the state, chapter 116;

~~(d)~~ (4) to encourage waste treatment, including advanced waste treatment, instead of stream low-flow augmentation for dilution purposes to control and prevent pollution;

~~(e)~~ (5) to adopt, issue, reissue, modify, deny, or revoke, enter into or enforce reasonable orders, permits, variances, standards, rules, schedules of compliance, and stipulation agreements, under such conditions as it may prescribe, in order to prevent, control or abate water pollution, or for the installation or operation of disposal systems or parts thereof, or for other equipment and facilities:

~~(1)~~ (i) requiring the discontinuance of the discharge of sewage, industrial waste or other wastes into any waters of the state resulting in pollution in excess of the applicable pollution standard established under this chapter;

~~(2)~~ (ii) prohibiting or directing the abatement of any discharge of sewage, industrial waste, or other wastes, into any waters of the state or the deposit thereof or the discharge into any municipal disposal system where the same is likely to get into any waters of the state in violation of this chapter and, with respect to the pollution of waters of the state, chapter 116, or standards or rules promulgated or permits issued pursuant thereto, and specifying the schedule of compliance within which such prohibition or abatement must be accomplished;

~~(3)~~ (iii) prohibiting the storage of any liquid or solid substance or other pollutant in a manner which does not reasonably assure proper retention against entry into any waters of the state that would be likely to pollute any waters of the state;

~~(4)~~ (iv) requiring the construction, installation, maintenance, and operation by any person of any disposal system or any part thereof, or other equipment and facilities, or the reconstruction, alteration, or enlargement of its existing disposal system or any part thereof, or the adoption of other remedial measures to prevent, control or abate any discharge or deposit of sewage, industrial waste or other wastes by any person;

~~(5)~~ (v) establishing, and from time to time revising, standards of performance for new sources taking into consideration, among other things, classes, types, sizes, and categories of sources, processes, pollution control technology, cost of achieving such effluent reduction, and any nonwater quality environmental impact and energy requirements. Said standards of performance for new sources shall encompass those standards for the control of the discharge of pollutants which reflect the greatest degree of effluent reduction which the agency determines to be achievable through application of the best available demonstrated control technology, processes, operating methods, or other alternatives, including, where practicable, a standard permitting no discharge of pollutants. New sources shall encompass buildings, structures, facilities, or installations from which there is or may be the discharge of pollutants, the construction of which is commenced after the publication by the agency of proposed rules prescribing a standard of performance which will be applicable to such source. Notwithstanding any other provision of the law

of this state, any point source the construction of which is commenced after May 20, 1973, and which is so constructed as to meet all applicable standards of performance for new sources shall, consistent with and subject to the provisions of section 306(d) of the Amendments of 1972 to the Federal Water Pollution Control Act, not be subject to any more stringent standard of performance for new sources during a ten-year period beginning on the date of completion of such construction or during the period of depreciation or amortization of such facility for the purposes of section 167 or 169, or both, of the Federal Internal Revenue Code of 1954, whichever period ends first. Construction shall encompass any placement, assembly, or installation of facilities or equipment, including contractual obligations to purchase such facilities or equipment, at the premises where such equipment will be used, including preparation work at such premises;

~~(6)~~ (vi) establishing and revising pretreatment standards to prevent or abate the discharge of any pollutant into any publicly owned disposal system, which pollutant interferes with, passes through, or otherwise is incompatible with such disposal system;

~~(7)~~ (vii) requiring the owner or operator of any disposal system or any point source to establish and maintain such records, make such reports, install, use, and maintain such monitoring equipment or methods, including where appropriate biological monitoring methods, sample such effluents in accordance with such methods, at such locations, at such intervals, and in such a manner as the agency shall prescribe, and providing such other information as the agency may reasonably require;

~~(8)~~ (viii) notwithstanding any other provision of this chapter, and with respect to the pollution of waters of the state, chapter 116, requiring the achievement of more stringent limitations than otherwise imposed by effluent limitations in order to meet any applicable water quality standard by establishing new effluent limitations, based upon section 115.01, subdivision 13, clause (b), including alternative effluent control strategies for any point source or group of point sources to insure the integrity of water quality classifications, whenever the agency determines that discharges of pollutants from such point source or sources, with the application of effluent limitations required to comply with any standard of best available technology, would interfere with the attainment or maintenance of the water quality classification in a specific portion of the waters of the state. Prior to establishment of any such effluent limitation, the agency shall hold a public hearing to determine the relationship of the economic and social costs of achieving such limitation or limitations, including any economic or social dislocation in the affected community or communities, to the social and economic benefits to be obtained and to determine whether or not such effluent limitation can be implemented with available technology or other alternative control strategies. If a person affected by such limitation demonstrates at such hearing that, whether or not such technology or other alternative control strategies are available, there is no reasonable relationship between the economic and social costs and the benefits to be obtained, such limitation shall not become effective and shall be adjusted as it applies to such person;

~~(9)~~ (ix) modifying, in its discretion, any requirement or limitation based upon best available technology with respect to any point source for which a permit application is filed after July 1, 1977, upon a showing by the owner or operator of such point source satisfactory to the agency that such modified requirements will represent the maximum use of technology within the economic capability of the owner or operator and will result in reasonable further progress toward the elimination of the discharge of pollutants; and

~~(10)~~ (x) requiring that applicants for wastewater discharge permits evaluate in their applications the potential reuses of the discharged wastewater;

~~(f)~~ (6) to require to be submitted and to approve plans and specifications for disposal systems or point sources, or any part thereof and to inspect the construction thereof for compliance with the approved plans and specifications thereof;

~~(g)~~ (7) to prescribe and alter rules, not inconsistent with law, for the conduct of the agency and other matters within the scope of the powers granted to and imposed upon it by this chapter and, with respect to pollution of waters of the state, in chapter 116, provided that every rule affecting any other department or agency of the state or any person other than a member or employee of the agency shall be filed with the secretary of state;

~~(h)~~ (8) to conduct such investigations, issue such notices, public and otherwise, and hold such hearings as are necessary or which it may deem advisable for the discharge of its duties under this chapter and, with respect to the pollution of waters of the state, under chapter 116, including, but not limited to, the issuance of permits, and to authorize any member, employee, or agent appointed by it to conduct such investigations or, issue such notices and hold such hearings;

~~(i)~~ (9) for the purpose of water pollution control planning by the state and pursuant to the Federal Water Pollution Control Act, as amended, to establish and revise planning areas, adopt plans and programs and continuing planning processes, including, but not limited to, basin plans and areawide waste treatment management plans, and to provide for the implementation of any such plans by means of, including, but not limited to, standards, plan elements, procedures for revision, intergovernmental cooperation, residual treatment process waste controls, and needs inventory and ranking for construction of disposal systems;

~~(j)~~ (10) to train water pollution control personnel~~,~~ and charge ~~such~~ training fees ~~therefor~~ as are necessary to cover the agency's costs. All such fees received ~~shall~~ must be paid into the state treasury and credited to the Pollution Control Agency training account;

(11) to provide chloride reduction training and charge training fees as necessary to cover the agency's costs. All training fees received must be paid into the state treasury and credited to the Pollution Control Agency training account;

~~(k)~~ (12) to impose as additional conditions in permits to publicly owned disposal systems appropriate measures to insure compliance by industrial and other users with any pretreatment standard, including, but not limited to, those related to toxic pollutants, and any system of user charges ratably as is hereby required under state law or said Federal Water Pollution Control Act, as amended, or any regulations or guidelines promulgated thereunder;

~~(l)~~ (13) to set a period not to exceed five years for the duration of any national pollutant discharge elimination system permit or not to exceed ten years for any permit issued as a state disposal system permit only;

~~(m)~~ (14) to require each governmental subdivision identified as a permittee for a wastewater treatment works to evaluate in every odd-numbered year the condition of its existing system and identify future capital improvements that will be needed to attain or maintain compliance with a national pollutant discharge elimination system or state disposal system permit; and

~~(n)~~ (15) to train subsurface sewage treatment system personnel, including persons who design, construct, install, inspect, service, and operate subsurface sewage treatment systems, and charge fees as necessary to pay the agency's costs. All fees received must be paid into the state treasury and credited to the agency's training account. Money in the account is appropriated to the agency to pay expenses related to training.

(b) The information required in paragraph (a), clause ~~(m)~~ (14), must be submitted in every odd-numbered year to the commissioner on a form provided by the commissioner. The commissioner shall provide technical assistance if requested by the governmental subdivision.

(c) The powers and duties given the agency in this subdivision also apply to permits issued under chapter 114C.

Sec. 6. Minnesota Statutes 2022, section 115.03, is amended by adding a subdivision to read:

Subd. 12. **Biofuel plants.** A national pollutant discharge elimination system or state disposal system permit issued by the agency to an ethanol plant, as defined in section 41A.09, subdivision 2a; a biodiesel plant; or an advanced biofuel plant must, as a condition of the permit, require the monitoring of wastewater for the presence of neonicotinoid pesticides and perfluoroalkyl or polyfluoroalkyl substances. The permittee's monitoring system must be capable of providing a permanent record of monitoring results which the permittee must make available upon request of the commissioner or any person. The commissioner must periodically inspect a permittee's monitoring system to verify accuracy.

Sec. 7. Minnesota Statutes 2022, section 115.061, is amended to read:

115.061 DUTY TO NOTIFY; AVOIDING WATER POLLUTION.

(a) Except as provided in paragraph (b), it is the duty of every person to notify the agency immediately of the discharge, accidental or otherwise, of any substance or material under its control which, if not recovered, may cause pollution of waters of the state, and the responsible person shall recover as rapidly and as thoroughly as possible such substance or material and take immediately such other action as may be reasonably possible to minimize or abate pollution of waters of the state caused thereby.

(b) Notification is not required under paragraph (a) for a discharge of five gallons or less of petroleum, as defined in section 115C.02, subdivision 10. This paragraph does not affect the other requirements of paragraph (a).

(c) Promptly after notifying the agency of a discharge under paragraph (a), a publicly owned treatment works or a publicly or privately owned domestic sewer system owner must provide notice to the potentially impacted public and to any downstream drinking water facility that may be impacted by the discharge. Notice to the public and to any drinking water facility must be made using the most efficient communications system available to the facility owner such as in person, telephone call, radio, social media, web page, or another expedited form. In addition, signage must be posted at all impacted public use areas within the same jurisdiction or notification must be provided to the entity that has jurisdiction over any impacted public use areas. A notice under this paragraph must include the date and time of the discharge, a description of the material released, a warning of the potential public health risk, and the permittee's contact information.

(d) The agency must provide guidance that includes but is not limited to methods and protocols for providing timely notice under this section.

Sec. 8. Minnesota Statutes 2022, section 115A.03, is amended by adding a subdivision to read:

Subd. 37a. **Waste treated seed.** "Waste treated seed" means seed that is treated, as defined in section 21.81, subdivision 28, and that is withdrawn from sale or that the end user considers unusable or otherwise a waste.

Sec. 9. Minnesota Statutes 2022, section 115A.1415, is amended to read:

115A.1415 ARCHITECTURAL PAINT; PRODUCT STEWARDSHIP PROGRAM; STEWARDSHIP PLAN.

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

(1) "architectural paint" means interior and exterior architectural coatings sold in containers of five gallons or less. Architectural paint does not include industrial coatings, original equipment coatings, or specialty coatings;

(2) "brand" means a name, symbol, word, or mark that identifies architectural paint, rather than its components, and attributes the paint to the owner or licensee of the brand as the producer;

(3) "discarded paint" means architectural paint that is no longer used for its manufactured purpose;

(4) "producer" means a person that:

(i) has legal ownership of the brand, brand name, or cobrand of architectural paint sold in the state;

(ii) imports architectural paint branded by a producer that meets item (i) when the producer has no physical presence in the United States;

(iii) if items (i) and (ii) do not apply, makes unbranded architectural paint that is sold in the state; or

(iv) sells architectural paint at wholesale or retail, does not have legal ownership of the brand, and elects to fulfill the responsibilities of the producer for the architectural paint by certifying that election in writing to the commissioner;

(5) "recycling" means the process of collecting and preparing recyclable materials and reusing the materials in their original form or using them in manufacturing processes that do not cause the destruction of recyclable materials in a manner that precludes further use;

(6) "retailer" means any person who offers architectural paint for sale at retail in the state;

(7) "reuse" means donating or selling collected architectural paint back into the market for its original intended use, when the architectural paint retains its original purpose and performance characteristics;

(8) "sale" or "sell" means transfer of title of architectural paint for consideration, including a remote sale conducted through a sales outlet, catalog, website, or similar electronic means. Sale or sell includes a lease through which architectural paint is provided to a consumer by a producer, wholesaler, or retailer;

(9) "stewardship assessment" means the amount added to the purchase price of architectural paint sold in the state ~~that is necessary to cover the cost of collecting, transporting, and processing postconsumer architectural paint by the producer or stewardship organization pursuant to a product stewardship program~~ to implement a product stewardship program according to an approved stewardship plan;

(10) "stewardship organization" means an organization appointed by one or more producers to act as an agent on behalf of the producer to design, submit, and administer a product stewardship program under this section; and

(11) "stewardship plan" means a detailed plan describing the manner in which a product stewardship program under subdivision 2 will be implemented.

Subd. 2. **Product stewardship program.** For architectural paint sold in the state, producers must, individually or through a stewardship organization, implement and finance a statewide product stewardship program that manages the architectural paint by reducing the paint's waste generation, promoting its reuse and recycling, and providing for negotiation and execution of agreements to collect, transport, and process the architectural paint for end-of-life recycling and reuse.

Subd. 3. **Participation required to sell.** (a) ~~On and after July 1, 2014, or three months after program plan approval, whichever is sooner,~~ No producer, wholesaler, or retailer may sell or offer for sale in the state architectural paint unless the paint's producer participates in an approved stewardship plan, either individually or through a stewardship organization.

(b) Each producer must operate a product stewardship program approved by the ~~agency~~ commissioner or enter into an agreement with a stewardship organization to operate, on the producer's behalf, a product stewardship program approved by the ~~agency~~ commissioner.

Subd. 4. **Stewardship plan required.** (a) ~~On or before March 1, 2014, and~~ Before offering architectural paint for sale in the state, a producer must submit a stewardship plan to the ~~agency~~ commissioner and receive approval of the plan or must submit documentation to the ~~agency~~ commissioner that demonstrates the producer has entered into an agreement with a stewardship organization to be an active participant in an approved product stewardship program as described in subdivision 2. A stewardship plan must include all elements required under subdivision 5.

(b) ~~An~~ A proposed amendment to the plan, if determined necessary by the commissioner, must be submitted to the commissioner for review and approval or rejection every five years.

(c) ~~It is the responsibility of~~ The entities responsible for each stewardship plan ~~to~~ must notify the ~~agency~~ commissioner within 30 days of any significant proposed changes ~~or modifications~~ to the plan or its implementation. Within 30 days of the notification, a written proposed plan ~~revision~~ amendment must be submitted to the ~~agency~~ commissioner for review and approval or rejection.

Subd. 5. **Plan content.** A stewardship plan must contain:

(1) certification that the product stewardship program will accept all discarded paint regardless of which producer produced the architectural paint and its individual components;

(2) contact information for the individual and the entity submitting the stewardship plan, a list of all producers participating in the product stewardship program, and the brands covered by the product stewardship program;

(3) a description of the methods by which the discarded paint will be collected in all areas in the state without relying on end-of-life fees, including an explanation of how the collection system will be convenient and adequate to serve the needs of small businesses and residents in both urban and rural areas on an ongoing basis and a discussion of how the existing household hazardous waste infrastructure will be considered when selecting collection sites;

(4) a description of how the adequacy of the collection program will be monitored and maintained;

(5) the names and locations of collectors, transporters, and recyclers that will manage discarded paint;

(6) a description of how the discarded paint and the paint's components will be safely and securely transported, tracked, and handled from collection through final recycling and processing;

(7) a description of the method that will be used to reuse, deconstruct, or recycle the discarded paint to ensure that the paint's components, to the extent feasible, are transformed or remanufactured into finished products for use;

(8) a description of the promotion and outreach activities that will be used to encourage participation in the collection and recycling programs and how the activities' effectiveness will be evaluated and the program modified, if necessary;

(9) the proposed stewardship assessment~~. The producer or stewardship organization shall propose a uniform stewardship assessment for any architectural paint sold in the state. The proposed stewardship assessment shall be reviewed by an independent auditor to ensure that the assessment does not exceed the costs of the product stewardship program and the independent auditor shall recommend an amount for the stewardship assessment. The agency must approve the stewardship assessment~~ established according to subdivision 5a;

(10) evidence of adequate insurance and financial assurance that may be required for collection, handling, and disposal operations;

(11) five-year performance goals, including an estimate of the percentage of discarded paint that will be collected, reused, and recycled during each of the first five years of the stewardship plan. The performance goals must include a specific goal for the amount of discarded paint that will be collected and recycled and reused during each year of the plan. The performance goals must be based on:

(i) the most recent collection data available for the state;

(ii) the estimated amount of architectural paint disposed of annually;

(iii) the weight of the architectural paint that is expected to be available for collection annually; and

(iv) actual collection data from other existing stewardship programs.

The stewardship plan must state the methodology used to determine these goals; and

(12) a discussion of the status of end markets for collected architectural paint and what, if any, additional end markets are needed to improve the functioning of the program.

Subd. 5a. **Stewardship assessment.** The producer or stewardship organization must propose a uniform stewardship assessment for any architectural paint sold in the state that covers but does not exceed the costs of developing the stewardship plan, operating and administering the program in accordance with the stewardship plan and the requirements of this section, and maintaining a financial reserve. A stewardship organization or producer must not maintain a financial reserve in excess of 75 percent of the organization's annual operating expenses. The producer or stewardship organization must retain an independent auditor to review the proposed stewardship assessment to ensure that the assessment meets the requirements of this section. The independent auditor must recommend an amount for the stewardship assessment. If the financial reserve exceeds 75 percent of the producer or stewardship organization's annual operating expenses, the producer or stewardship organization must submit a proposed plan amendment according to subdivision 4, paragraph (c), to comply with this subdivision. The commissioner must review and approve or reject the stewardship assessment according to subdivision 7.

Subd. 6. **Consultation required.** Each stewardship organization or individual producer submitting a stewardship plan or plan amendment must consult with stakeholders including retailers, contractors, collectors, recyclers, local government, and customers during the development of the plan or plan amendment.

Subd. 7. ~~**Agency**~~ **Commissioner review and approval.** (a) Within 90 days after ~~receipt of~~ receiving a proposed stewardship plan, the ~~agency shall~~ commissioner must determine whether the plan complies with ~~subdivision 4~~ this section. If the ~~agency~~ commissioner approves a plan, the ~~agency shall~~ commissioner must notify the applicant of the plan approval in writing. If the ~~agency~~ commissioner rejects a plan, the ~~agency shall~~ commissioner must notify the applicant in writing of the reasons for rejecting the plan.

(b) An applicant whose plan is rejected by the ~~agency~~ commissioner must submit a revised stewardship plan to the ~~agency~~ commissioner within 60 days after receiving notice of rejection. A stewardship organization may submit a revised stewardship plan to the commissioner on not more than two consecutive occasions. If, after the second consecutive submission, the commissioner determines that the revised stewardship plan still does not meet the requirements of this section, the commissioner must modify the stewardship plan as necessary to meet the requirements of this section and approve the stewardship plan.

~~(b)~~ (c) Any proposed ~~changes~~ amendment to a stewardship plan must be reviewed and approved or rejected by the ~~agency~~ commissioner in writing according to this subdivision.

Subd. 8. **Plan availability.** All ~~draft~~ proposed stewardship plans and amendments and approved stewardship plans ~~shall~~ and amendments must be placed on the agency's website for at least 30 days and made available at the agency's headquarters for public review and comment.

Subd. 9. **Conduct authorized.** A producer or stewardship organization that organizes collection, transport, and processing of architectural paint under this section is immune from liability for the conduct under state laws relating to antitrust, restraint of trade, unfair trade practices, and other regulation of trade or commerce only to the extent that the conduct is necessary to plan and implement the producer's or organization's chosen organized collection or recycling system.

Subd. 10. **Producer responsibilities.** (a) On and after the date of implementation of a product stewardship program according to this section, a producer of architectural paint must add the stewardship assessment, as established under subdivision ~~5, clause (9)~~ 5a, to the cost of architectural paint sold to retailers and distributors in the state by the producer.

(b) Producers of architectural paint or the stewardship organization ~~shall~~ must provide consumers with educational materials regarding the stewardship assessment and product stewardship program. The materials must include, but are not limited to, information regarding available end-of-life management options for architectural paint offered through the product stewardship program and information that notifies consumers that a charge for the operation of the product stewardship program is included in the purchase price of architectural paint sold in the state.

Subd. 11. **Retailer responsibilities.** (a) ~~On and after July 1, 2014, or three months after program plan approval, whichever is sooner,~~ No architectural paint may be sold in the state unless the paint's producer is participating in an approved stewardship plan.

(b) On and after the implementation date of a product stewardship program according to this section, each retailer or distributor, as applicable, must ensure that the full amount of the stewardship assessment added to the cost of architectural paint by producers under subdivision 10 is included in the purchase price of all architectural paint sold in the state.

(c) Any retailer may participate, on a voluntary basis, as a designated collection point pursuant to a product stewardship program under this section and in accordance with applicable law.

(d) No retailer or distributor shall be found to be in violation of this subdivision if, on the date the architectural paint was ordered from the producer or its agent, the producer was listed as compliant on the agency's website according to subdivision 14.

Subd. 12. **Stewardship reports.** ~~Beginning October 1, 2015,~~ By April 1 each year, producers of architectural paint sold in the state must individually or through a stewardship organization submit an annual report to the ~~agency~~ commissioner describing the product stewardship program for the preceding calendar year. At a minimum, the report must contain:

(1) a description of the methods used to collect, transport, and process architectural paint in all regions of the state;

(2) the weight of all architectural paint collected in all regions of the state and a comparison to the performance goals and recycling rates established in the stewardship plan;

(3) the amount of unwanted architectural paint collected in the state by method of disposition, including reuse, recycling, and other methods of processing;

(4) samples of educational materials provided to consumers and an evaluation of the effectiveness of the materials and the methods used to disseminate the materials; and

(5) an independent financial audit.

Subd. 13. **Data classification.** Trade secret and sales information, as defined under section 13.37, submitted to the ~~agency~~ commissioner under this section are private or nonpublic data under section 13.37.

Subd. 14. **~~Agency~~ Commissioner responsibilities.** The ~~agency shall~~ commissioner must provide, on ~~its~~ the agency's website, a list of all compliant producers and brands participating in stewardship plans that the ~~agency~~ commissioner has approved and a list of all producers and brands the ~~agency~~ commissioner has identified as noncompliant with this section.

Subd. 15. **Local government responsibilities.** (a) A city, county, or other public agency may choose to participate voluntarily in a product stewardship program.

(b) Cities, counties, and other public agencies are encouraged to work with producers and stewardship organizations to assist in meeting product stewardship program reuse and recycling obligations, by providing education and outreach or using other strategies.

(c) A city, county, or other public agency that participates in a product stewardship program must report for the first year of the program to the ~~agency~~ commissioner using the reporting form provided by the ~~agency~~ commissioner on the cost savings as a result of participation and must describe how the savings were used.

Subd. 16. **Administrative fee.** (a) The stewardship organization or individual producer submitting a stewardship plan ~~shall~~ must pay an annual administrative fee to the commissioner. The ~~agency~~ commissioner may establish a variable fee based on relevant factors, including~~,~~ but not limited to~~,~~ the portion of architectural paint sold in the state by members of the organization compared to the total amount of architectural paint sold in the state by all organizations submitting a stewardship plan.

(b) ~~Prior to July 1, 2014, and~~ Before July 1 ~~annually thereafter~~ each year, the ~~agency shall~~ commissioner must identify the costs ~~it~~ the agency incurs under this section. The ~~agency shall~~ commissioner must set the fee at an amount that, when paid by every stewardship organization or individual producer that submits a stewardship plan, is adequate to reimburse the agency's full costs of administering this section. The total amount of annual fees collected under this subdivision must not exceed the amount necessary to reimburse costs incurred by the agency to administer this section.

(c) A stewardship organization or individual producer subject to this subdivision must pay the ~~agency's~~ commissioner's administrative fee under paragraph (a) on or before July 1~~, 2014, and annually thereafter~~ each year. Each year after the initial payment, the annual administrative fee may not exceed five percent of the aggregate stewardship assessment added to the cost of all architectural paint sold by producers in the state for the preceding calendar year.

(d) All fees received under this section ~~shall~~ must be deposited in the state treasury and credited to a product stewardship account in the special revenue fund. ~~For fiscal years 2014, 2015, 2016, and 2017,~~ The amount collected under this section is annually appropriated to the ~~agency~~ commissioner to implement and enforce this section.

Subd. 17. **Duty to provide information.** Upon request of the commissioner for purposes of determining compliance with this section, a person must furnish to the commissioner any information that the person has or may reasonably obtain.

Sec. 10. Minnesota Statutes 2022, section 115A.565, subdivision 1, is amended to read:

Subdivision 1. **Grant program established.** The commissioner must make competitive grants to political subdivisions or federally recognized Tribes ~~to establish curbside recycling or composting, increase~~ for waste reduction, reuse, recycling ~~or~~, and composting~~, reduce the amount of recyclable materials entering disposal facilities, or reduce the costs associated with hauling waste by locating collection sites as close as possible to the site where the waste is generated~~ of source-separated compostable materials or yard waste. To be eligible for grants under this section, a political subdivision or federally recognized Tribe must be located outside the seven-county metropolitan area and a city must have a population of less than 45,000.

Sec. 11. Minnesota Statutes 2022, section 115A.565, subdivision 3, is amended to read:

Subd. 3. **Priorities; eligible projects.** (a) If applications for grants exceed the available appropriations, grants must be made for projects that, in the commissioner's judgment, provide the highest return in public benefits.

(b) To be eligible to receive a grant, a project must:

(1) be locally administered;

(2) have an educational component and measurable outcomes;

(3) request $250,000 or less;

(4) demonstrate local direct and indirect matching support of at least a quarter amount of the grant request; ~~and~~

(5) include at least one of the following elements:

~~(i) transition to residential recycling through curbside or centrally located collection sites;~~

~~(ii) development of local recycling systems to support curbside recycling; or~~

~~(iii) development or expansion of local recycling systems to support recycling bulk materials, including, but not limited to, electronic waste.~~

(i) waste reduction;

(ii) reuse;

(iii) recycling; or

(iv) composting of source-separated compostable materials or yard waste; and

(6) demonstrate that the project will reduce waste generation through waste reduction or reuse or that the project will increase the amount of recyclable materials or source-separated compostable materials diverted from a disposal facility.

Sec. 12. **[115A.566] ZERO-WASTE GRANT PROGRAM.**

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

(b) "Compost" means a product that:

(1) is manufactured through the controlled aerobic, biological decomposition of biodegradable materials; and

(2) has undergone mesophilic and thermophilic temperatures, which significantly reduces the viability of pathogens and weed seeds and stabilizes the carbon such that it is beneficial to plant growth.

(c) "Composting" means the controlled microbial degradation of organic waste to yield a humus-like product.

(d) "Electronics" means any product that is powered by electricity but does not include industrial machinery or lead-acid batteries.

(e) "Eligible entity" means:

(1) a small business, as defined in section 645.445;

(2) an organization that is exempt from taxes under section 501(c)(3) of the Internal Revenue Code; or

(3) a Minnesota city, county, public school district, town, or Tribal government.

(f) "Embodied energy" means energy that was used to create a product or material.

(g) "Environmental justice area" means one or more census tracts in Minnesota:

(1) in which, based on the most recent data published by the United States Census Bureau:

(i) 40 percent or more of the area's total population is nonwhite;

(ii) 35 percent or more of households in the area have an income that is at or below 200 percent of the federal poverty level; or

(iii) 40 percent or more of the population over the age of five has limited English proficiency; or

(2) located in Indian Country, as defined in United States Code, title 18, section 1151.

(h) "Life-cycle impact" means the environmental impacts of products, processes, or services from raw materials through production, usage, and disposal.

(i) "Living wage" means the minimum income necessary to allow a person working 40 hours per week to afford the cost of housing, food, and other material necessities.

(j) "Refurbished" means a product that was used, deemed defective, recycled, or returned to the manufacturer or a third party, then tested and repaired by the manufacturer or a third party before being sold again.

(k) "Responsible end market" means a materials market in which recycling materials or disposing of contaminants is conducted in a way that benefits the environment and minimizes risks to public health and worker health and safety.

(l) "Reuse" means the repair, repurposing, or multiple use of products and materials in a way that extends the useful life of products and materials and decreases the demand for new production. Reuse is not recycling and does not alter an object's physical form by extracting base materials for processing into a new product.

(m) "Rural area" means an area outside the boundaries of a city whose population is 50,000 or more and outside an area contiguous to the city that has a population density greater than 100 persons per square mile.

(n) "Zero waste" means conserving all resources by means of responsible production, consumption, reuse, and recovery of products, packaging, and materials without burning or otherwise destroying embodied energy, with no discharges to land, water, or air that threaten the environment or human health.

Subd. 2. **Grant program.** The commissioner must establish a competitive grant program to award grants to eligible entities to promote projects described in subdivisions 5 to 8 that are consistent with zero-waste practices.

Subd. 3. **Grant application process.** (a) The commissioner must develop administrative procedures governing the application and grant award process.

(b) The commissioner must award grants to eligible entities under this section through a competitive grant process. In a request for proposals, the commissioner must:

(1) specify the maximum grant amount; and

(2) establish the minimum percentage of total project funds that an applicant must contribute to the project. Recycling projects described in subdivisions 5, 7, and 8 must demonstrate use of responsible end markets.

(c) The commissioner must develop, in consultation with the agency's Environmental Justice Advisory Group, a streamlined and accessible application process.

(d) To apply for a grant under this section, an eligible entity must submit a written application to the commissioner on a form prescribed by the commissioner.

(e) The application must include specific source reduction, recycling, or composting targets or estimate reductions in life-cycle impacts to be achieved by the project.

(f) A project awarded a grant under this section must be completed within three years of the award.

(g) A recycling project awarded a grant under this section must not include energy recovery or energy generation by any means, including but not limited to combustion, incineration, pyrolysis, gasification, solvolysis, thermal desorption, or waste to fuel, or landfill disposal of discarded material or discarded product component materials, including the use of materials as landfill cover.

Subd. 4. **Grant award process; priorities.** In awarding grants under this section, the commissioner must:

(1) award at least 60 percent of available money to eligible entities whose projects are located in environmental justice areas and at least 30 percent of available funds to eligible entities whose projects are located in rural areas; and

(2) give priority to eligible entities whose projects:

(i) achieve source reduction;

(ii) develop reuse systems;

(iii) support existing or create new jobs that pay a living wage, with additional priority given to projects that create jobs for individuals with barriers to employment, as determined by the commissioner;

(iv) minimize any negative environmental consequences of the proposed project;

(v) demonstrate a need for additional investment in infrastructure and projects to achieve source reduction, recycling, or composting targets set by the local unit of government responsible for waste and recycling programs in the project area;

(vi) encourage further investment in source reduction, recycling, or composting projects; or

(vii) incorporate multistakeholder involvement, including nonprofit, commercial, and public sector partners.

Subd. 5. **Electronics grants.** (a) The commissioner may award grants under this subdivision to source reduction and recycling projects that address electronics. Grants may be used to fund recycling technology or infrastructure, research and development projects, and electronics repair or refurbishment.

(b) No grant may be awarded under this subdivision:

(1) for an electronic waste buy-back program that pays consumers for used electronics in the form of credits that may be used to purchase additional electronics; or

(2) to recyclers who are not certified by an organization accredited by the American National Standards Institute National Accreditation Board as having achieved the e-Stewards Standard for Responsible Recycling and Reuse of Electronic Equipment.

Subd. 6. **Source reduction and reuse grants.** The commissioner may award grants under this subdivision to projects that promote source reduction or reuse. Grants may be used:

(1) to redesign products in ways that reduce their life-cycle impacts while not increasing the toxicity of those impacts, including reducing the amount of packaging; or

(2) for education and outreach activities that encourage consumers to change their product purchasing, use, or disposal behaviors in ways that promote source reduction or reuse.

Subd. 7. **Market development grants.** (a) The commissioner may award grants under this subdivision to projects that promote and strengthen markets for reuse, recycling, and composting, including projects that increase demand for sorted recyclable commodities, refurbished goods, or compost.

(b) Projects seeking grants under this subdivision must target materials that are disproportionately disposed of in landfills or incinerated and must reduce the volume, weight, or toxicity of waste and waste by-products.

(c) Projects seeking grants under this subdivision to expand recycling markets must target easily or commonly recycled materials.

(d) Projects seeking grants under this subdivision must not conflict with other laws or requirements identified by the commissioner.

Subd. 8. **Recycling and composting infrastructure grants.** (a) Grants awarded under this subdivision may be used for facilities, machinery, equipment, and other physical infrastructure or supplies required to collect or process materials for recycling and composting.

(b) Grants awarded under this subdivision must result in increased capacity to process residential and commercial source-separated organics, yard waste, and recyclable materials. Grants awarded to increase the capacity of composting infrastructure must generate a usable product that has demonstrable environmental benefits.

(c) No grant may be awarded under this subdivision to support composting material derived from mixed municipal solid waste.

Subd. 9. **Reporting.** By January 15, 2025, and each January 15 through 2027, the commissioner must submit a written report to the chairs and ranking minority members of the legislative committees having jurisdiction over economic development and environment that describes the use of grant money under this section. The report must include, at a minimum:

(1) a list of grant recipients, grant amounts, and project descriptions; and

(2) a narrative of progress made toward grant project goals.

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

Sec. 13. **[115A.993] PROHIBITED DISPOSAL METHODS.**

A person must not dispose of waste treated seed in a manner inconsistent with the product label, where applicable, or by:

(1) burial near a drinking water source or any creek, stream, river, lake, or other surface water;

(2) composting; or

(3) incinerating within a home or other dwelling.

Sec. 14. Minnesota Statutes 2022, section 115B.17, subdivision 14, is amended to read:

Subd. 14. **Requests for review, investigation, and oversight.** (a) The commissioner may, upon request, assist a person in determining whether real property has been the site of a release or threatened release of a hazardous substance, pollutant, or contaminant. The commissioner may also assist in, or supervise, the development and

implementation of reasonable and necessary response actions. Assistance may include review of agency records and files, and review and approval of a requester's investigation plans and reports and response action plans and implementation.

(b) Except as otherwise provided in this paragraph, the person requesting assistance under this subdivision shall pay the agency for the agency's cost, as determined by the commissioner, of providing assistance. A state agency, political subdivision, or other public entity is not required to pay for the agency's cost to review agency records and files. ~~Money received by the agency for assistance under this section~~ The first $350,000 received annually by the agency for assistance under this subdivision from persons who are not otherwise responsible under sections 115B.01 to 115B.18 must be deposited in the remediation fund and is exempt from section 16A.1285. Money received after the first $350,000 must be deposited in the state treasury and credited to an account in the special revenue fund. Money in the account is annually appropriated to the commissioner for the purposes of administering this subdivision.

(c) When a person investigates a release or threatened release in accordance with an investigation plan approved by the commissioner under this subdivision, the investigation does not associate that person with the release or threatened release for the purpose of section 115B.03, subdivision 3, paragraph (a), clause (4).

Sec. 15. Minnesota Statutes 2022, section 115B.171, subdivision 3, is amended to read:

Subd. 3. **Test reporting.** (a) By ~~January~~ March 15 each year, the commissioner of the Pollution Control Agency must report to each community in the east metropolitan area a summary of the results of the testing for private wells in the community. The report must include information on the number of wells tested and trends of PFC contamination in private wells in the community. Reports to communities under this section must also be published on the Pollution Control Agency's website.

(b) By ~~January~~ March 15 each year, the commissioner of the Pollution Control Agency must report to the legislature, as provided in section 3.195, on the testing for private wells conducted in the east metropolitan area, including copies of the community reports required in paragraph (a), the number of requests for well testing in each community, and the total amount spent for testing private wells in each community.

Sec. 16. Minnesota Statutes 2022, section 115B.52, subdivision 4, is amended to read:

Subd. 4. **Reporting.** The commissioner of the Pollution Control Agency and the commissioner of natural resources must jointly submit:

(1) by April 1, 2019, an implementation plan detailing how the commissioners will:

(i) determine how the priorities in the settlement will be met and how the spending will move from the first priority to the second priority and the second priority to the third priority outlined in the settlement; and

(ii) evaluate and determine what projects receive funding;

(2) by ~~February 1 and August 1~~ October 1 each year, a ~~biannual~~ report to the chairs and ranking minority members of the legislative policy and finance committees with jurisdiction over environment and natural resources on expenditures from the water quality and sustainability account during the previous ~~six months~~ fiscal year; and

(3) by ~~August~~ October 1, ~~2019~~ 2023, and each year thereafter, a report to the legislature on expenditures from the water quality and sustainability account during the previous fiscal year and a spending plan for anticipated expenditures from the account during the current fiscal year.

Sec. 17. Minnesota Statutes 2022, section 116.02, is amended to read:

116.02 POLLUTION CONTROL AGENCY; CREATION AND POWERS.

Subdivision 1. **Creation.** A pollution control agency, designated as the Minnesota Pollution Control Agency, ~~is hereby created~~ consists of the commissioner and eight members appointed by the governor, by and with the advice and consent of the senate.

Subd. 2a. **Terms, compensation, removal, vacancies.** The membership terms, compensation, removal of members, and filling of vacancies on the agency is as provided in section 15.0575.

Subd. 3a. **Membership.** (a) The membership of the Pollution Control Agency must be broadly representative of the skills and experience necessary to effectuate the policy of sections 116.01 to 116.075, except that no member other than the commissioner may be an officer or employee of the state or federal government.

(b) The membership of the Pollution Control Agency must reflect the diversity of the state of Minnesota in terms of race, gender, and geography.

(c) Only two members at one time may be officials or employees of a municipality or any governmental subdivision, but neither may be a member ex-officio or otherwise on the management board of a municipal sanitary sewage disposal system.

(d) Membership must include:

(1) at least one enrolled member of one of the 11 federally recognized Tribes in the state;

(2) at least three members who live in environmental justice communities and identify as American Indian or Alaska Natives, Black or African American, Hispanic or Latino, Asian, Pacific Islander, members of a community of color, or low-income. An environmental justice community means a community with significant representation of communities of color, low-income communities, or Tribal and Indigenous communities that experience, or are at risk of experiencing, higher instances of or more adverse human health or environmental effects;

(3) at least one farmer of livestock or crops, or both, with fewer than 200 head of livestock or 500 acres of cropland, or both; and

(4) at least one member of a labor union.

Subd. 4a. **Chair.** The commissioner serves as chair of the agency. The agency elects other officers as the agency deems necessary.

Subd. 5. **Agency successor to commission.** The Minnesota Pollution Control Agency is the successor of the Water Pollution Control Commission, and all powers and duties now vested in or imposed upon said commission by chapter 115, or any act amendatory thereof or supplementary thereto, are hereby transferred to, imposed upon, and vested in the commissioner of the Minnesota Pollution Control Agency.

Subd. 6a. **Required decisions.** (a) The agency must make final decisions on the following matters:

(1) a petition for preparing an environmental assessment worksheet, if the project proposer or a person commenting on the proposal requests that the decision be made by the agency and the agency requests that it make the decision under subdivision 8a;

(2) the need for an environmental impact statement following preparation of an environmental assessment worksheet under applicable rules, if:

(i) the agency has received a request for an environmental impact statement;

(ii) the project proposer or a person commenting on the proposal requests that the declaration be made by the agency and the agency requests that it make the decision under subdivision 8a; or

(iii) the commissioner is recommending preparation of an environmental impact statement;

(3) the scope and adequacy of environmental impact statements;

(4) issuing, reissuing, modifying, or revoking a permit;

(5) final adoption or amendment of agency rules for which a public hearing is required under section 14.25 or for which the commissioner decides to proceed directly to a public hearing under section 14.14, subdivision 1;

(6) approving or denying an application for a variance from an agency rule; and

(7) whether to reopen, rescind, or reverse a decision of the agency.

(b) In reviewing projects, the agency must consider whether there has been free prior and informed consent via government-to-government consultation with Tribal Nations and the way a project will impact the ability of communities to exercise rights guaranteed by treaties.

Subd. 7a. **Additional decisions.** The commissioner may request that the agency make additional decisions or provide advice to the commissioner.

Subd. 8a. **Other actions.** (a) Any other action not specifically within the authority of the commissioner must be made by the agency if:

(1) before the commissioner's final decision on the action, one or more members of the agency notify the commissioner of their request that the decision be made by the agency; or

(2) any person submits a petition to the commissioner requesting that the decision be made by the agency and the commissioner grants the petition.

(b) If the commissioner denies a petition submitted under paragraph (a), clause (2), the commissioner must advise the agency and the petitioner of the reasons for the denial.

Subd. 9a. **Providing information.** (a) The commissioner must inform interested persons as appropriate in public notices, and other public documents, of their right to request that the agency make decisions in specific matters according to subdivision 6a and the right of agency members to request that decisions be made by the agency according to subdivision 8a.

(b) The commissioner must regularly inform the agency of activities that have broad policy implications or potential environmental significance and of activities in which the public has exhibited substantial interest.

Subd. 11. **Changing decisions.** (a) The agency must not reopen, rescind, or reverse a decision of the agency except upon:

(1) the affirmative vote of two-thirds of the agency; or

(2) a finding that there was an irregularity in a hearing related to the decision, an error of law, or a newly discovered material issue of fact.

(b) The requirements in paragraph (a) are minimum requirements and do not limit the agency's authority under sections 14.06 and 116.07, subdivision 3, to adopt rules:

(1) applying the requirement in paragraph (a), clause (1) or (2), to certain decisions of the agency; or

(2) establishing additional or more stringent requirements for reopening, rescinding, or reversing decisions of the agency.

Subd. 12. **Conflict of interest.** A public member of the Pollution Control Agency must not participate in the discussion or decision on a matter in which the member or an immediate family member has a financial interest.

Sec. 18. Minnesota Statutes 2022, section 116.03, subdivision 1, is amended to read:

Subdivision 1. **Office.** (a) The Office of Commissioner of the Pollution Control Agency is created and is under the supervision and control of the commissioner, who is appointed by the governor under the provisions of section 15.06.

(b) The commissioner may appoint a deputy commissioner and assistant commissioners who ~~shall be~~ are in the unclassified service.

(c) The commissioner shall make all decisions on behalf of the agency that are not required to be made by the agency under section 116.02.

Sec. 19. Minnesota Statutes 2022, section 116.03, subdivision 2a, is amended to read:

Subd. 2a. **Mission; efficiency.** It is part of the agency's mission that within the agency's resources, the commissioner and the members of the agency shall endeavor to:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the agency as efficiently as possible;

(3) coordinate the agency's activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;

(5) ~~utilize~~ use constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;

(6) report to the legislature on the performance of agency operations and the accomplishment of agency goals in the agency's biennial budget according to section 16A.10, subdivision 1; and

(7) recommend to the legislature appropriate changes in law necessary to carry out the mission and improve the performance of the agency.

Sec. 20. Minnesota Statutes 2022, section 116.06, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** The definitions given in this section shall obtain for the purposes of sections 116.01 to ~~116.075~~ 116.076 except as otherwise expressly provided or indicated by the context.

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

Sec. 21. Minnesota Statutes 2022, section 116.06, is amended by adding a subdivision to read:

Subd. 6a. **Commissioner.** "Commissioner" means the commissioner of the Pollution Control Agency.

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

Sec. 22. Minnesota Statutes 2022, section 116.06, is amended by adding a subdivision to read:

Subd. 10a. **Environmental justice.** "Environmental justice" means that:

(1) communities of color, Indigenous communities, and low-income communities have a healthy environment and are treated fairly when environmental statutes, rules, and policies are developed, adopted, implemented, and enforced; and

(2) in all decisions that have the potential to affect the environment of an environmental justice area or the public health of its residents, due consideration is given to the history of the area's and its residents' cumulative exposure to pollutants and to any current socioeconomic conditions that increase the physical sensitivity of those residents to additional exposure to pollutants.

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

Sec. 23. Minnesota Statutes 2022, section 116.06, is amended by adding a subdivision to read:

Subd. 10b. **Environmental justice area.** "Environmental justice area" means one or more census tracts in Minnesota:

(1) in which, based on the most recent data published by the United States Census Bureau:

(i) 40 percent or more of the population is nonwhite;

(ii) 35 percent or more of the households have an income at or below 200 percent of the federal poverty level; or

(iii) 40 percent or more of the population over the age of five has limited English proficiency; or

(2) located within Indian Country, as defined in United States Code, title 18, section 1151.

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

Sec. 24. **[116.062] AIR TOXICS EMISSIONS REPORTING.**

(a) The commissioner must require owners and operators of a facility issued an air quality permit by the agency, except a facility issued an Option B registration permit under Minnesota Rules, part 7007.1120, to annually report the facility's air toxics emissions to the agency, including a facility not required as a condition of its air quality permit to keep records of air toxics emissions. The commissioner must determine the method to be used by a facility to directly measure or estimate air toxics emissions. The commissioner must amend permits and complete rulemaking, and may enter into enforceable agreements with facility owners and operators, in order to make the reporting requirements under this section enforceable.

(b) For the purposes of this section, "air toxics" means chemical compounds or compound classes that are emitted into the air by a permitted facility and that are:

(1) hazardous air pollutants listed under the federal Clean Air Act, United States Code, title 42, section 7412, as amended;

(2) chemicals reported as released into the atmosphere by a facility located in the state for the Toxic Release Inventory under the federal Emergency Planning and Community Right-to-Know Act, United States Code, title 42, section 11023, as amended;

(3) chemicals for which the Department of Health has developed health-based values or risk assessment advice;

(4) chemicals for which the risk to human health has been assessed by either the federal Environmental Protection Agency's Integrated Risk Information System or its Provisional Peer-Reviewed Toxicity Values; or

(5) chemicals reported by facilities in the agency's most recent triennial emissions inventory.

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

Sec. 25. **[116.064] ODOR MANAGEMENT.**

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

(b) "Objectionable odor" means pollution of the ambient air beyond the property line of a facility consisting of an odor that, considering its characteristics, intensity, frequency, and duration:

(1) is, or can reasonably be expected to be, injurious to public health or welfare; or

(2) unreasonably interferes with the enjoyment of life or the use of property of persons exposed to the odor.

(c) "Odor complaint" means a notification received and recorded by the agency or by a political subdivision from an identifiable person that describes the nature, duration, and location of the odor.

Subd. 2. **Prohibition.** No person may cause or allow emission into the ambient air of any substance or combination of substances in quantities that produce an objectionable odor beyond the property line of the facility that is the source of the odor.

Subd. 3. **Odor complaints; investigation.** (a) The agency must conduct a site investigation of any facility against which six or more verifiable odor complaints have been submitted to the agency or to local government officials within 48 hours. The investigation must include:

(1) an interview with the owner or operator of the facility against which the complaint was made;

(2) a physical examination of the facilities, equipment, operations, conditions, methods, storage areas for material inputs, chemicals and waste, and any other factors that may contribute to or are designed to mitigate the emission of odors; and

(3) testing at locations identified in the odor complaints and at other locations beyond the property line of the facility that is the source of the odor using a precision instrument capable of measuring odors in ambient air.

(b) The commissioner, based upon the agency's site investigation and the results of odor testing and considering the nature, intensity, frequency, and duration of the odor and other relevant factors, shall determine whether the odor emitted from the facility constitutes an objectionable odor. In making the determination, the commissioner may consider the opinions of a random sample of persons exposed to samples of the odor taken from ambient air beyond the property line of the facility that is the source of the odor.

(c) The agency must notify officials in local jurisdictions:

(1) of odor complaints filed with the agency regarding properties within the local jurisdiction;

(2) of any investigation of an odor complaint conducted by the agency at a facility within the local jurisdiction and the results of the investigation;

(3) that odor complaints filed with respect to properties located within those jurisdictions must be forwarded to the agency within three business days of being filed; and

(4) of any additional actions taken by the agency with respect to the complaints.

Subd. 4. **Objectionable odor; management plan.** (a) If the commissioner determines under subdivision 3 that the odor emitted from a facility is an objectionable odor, the commissioner shall require the owner of the facility to develop and submit to the agency for review within 90 days an odor management plan designed to mitigate odor emissions. The agency must provide technical assistance to the property owner in developing a management plan, including:

(1) identifying odor control technology and equipment that may reduce odor emissions; and

(2) identifying alternative methods of operation or alternative materials that may reduce odor emissions.

The commissioner may grant an extension for submission of the odor management plan for up to an additional 90 days for good cause.

(b) An odor management plan must contain, at a minimum, for each odor source contributing to odor emissions:

(1) a description of plant operations and materials that generate odors;

(2) proposed changes in equipment, operations, or materials that are designed to mitigate odor emissions;

(3) the estimated effectiveness of the plan in reducing odor emissions;

(4) the estimated cost of implementing the plan; and

(5) a schedule of plan implementation activities.

(c) The commissioner may accept, reject, or modify an odor management plan submitted under this subdivision.

(d) If the commissioner, based upon the same factors considered under subdivision 3, paragraph (b), determines that implementation of the odor management plan has failed to reduce the facility's odor emissions to a level where they are no longer objectionable odors, the commissioner shall order the facility owner to revise the odor management plan within 90 days of receipt of the commissioner's order. If the revised odor management plan is not acceptable to the commissioner or is implemented but fails to reduce the property's odor emissions to a level where they are no longer objectionable odors, the commissioner may impose penalties under section 115.071 or may modify or revoke the facility's permit under section 116.07, subdivision 4a, paragraph (d).

Subd. 5. **Exemptions.** This section does not apply to:

(1) on-farm animal and agricultural operations;

(2) motor vehicles and transportation facilities;

(3) municipal wastewater treatment plants;

(4) single-family dwellings not used for commercial purposes;

(5) materials odorized for safety purposes;

(6) painting and coating operations that are not required to be licensed;

(7) restaurants; and

(8) temporary activities and operations.

Subd. 6. **Rulemaking required.** (a) The commissioner must adopt rules to implement this section, and section 14.125 does not apply.

(b) The commissioner must comply with chapter 14 and must complete the statement of need and reasonableness according to chapter 14 and section 116.07, subdivision 2, paragraph (f).

(c) The rules must include:

(1) an odor standard or standards for air pollution that may qualify as an objectionable odor under subdivision 1, paragraph (b), clause (2);

(2) a process for determining if an odor is objectionable;

(3) a process for investigating and addressing odor complaints;

(4) guidance for developing odor-management plans; and

(5) procedures and criteria for determining the success or failure of an odor-management plan.

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

Sec. 26. **[116.065] CUMULATIVE IMPACTS ANALYSIS; PERMIT DECISIONS IN ENVIRONMENTAL JUSTICE AREAS.**

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

(b) "Commissioner" means the commissioner of the Minnesota Pollution Control Agency.

(c) "Compelling public interest" means a factor or condition that is necessary to serve an essential environmental, health, or safety need of residents of an environmental justice area and that cannot reasonably be met by alternative available means.

(d) "Cumulative impacts" means the impacts of aggregated levels of past and current air, water, and land pollution in a defined geographic area to which current residents are exposed.

(e) "Environmental justice" means:

(1) communities of color, Indigenous communities, and low-income communities have a healthy environment and are treated fairly when environmental statutes, rules, and policies are developed, adopted, implemented, and enforced; and

(2) in all decisions that have the potential to affect the environment of an environmental justice area or the public health of its residents, due consideration is given to the history of the area's and its residents' cumulative exposure to pollutants and to any current socioeconomic conditions that could increase harm to those residents from additional exposure to pollutants.

(f) "Environmental justice area" means one or more census tracts in Minnesota:

(1) in which, based on the most recent data published by the United States Census Bureau:

(i) 40 percent or more of the population is nonwhite;

(ii) 35 percent or more of the households have an income at or below 200 percent of the federal poverty level; or

(iii) 40 percent or more of the population over the age of five has limited English proficiency; or

(2) located within Indian Country, as defined in United States Code, title 18, section 1151.

(g) "Environmental stressors" means factors that may make residents of an environmental justice area susceptible to harm from exposure to pollutants. Environmental stressors include:

(1) environmental effects on health from exposure to past and current pollutants in the environmental justice area, including any biomonitoring information from residents; and

(2) social and environmental factors, including but not limited to poverty, substandard housing, food insecurity, elevated rates of disease, and poor access to health insurance and medical care.

Subd. 2. **Applicability.** This section applies to applications for the following types of new construction permits, permits required for facility expansions, and reissuances of existing permits for which the commissioner has determined under subdivision 3 that issuance of the permit as proposed may impact the environment or the health of residents in an environmental justice area:

(1) a major source air permit, as defined in Minnesota Rules, part 7007.0200; and

(2) a state air permit required under Minnesota Rules, part 7007.0250, subparts 2 to 6.

Subd. 3. **Cumulative impacts analysis; determination of need.** (a) The commissioner is responsible for determining whether a proposed permit action may impact the environment or health of the residents of an environmental justice area.

(b) A permit application must indicate whether the permit action sought is likely to impact the environment or the health of residents of an environmental justice area and must include the data used by the applicant to make the determination.

(c) In making a determination whether a cumulative analysis is required, the commissioner must:

(1) review the permit application and the applicant's assessment of the need to conduct a cumulative analysis;

(2) assess whether the proposed permit exceeds any of the benchmarks for conducting a cumulative impact analysis established in rules adopted under subdivision 6;

(3) review any comments and material evidence submitted by members of the public regarding the necessity for a cumulative impact analysis; and

(4) review any other information the commissioner deems relevant.

(d) An applicant must conduct a cumulative impacts analysis if:

(1) the potential impacts of the permit issuance exceed any of the benchmarks for conducting a cumulative impacts analysis established in rules adopted under subdivision 6;

(2) the commissioner determines that issuance of the permit may impact the environment or health of the residents of an environmental justice area; or

(3) material evidence accompanying a petition signed by at least 50 individuals residing or owning property in the environmental justice area potentially affected by the permit issuance demonstrates that issuance of the permit may impact the environment or health of the residents of the environmental justice area.

Subd. 4. **Public meeting requirements.** (a) A permit applicant or permit holder required to conduct a cumulative impacts analysis under subdivision 2 must hold at least two public meetings in the environmental justice area impacted by the facility before the commissioner issues or denies a permit. The first public meeting must be held before conducting a cumulative impacts analysis, and the second must be held after conducting the analysis.

(b) The permit applicant or permit holder must:

(1) publish notice containing the date, time, and location of the public meetings and a brief description of the permit or project in a newspaper of general circulation in the environmental justice area at least 30 days before the meetings;

(2) post physical signage in the environmental justice area impacted, as directed by the commissioner; and

(3) provide the commissioner with notice of the public meeting and a copy of the cumulative impacts analysis at least 45 days before the second public meeting.

(c) The commissioner must post the notice and cumulative impacts analysis on the agency website at least 30 days before the second public meeting.

(d) The permit applicant or permit holder must:

(1) provide an opportunity for robust public and Tribal engagement at the public meetings;

(2) accept written and oral comments, as directed by the commissioner, from any interested party; and

(3) provide an electronic copy of all written comments and a transcript of all oral comments to the agency within 30 days of the public meetings.

(e) If the permit applicant or permit holder is applying for more than one permit that may affect the same environmental justice area, the permit applicant or permit holder may request that the commissioner require that the facility hold two public meetings that address all of the permits sought. The commissioner may approve or deny the request.

(f) The commissioner may incorporate conditions in a permit for a facility located in or affecting an environmental justice area to hold multiple in-person meetings with residents of the environmental justice area affected by the facility to share information and discuss community concerns.

Subd. 5. **Environmental justice area; permit decisions.** (a) In determining whether to issue or deny a permit, the commissioner must consider the cumulative impacts analysis conducted, the testimony presented, and comments submitted in public meetings held under subdivision 4. The permit may be issued no earlier than 30 days following the last public meeting.

(b) The commissioner must deny an application for a permit subject to this section for a facility in an environmental justice area if the cumulative impacts analysis determines that issuing the permit, in combination with the environmental stressors present in the environmental justice area, would contribute to adverse cumulative environmental stressors or adverse cumulative impacts in the environmental justice area, unless:

(1) the commissioner enters into a community benefit agreement with the facility owner or operator, in consultation with community-based organizations representing the interests of residents of the environmental justice area; and

(2) there is a compelling public interest to issue the permit, as determined by the commissioner, based on criteria established in rules adopted under subdivision 6.

(c) If the commissioner determines that a compelling public interest exists and the applicant enters into a community benefit agreement with the commissioner, the agency may grant a permit that imposes conditions on the construction and operation of the facility to protect public health and the environment.

(d) The commissioner must prepare a written document containing the reasons for the commissioner's decision regarding the need for a cumulative impacts analysis made under this subdivision and describing how various pieces of evidence were weighed and balanced to arrive at the decision. The commissioner must provide a copy of the document to the permit applicant and to any person who submitted material evidence to the commissioner for consideration in making the decision and must post the document on the agency website.

(e) Issuance of a permit under this section must include a requirement that the facility provide information to the community describing the health risks that the facility poses.

(f) A community benefit agreement must be signed on or before the date a new or reissued permit is issued in an environmental justice area.

(g) The commissioner must publish and maintain on the agency website a list of environmental justice areas in the state.

(h) The agency must maintain an updated database of the identified stressors in specific census tracts and make this database accessible to the public.

Subd. 6. **Rulemaking.** (a) The commissioner must adopt rules under chapter 14 to implement and govern the cumulative impacts analysis and issuance or denial of permits for facilities that impact environmental justice areas as provided in this section. Notwithstanding section 14.125, the agency must publish notice of intent to adopt rules within 36 months of the effective date of this act, or the authority for the rules expires.

(b) During the rulemaking process, the Pollution Control Agency must engage in robust public engagement, including public meetings, and Tribal consultation.

(c) Rules adopted under this section must:

(1) establish benchmarks to assist the commissioner's determination regarding the need for a cumulative impacts analysis;

(2) establish the required content of a cumulative impacts analysis, including sources of public information that an applicant can access regarding environmental stressors that are present in an environmental justice area;

(3) define conditions, criteria, or circumstances that qualify as a compelling public interest, which:

(i) must include, with respect to economic considerations, only those that directly and substantially benefit residents of the environmental justice area;

(ii) must include noneconomic considerations that directly benefit the residents of the environmental justice area; and

(iii) must take into account public comments made at public meetings held under subdivision 4;

(4) establish the content of a community benefit agreement and procedures for entering into community benefit agreements, which must include:

(i) meaningful consultation with members of the public and community-based organizations or coalitions representing the interests of residents within the environmental justice area;

(ii) at least one public meeting held within the environmental justice area; and

(iii) a formal petition showing support from 50 community members that is signed after a public meeting; and

(5) establish a petition process and form submitted to the agency by environmental justice area residents to support the need for a cumulative impact analysis, including criteria defining potential adverse cumulative impacts on the environment or health of the residents.

(d) The agency must provide translation services and translated materials upon request during rulemaking meetings.

(e) The agency must provide public notice on the agency website at least 30 days before public meetings held on the rulemaking. The notice must include the date, time, and location of the meeting. The agency must use multiple communication methods to inform residents of environmental justice areas in the public meetings held for the rulemaking.

Subd. 7. **Review.** Any person aggrieved by a final decision on the need for a cumulative impacts analysis or the issuance or denial of a permit under this section is entitled to judicial review of the decision under sections 14.63 to 14.68. A petition for a writ of certiorari by an aggrieved person for judicial review under sections 14.63 to 14.68 must be filed with the court of appeals and served on all parties to the contested case not more than 30 days after the party receives the final decision and order of the agency.

Subd. 8. **Compliance costs.** A permit applicant is responsible for the cost of complying with this section. The reasonable costs of the agency to comply with this section are to be borne by permit applicants subject to this section, as required under section 116.07, subdivision 4d, paragraph (b).

Sec. 27. Minnesota Statutes 2022, section 116.07, is amended by adding a subdivision to read:

Subd. 4m. **Nonexpiring state individual permits; public informational meeting.** (a) For each facility issued a nonexpiring state individual air quality permit by the agency, the agency must hold a separate public informational meeting at regular intervals to allow the public to make comments or inquiries regarding any aspect of the permit, including but not limited to permit conditions, testing results, the facility's operations, and permit compliance. The public informational meeting must be held at a location near the permitted facility and convenient to the public. Individuals employed at the facility who are responsible for the facility meeting the conditions of the permit and agency officials must be present at the public informational meeting. For nonexpiring state individual air quality permits issued or reissued after December 31, 2018, a public informational meeting must be held under this subdivision no later than five years after the permit is issued or reissued and every five years thereafter. For nonexpiring state individual air quality permits issued on or before December 31, 2018, a public informational meeting must be held under this subdivision no later than December 31, 2024, and every five years thereafter.

(b) For the purposes of this section, "state individual air quality permit" means an air quality permit that:

(1) is issued to an individual facility that is required to obtain a permit under Minnesota Rules, part 7007.0250, subparts 2 to 6; and

(2) is not a general permit issued under Minnesota Rules, part 7007.1100.

(c) As required under subdivision 4d, the agency's direct and indirect reasonable costs of conducting the activities under this subdivision must be recovered through air quality permit fees.

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

Sec. 28. Minnesota Statutes 2022, section 116.07, is amended by adding a subdivision to read:

Subd. 4n. **Permit review denial.** If the commissioner determines that a person's request for the agency to review an existing permit is not warranted, the commissioner must state the reasons for the determination in writing within 15 days of the determination.

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

Sec. 29. Minnesota Statutes 2022, section 116.07, is amended by adding a subdivision to read:

Subd. 4o. **Aboveground storage tanks; fees.** (a) The commissioner must collect permit fees for aboveground storage tank facilities in amounts not greater than necessary to cover the reasonable costs of developing, reviewing, and acting upon applications for agency permits and implementing and enforcing the conditions of the permits. The fee schedule must reflect reasonable and routine direct and indirect costs associated with permitting, implementation, enforcement, and other activities necessary to operate the aboveground storage tank program.

(b) Each fiscal year, the commissioner must adjust the fees as necessary to maintain an annual income that covers the legislative appropriation needed to administer the aboveground storage tank program according to paragraph (a). The commissioner must adjust fees according to the criteria established under paragraph (c) and as required under paragraph (d). Fees established under this subdivision are exempt from section 16A.1285.

(c) The commissioner must adopt rules that specify criteria for establishing:

(1) an annual fee from permitted aboveground storage tank facilities; and

(2) a permit application fee for aboveground storage tank facility permit applications.

(d) The commissioner must annually increase the fees under this subdivision by the percentage, if any, by which the Consumer Price Index for the most recent calendar year ending before the beginning of the year the fee is collected exceeds the Consumer Price Index for calendar year 2022. For purposes of this paragraph, the Consumer Price Index for any calendar year is the average of the Consumer Price Index for all urban consumers published by the United States Department of Labor as of the close of the 12-month period ending on August 31 of each calendar year. The revision of the Consumer Price Index that is most consistent with the Consumer Price Index for calendar year 2022 must be used.

(e) Fees collected under this subdivision must be deposited in the state treasury and credited to the environmental fund and must be used for the purposes specified in paragraph (a).

(f) This paragraph expires when the commissioner adopts the initial rules required under paragraph (c). Until the commissioner adopts the initial rules under paragraph (c):

(1) the annual fee for major aboveground storage tank facilities is equal to the quotient of dividing the legislative appropriation under paragraph (b) by the number of major aboveground storage tank facilities; and

(2) there is no permit application fee for aboveground storage tank facilities.

Sec. 30. Minnesota Statutes 2022, section 116.07, subdivision 6, is amended to read:

Subd. 6. **Pollution Control Agency; exercise of powers.** In exercising all its powers the Pollution Control Agency ~~shall give due consideration to~~ must:

(1) consider the establishment, maintenance, operation and expansion of business, commerce, trade, industry, traffic, and other economic factors and other material matters affecting the feasibility and practicability of any proposed action, including, but not limited to, the burden on a municipality of any tax which may result therefrom, and ~~shall~~ must take or provide for such action as may be reasonable, feasible, and practical under the circumstances; and

(2) to the extent reasonable, feasible, and practical under the circumstances:

(i) ensure that actions or programs that have a direct, indirect, or cumulative impact on environmental justice areas incorporate community-focused practices and procedures in agency processes, including communication, outreach, engagement, and education to enhance meaningful, timely, and transparent community access;

(ii) collaborate with other state agencies to identify, develop, and implement means to eliminate and reverse environmental and health inequities and disparities;

(iii) promote the utility and availability of environmental data and analysis for environmental justice areas, other agencies, federally recognized Tribal governments, and the public;

(iv) encourage coordination and collaboration with residents of environmental justice areas to address environmental and health inequities and disparities; and

(v) ensure environmental justice values are represented to the agency from a commissioner-appointed environmental justice advisory committee that is composed of diverse members and that is developed and operated in a manner open to the public and in accordance with the duties described in the bylaws and charter adopted and maintained by the commissioner.

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

Sec. 31. Minnesota Statutes 2022, section 116.07, is amended by adding a subdivision to read:

Subd. 7f. **Financial assurance.** (a) Before the commissioner issues or renews a permit for a feedlot with a capacity of 1,000 or more animal units, the permit applicant must submit to the commissioner proof of financial assurance that satisfies the requirements under this subdivision. Financial assurance must be of an amount sufficient to pay the closure costs determined under paragraph (c) for the feedlot and manure storage area, with all terms and conditions of the financial assurance instrument approved by the commissioner. The commissioner, in evaluating financial assurance, may consult individuals with documented experience in the analysis. The applicant must pay all costs incurred by the commissioner to obtain the analysis.

(b) A permittee must maintain sufficient financial assurance for the duration of the permit and demonstrate to the commissioner's satisfaction that:

(1) money will be available and made payable to the commissioner if the commissioner determines the permittee is not in full compliance with the closure requirements established by the commissioner in rule for feedlots and manure storage areas;

(2) the financial assurance instrument is fully valid, binding, and enforceable under state and federal law;

(3) the financial assurance instrument is not dischargeable through bankruptcy; and

(4) the financial assurance provider will give the commissioner at least 120 days' notice before canceling the financial assurance instrument.

(c) The permit applicant must submit to the commissioner a documented estimate of costs required to implement the closure requirements established by the commissioner in rule for feedlots and manure storage areas. Cost estimates must incorporate current dollar values at the time of the estimate and any additional costs required by the commissioner to oversee and hire a third party to implement the closure requirements. The applicant must not incorporate the estimated salvage or market value of manure, animals, structures, equipment, land, or other assets. The commissioner must evaluate and may modify the applicant's cost estimates and may consult individuals with documented experience in feedlot or manure storage area closure or remediation. The applicant must pay all costs incurred by the commissioner to obtain the consultation.

Sec. 32. Minnesota Statutes 2022, section 116.07, is amended by adding a subdivision to read:

Subd. 7g. **Abandoned manure storage areas.** At least annually, the commissioner must compile a list of abandoned manure storage areas in the state. A list compiled under this subdivision is not a feedlot inventory for purposes of subdivision 7b. For purposes of this subdivision, "abandoned manure storage areas" means solid and liquid manure storage areas that have been previously registered with the state as a feedlot with a manure storage area and have:

(1) permanently ceased operation and are subject to, but not in compliance with, the closure requirements established by the commissioner in rule for feedlots and manure storage areas; or

(2) been unused for at least three years.

Sec. 33. **[116.076] ENVIRONMENTAL JUSTICE AREAS; BOUNDARIES; MAPS.**

(a) No later than December 1, 2023, the commissioner must determine the boundaries of all environmental justice areas in Minnesota. The determination of the geographic boundaries of an environmental justice area may be appealed by filing a petition that contains evidence to support amending the commissioner's determination. The petition must be signed by at least 50 residents of census tracts within or adjacent to the environmental justice area, as determined by the commissioner. The commissioner may, after reviewing the petition, amend the boundaries of an environmental justice area.

(b) The commissioner must post updated maps of each environmental justice area in the state on the agency website.

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

Sec. 34. **[116.196] GREEN INFRASTRUCTURE GRANT PROGRAM.**

Subdivision 1. **Establishment of program.** The commissioner must establish a green infrastructure grant program to provide grants for green infrastructure projects.

Subd. 2. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

(b) "Commissioner" means the commissioner of the Pollution Control Agency.

(c) "Green infrastructure" has the meaning given in United States Code, title 33, section 1362, as amended through December 31, 2019, and also includes trails, bridges, roads, and recreational amenities designed to mitigate stormwater impacts.

(d) "Political subdivision" means a county, home rule charter or statutory city, town, or other political subdivision of the state.

(e) "Project" means a green infrastructure project or stormwater infrastructure project to be owned and administered by a political subdivision.

(f) "Stormwater infrastructure" means a project that does one or more of the following:

(1) increases stormwater capacity or stormwater storage;

(2) addresses environmental damage caused by weather extremes;

(3) prevents localized flooding;

(4) creates stormwater systems that can manage flows from heavy rains;

(5) addresses public safety concerns caused by undersized stormwater systems; or

(6) ensures continuation of critical services during severe weather.

Subd. 3. **Eligibility.** A political subdivision is eligible to apply for and receive a grant under this section.

Subd. 4. **Application.** An application by a political subdivision for a grant under this section must be made at the time and in the form and manner prescribed by the commissioner.

Subd. 5. **Eligible project.** A grant may be used to acquire land or an interest in land, predesign, design, renovate, construct, furnish, and equip a project.

Subd. 6. **Grants.** To be eligible for a grant under this section, a political subdivision must timely submit an application to the commissioner and pass a resolution in support of the project. The commissioner may give priority to a political subdivision that provides a local match of funds for the project.

Sec. 35. **[116.943] PRODUCTS CONTAINING PFAS.**

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

(b) "Adult mattress" means a mattress other than a crib mattress or toddler mattress.

(c) "Air care product" means a chemically formulated consumer product labeled to indicate that the purpose of the product is to enhance or condition the indoor environment by eliminating odors or freshening the air.

(d) "Automotive maintenance product" means a chemically formulated consumer product labeled to indicate that the purpose of the product is to maintain the appearance of a motor vehicle, including products for washing, waxing, polishing, cleaning, or treating the exterior or interior surfaces of motor vehicles. Automotive maintenance product does not include automotive paint or paint repair products.

(e) "Carpet or rug" means a fabric marketed or intended for use as a floor covering.

(f) "Cleaning product" means a finished product used primarily for domestic, commercial, or institutional cleaning purposes, including but not limited to an air care product, an automotive maintenance product, a general cleaning product, or a polish or floor maintenance product.

(g) "Commissioner" means the commissioner of the Pollution Control Agency.

(h) "Cookware" means durable houseware items used to prepare, dispense, or store food, foodstuffs, or beverages. Cookware includes but is not limited to pots, pans, skillets, grills, baking sheets, baking molds, trays, bowls, and cooking utensils.

(i) "Cosmetic" means articles, excluding soap:

(1) intended to be rubbed, poured, sprinkled, or sprayed on, introduced into, or otherwise applied to the human body or any part thereof for the purpose of cleansing, beautifying, promoting attractiveness, or altering the appearance; and

(2) intended for use as a component of any such article.

(j) "Currently unavoidable use" means a use of PFAS that the commissioner has determined by rule under this section to be essential for health, safety, or the functioning of society and for which alternatives are not reasonably available.

(k) "Fabric treatment" means a substance applied to fabric to give the fabric one or more characteristics, including but not limited to stain resistance or water resistance.

(l) "Intentionally added" means PFAS deliberately added during the manufacture of a product where the continued presence of PFAS is desired in the final product or one of the product's components to perform a specific function.

(m) "Juvenile product" means a product designed or marketed for use by infants and children under 12 years of age:

(1) including but not limited to a baby or toddler foam pillow; bassinet; bedside sleeper; booster seat; changing pad; child restraint system for use in motor vehicles and aircraft; co-sleeper; crib mattress; highchair; highchair pad; infant bouncer; infant carrier; infant seat; infant sleep positioner; infant swing; infant travel bed; infant walker; nap cot; nursing pad; nursing pillow; play mat; playpen; play yard; polyurethane foam mat, pad, or pillow; portable foam nap mat; portable infant sleeper; portable hook-on chair; soft-sided portable crib; stroller; and toddler mattress; and

(2) not including a children's electronic product such as a personal computer, audio and video equipment, calculator, wireless phone, game console, handheld device incorporating a video screen, or any associated peripheral such as a mouse, keyboard, power supply unit, or power cord; a medical device; or an adult mattress.

(n) "Manufacturer" means the person that creates or produces a product or whose brand name is affixed to the product. In the case of a product imported into the United States, manufacturer includes the importer or first domestic distributor of the product if the person that manufactured or assembled the product or whose brand name is affixed to the product does not have a presence in the United States.

(o) "Medical device" has the meaning given "device" under United States Code, title 21, section 321, subsection (h).

(p) "Perfluoroalkyl and polyfluoroalkyl substances" or "PFAS" means a class of fluorinated organic chemicals containing at least one fully fluorinated carbon atom.

(q) "Product" means an item manufactured, assembled, packaged, or otherwise prepared for sale to consumers, including but not limited to its product components, sold or distributed for personal, residential, commercial, or industrial use, including for use in making other products.

(r) "Product component" means an identifiable component of a product, regardless of whether the manufacturer of the product is the manufacturer of the component.

(s) "Ski wax" means a lubricant applied to the bottom of snow runners, including but not limited to skis and snowboards, to improve their grip or glide properties. Ski wax includes related tuning products.

(t) "Textile" means an item made in whole or part from a natural or synthetic fiber, yarn, or fabric. Textile includes but is not limited to leather, cotton, silk, jute, hemp, wool, viscose, nylon, and polyester.

(u) "Textile furnishings" means textile goods of a type customarily used in households and businesses, including but not limited to draperies, floor coverings, furnishings, bedding, towels, and tablecloths.

(v) "Upholstered furniture" means an article of furniture that is designed to be used for sitting, resting, or reclining and that is wholly or partly stuffed or filled with any filling material.

Subd. 2. **Information required.** (a) On or before January 1, 2026, a manufacturer of a product sold, offered for sale, or distributed in the state that contains intentionally added PFAS must submit to the commissioner information that includes:

(1) a brief description of the product, including a universal product code (UPC), stock keeping unit (SKU), or other numeric code assigned to the product;

(2) the purpose for which PFAS are used in the product, including in any product components;

(3) the amount of each PFAS, identified by its chemical abstracts service registry number, in the product, reported as an exact quantity determined using commercially available analytical methods or as falling within a range approved for reporting purposes by the commissioner;

(4) the name and address of the manufacturer and the name, address, and phone number of a contact person for the manufacturer; and

(5) any additional information requested by the commissioner as necessary to implement the requirements of this section.

(b) With the approval of the commissioner, a manufacturer may supply the information required in paragraph (a) for a category or type of product rather than for each individual product.

(c) A manufacturer must submit the information required under this subdivision whenever a new product is sold, offered for sale, or distributed in the state and update and revise the information whenever there is significant change in the information or when requested to do so by the commissioner.

(d) A person may not sell, offer for sale, or distribute for sale in the state a product containing intentionally added PFAS if the manufacturer has failed to provide the information required under this subdivision and the person has received notification under subdivision 4.

Subd. 3. **Information requirement waivers; extensions.** (a) The commissioner may waive all or part of the information requirement under subdivision 2 if the commissioner determines that substantially equivalent information is already publicly available.

(b) The commissioner may enter into an agreement with one or more other states or political subdivisions of a state to collect information and may accept information to a shared system as meeting the information requirement under subdivision 2.

(c) The commissioner may extend the deadline for submission by a manufacturer of the information required under subdivision 2 if the commissioner determines that more time is needed by the manufacturer to comply with the submission requirement.

(d) The commissioner may grant a waiver under this subdivision to a manufacturer or a group of manufacturers for multiple products or a product category.

Subd. 4. **Testing required and certificate of compliance.** (a) If the commissioner has reason to believe that a product contains intentionally added PFAS and the product is being offered for sale in the state, the commissioner may direct the manufacturer of the product to, within 30 days, provide the commissioner with testing results that demonstrate the amount of each of the PFAS, identified by its chemical abstracts service registry number, in the product, reported as an exact quantity determined using commercially available analytical methods or as falling within a range approved for reporting purposes by the commissioner.

(b) If testing demonstrates that the product does not contain intentionally added PFAS, the manufacturer must provide the commissioner a certificate attesting that the product does not contain intentionally added PFAS, including testing results and any other relevant information.

(c) If testing demonstrates that the product contains intentionally added PFAS, the manufacturer must provide the commissioner with the testing results and the information required under subdivision 2.

(d) A manufacturer must notify persons who sell or offer for sale a product prohibited under subdivision 2 or 5 that the sale of that product is prohibited in this state and provide the commissioner with a list of the names and addresses of those notified.

(e) The commissioner may notify persons who sell or offer for sale a product prohibited under subdivision 2 or 5 that the sale of that product is prohibited in this state.

Subd. 5. **Prohibitions.** (a) Beginning January 1, 2025, a person may not sell, offer for sale, or distribute for sale in this state the following products if the product contains intentionally added PFAS:

(1) carpets or rugs;

(2) cleaning products;

(3) cookware;

(4) cosmetics;

(5) dental floss;

(6) fabric treatments;

(7) juvenile products;

(8) menstruation products;

(9) textile furnishings;

(10) ski wax; or

(11) upholstered furniture.

(b) The commissioner may by rule identify products by category or use that may not be sold, offered for sale, or distributed for sale in this state if they contain intentionally added PFAS and designate effective dates. Effective dates must begin no earlier than January 1, 2025, and no later than January 2, 2032. The commissioner must prioritize the prohibition of the sale of product categories that, in the commissioner's judgment, are most likely to contaminate or harm the state's environment and natural resources if they contain intentionally added PFAS. The commissioner may exempt products by rule when the use of PFAS is a currently unavoidable use as determined by the commissioner.

(c) Beginning January 1, 2032, a person may not sell, offer for sale, or distribute for sale in this state any product that contains intentionally added PFAS, unless the commissioner has determined by rule that the use of PFAS in the product is a currently unavoidable use. The commissioner may specify specific products or product categories for which the commissioner has determined the use of PFAS is a currently unavoidable use.

Subd. 6. **Fees.** The commissioner may establish by rule a fee payable by a manufacturer to the commissioner upon submission of the information required under subdivision 2 to cover the agency's reasonable costs to implement this section. Fees collected under this subdivision must be deposited in an account in the environmental fund.

Subd. 7. **Enforcement.** (a) The commissioner may enforce this section under sections 115.071 and 116.072. The commissioner may coordinate with the commissioners of commerce and health in enforcing this section.

(b) When requested by the commissioner, a person must furnish to the commissioner any information that the person may have or may reasonably obtain that is relevant to show compliance with this section.

Subd. 8. **Exemptions.** This section does not apply to:

(1) a product for which federal law governs the presence of PFAS in the product in a manner that preempts state authority;

(2) a product regulated under section 325F.072 or 325F.075; or

(3) the sale or resale of a used product.

Subd. 9. **Rules.** The commissioner may adopt rules necessary to implement this section. Section 14.125 does not apply to the commissioner's rulemaking authority under this section.

Sec. 36. Minnesota Statutes 2022, section 116C.03, subdivision 2a, is amended to read:

Subd. 2a. **Public members.** The membership terms, compensation, removal, and filling of vacancies of public members of the board shall be as provided in section 15.0575, except that a public member may be compensated at the rate of up to $125 a day.

Sec. 37. Minnesota Statutes 2022, section 325E.046, is amended to read:

325E.046 STANDARDS FOR LABELING ~~PLASTIC~~ BAGS, FOOD OR BEVERAGE PRODUCTS, AND PACKAGING.

Subdivision 1. ~~"~~**Biodegradable**~~"~~ **label.** A manufacturer, distributor, or wholesaler may not sell or offer for sale and any other person may not knowingly sell or offer for sale in this state a ~~plastic bag~~ covered product labeled "biodegradable," "degradable," "decomposable," or any form of those terms, or in any way imply that the ~~bag~~ covered product will ~~chemically decompose into innocuous elements in a reasonably short period of time in a landfill, composting, or other terrestrial environment unless a scientifically based standard for biodegradability is developed and the bags are certified as meeting the standard.~~ break down, fragment, degrade, biodegrade, or decompose in a landfill or other environment, unless an ASTM standard specification is adopted for the term claimed and the product is certified as meeting the specification in compliance with the provisions of subdivision 2a.

Subd. 2. ~~"~~**Compostable**~~"~~ **label.** (a) A manufacturer, distributor, or wholesaler may not sell or offer for sale and any other person may not knowingly sell or offer for sale in this state a ~~plastic bag~~ covered product labeled "compostable" unless, at the time of sale or offer for sale, the ~~bag~~ covered product:

(1) meets the ASTM Standard Specification for ~~Compostable~~ Labeling of Plastics Designed to be Aerobically Composted in Municipal or Industrial Facilities (D6400)~~. Each bag must be labeled to reflect that it meets the standard. For purposes of this subdivision, "ASTM" has the meaning given in section 296A.01, subdivision 6.~~ or its successor or the ASTM Standard Specification for Labeling of End Items that Incorporate Plastics and Polymers as Coatings or Additives with Paper and Other Substrates Designed to be Aerobically Composted in Municipal or Industrial Facilities (D6868) or its successor, and the covered product is labeled to reflect that it meets the specification;

(2) is comprised of only wood without any coatings or additives; or

(3) is comprised of only paper without any coatings or additives.

(b) A covered product labeled "compostable" and meeting the criteria under paragraph (a) must be clearly and prominently labeled on the product, or on the product's smallest unit of sale, to reflect that it is intended for an industrial or commercial compost facility. The label required under this paragraph must be in a legible text size and font.

Subd. 2a. **Certification of products.** Beginning January 1, 2026, a manufacturer, distributor, or wholesaler may not sell or offer for sale and any other person may not knowingly sell or offer for sale in this state a covered product labeled as "biodegradable" or "compostable" unless the covered product is certified as meeting the requirements of subdivision 1 or 2, as applicable, by an entity that:

(1) is a nonprofit corporation;

(2) as its primary focus of operation, promotes the production, use, and appropriate end of life for materials and products that are designed to fully biodegrade in specific biologically active environments such as industrial composting; and

(3) is technically capable of and willing to perform analysis necessary to determine a product's compliance with subdivision 1 or 2, as applicable.

Subd. 3. **Enforcement; civil penalty; injunctive relief.** (a) A ~~manufacturer, distributor, or wholesaler~~ person who violates ~~subdivision 1 or 2~~ this section is subject to a civil or administrative penalty of $100 for each prepackaged saleable unit sold or offered for sale up to a maximum of $5,000 and may be enjoined from those violations.

(b) The attorney general may bring an action in the name of the state in a court of competent jurisdiction for recovery of civil penalties or for injunctive relief as provided in this subdivision. The attorney general may accept an assurance of discontinuance of acts in violation of ~~subdivision 1 or 2~~ this section in the manner provided in section 8.31, subdivision 2b.

(c) The commissioner of the Pollution Control Agency may enforce this section under sections 115.071 and 116.072. The commissioner may coordinate with the commissioners of commerce and health in enforcing this section.

(d) When requested by the commissioner of the Pollution Control Agency, a person selling or offering for sale a covered product labeled as "compostable" must furnish to the commissioner any information that the person may have or may reasonably obtain that is relevant to show compliance with this section.

Subd. 4. **Definitions.** For purposes of this section, the following terms have the meanings given:

(1) "ASTM" has the meaning given in section 296A.01, subdivision 6;

(2) "covered product" means a bag, food or beverage product, or packaging;

(3) "food or beverage product" means a product that is used to wrap, package, contain, serve, store, prepare, or consume a food or beverage, such as plates, bowls, cups, lids, trays, straws, utensils, and hinged or lidded containers; and

(4) "packaging" has the meaning given in section 115A.03, subdivision 22b.

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

Sec. 38. **[325E.3892] LEAD AND CADMIUM IN CONSUMER PRODUCTS; PROHIBITION.**

Subdivision 1. **Definitions.** For purposes of this section, "covered product" means any of the following products or product components:

(1) jewelry;

(2) toys;

(3) cosmetics and personal care products;

(4) puzzles, board games, card games, and similar games;

(5) play sets and play structures;

(6) outdoor games;

(7) school supplies;

(8) pots and pans;

(9) cups, bowls, and other food containers;

(10) craft supplies and jewelry-making supplies;

(11) chalk, crayons, paints, and other art supplies;

(12) fidget spinners;

(13) costumes, costume accessories, and children's and seasonal party supplies;

(14) keys, key chains, and key rings; and

(15) clothing, footwear, headwear, and accessories.

Subd. 2. **Prohibition.** (a) A person must not import, manufacture, sell, hold for sale, or distribute or offer for use in this state any covered product containing:

(1) lead at more than 0.009 percent by total weight (90 parts per million); or

(2) cadmium at more than 0.0075 percent by total weight (75 parts per million).

(b) This section does not apply to covered products containing lead or cadmium, or both, when regulation is preempted by federal law.

Subd. 3. **Enforcement.** (a) The commissioners of the Pollution Control Agency, commerce, and health may coordinate to enforce this section. The commissioner of the Pollution Control Agency or commerce may, with the attorney general, enforce any federal restrictions on the sale of products containing lead or cadmium, or both, as allowed under federal law. The commissioner of the Pollution Control Agency may enforce this section under sections 115.071 and 116.072. The commissioner of commerce may enforce this section under sections 45.027, subdivisions 1 to 6; 325F.10 to 325F.12; and 325F.14 to 325F.16. The attorney general may enforce this section under section 8.31.

(b) When requested by the commissioner of the Pollution Control Agency, the commissioner of commerce, or the attorney general, a person must furnish to the commissioner or attorney general any information that the person may have or may reasonably obtain that is relevant to show compliance with this section.

Sec. 39. Minnesota Statutes 2022, section 325F.072, subdivision 1, is amended to read:

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

(b) "Class B firefighting foam" means foam designed ~~for flammable liquid fires~~ to prevent or extinguish a fire in flammable liquids, combustible liquids, petroleum greases, tars, oils, oil-based paints, solvents, lacquers, alcohols, and flammable gases.

(c) "PFAS chemicals" or "perfluoroalkyl and polyfluoroalkyl substances" means~~, for the purposes of firefighting agents,~~ a class of fluorinated organic chemicals containing at least one fully fluorinated carbon atom ~~and designed to be fully functional in class B firefighting foam formulations~~.

(d) "Political subdivision" means a county, city, town, or a metropolitan airports commission organized and existing under sections 473.601 to 473.679.

(e) "State agency" means an agency as defined in section 16B.01, subdivision 2.

(f) "Testing" means calibration testing, conformance testing, and fixed system testing.

Sec. 40. Minnesota Statutes 2022, section 325F.072, subdivision 3, is amended to read:

Subd. 3. **Prohibition ~~of testing and training~~.** (a) ~~Beginning July 1, 2020,~~ No person, political subdivision, or state agency shall ~~discharge class B firefighting foam that contains intentionally added~~ manufacture or knowingly sell, offer for sale, distribute for sale, or distribute for use in this state, class B firefighting foam containing PFAS chemicals~~:~~.

~~(1) for testing purposes, unless the testing facility has implemented appropriate containment, treatment, and disposal measures to prevent releases of foam to the environment; or~~

~~(2) for training purposes, unless otherwise required by law, and with the condition that the training event has implemented appropriate containment, treatment, and disposal measures to prevent releases of foam to the environment. For training purposes, class B foam that contains intentionally added PFAS chemicals shall not be used.~~

~~(b) This section does not restrict:~~

~~(1) the manufacture, sale, or distribution of class B firefighting foam that contains intentionally added PFAS chemicals; or~~

~~(2) the discharge or other use of class B firefighting foams that contain intentionally added PFAS chemicals in emergency firefighting or fire prevention operations.~~

(b) This subdivision does not apply to the manufacture, sale, distribution, or use of class B firefighting foam for which the inclusion of PFAS chemicals is required by federal law, including but not limited to Code of Federal Regulations, title 14, section 139.317. If a federal requirement to include PFAS chemicals in class B firefighting foam is revoked after January 1, 2024, class B firefighting foam subject to the revoked requirements is no longer exempt under this paragraph effective one year after the day of revocation.

(c) This subdivision does not apply to the manufacture, sale, distribution, or use of class B firefighting foam for purposes of use at an airport, as defined under section 360.013, subdivision 39, until the state fire marshal makes a determination that:

(1) the Federal Aviation Administration has provided policy guidance on the transition to fluorine-free firefighting foam;

(2) a fluorine-free firefighting foam product is included in the Federal Aviation Administration's Qualified Product Database; and

(3) a firefighting foam product included in the database under clause (2) is commercially available in quantities sufficient to reliably meet the requirements under Code of Federal Regulations, title 14, part 139.

(d) Until the state fire marshal makes a determination under paragraph (c), the operator of an airport using class B firefighting foam containing PFAS chemicals must, on or before December 31 each calendar year, submit a report to the state fire marshal regarding the status of the airport's conversion to class B firefighting foam products without intentionally added PFAS, the disposal of class B firefighting foam products with intentionally added PFAS, and an assessment of the factors listed in paragraph (c) as applied to the airport.

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

Sec. 41. Minnesota Statutes 2022, section 325F.072, is amended by adding a subdivision to read:

Subd. 3a. **Discharge for testing and training.** A person, political subdivision, or state agency exempted from the prohibitions under subdivision 3 may not discharge class B firefighting foam that contains intentionally added PFAS chemicals for:

(1) testing purposes, unless the testing facility has implemented appropriate containment, treatment, and disposal measures to prevent releases of foam to the environment; or

(2) training purposes, unless otherwise required by law, and with the condition that the training event has implemented appropriate containment, treatment, and disposal measures to prevent releases of foam to the environment.

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

Sec. 42. **TREATED SEED WASTE DISPOSAL RULEMAKING.**

The commissioner of the Pollution Control Agency, in consultation with the commissioner of agriculture and the University of Minnesota, must adopt rules under Minnesota Statutes, chapter 14, providing for the safe and lawful disposal of waste treated seed. The rules must clearly identify the regulatory jurisdiction of state agencies and local governments with regard to such seed. Additional Department of Agriculture staff will not be hired until rulemaking is completed.

Sec. 43. **AIR TOXICS EMISSIONS; RULEMAKING.**

Subdivision 1. **Definitions.** For the purposes of this section:

(1) "agency" means the Minnesota Pollution Control Agency;

(2) "air toxics" has the meaning given in Minnesota Statutes, section 116.062;

(3) "commissioner" means the commissioner of the Minnesota Pollution Control Agency;

(4) "continuous emission monitoring system" has the meaning given in Minnesota Rules, part 7017.1002, subpart 4;

(5) "environmental justice area" means one or more census tracts in Minnesota:

(i) in which, based on the most recent data published by the United States Census Bureau:

(A) 40 percent or more of the population is nonwhite;

(B) 35 percent or more of the households have an income at or below 200 percent of the federal poverty level; or

(C) 40 percent or more of the population over the age of five has limited English proficiency; or

(ii) located within Indian Country, as defined in United States Code, title 18, section 1151;

(6) "performance test" has the meaning given in Minnesota Rules, part 7017.2005, subpart 4; and

(7) "volatile organic compound" has the meaning given in Minnesota Rules, part 7005.0100, subpart 45.

Subd. 2. **Rulemaking required.** The commissioner shall adopt rules under Minnesota Statutes, chapter 14, to implement and govern regulation of facilities that emit air toxics. Notwithstanding Minnesota Statutes, section 14.125, the agency must publish notice of intent to adopt rules within 36 months of the effective date of this act, or the authority for the rules expires.

Subd. 3. **Content of rules.** (a) The rules required under subdivision 2 must address, at a minimum:

(1) specific air toxics to be regulated, including, at a minimum, those defined in subdivision 1;

(2) types of facilities to be regulated, including, at a minimum, facilities that have been issued an air quality permit by the commissioner, other than an Option B registration permit under Minnesota Rules, part 7007.1120, and that:

(i) emit air toxics, whether the emissions are limited in a permit or not; or

(ii) purchase or use material containing volatile organic compounds;

(3) performance tests conducted by facilities to measure the volume of air toxics emissions and testing methods, procedures, protocols, and frequency;

(4) required monitoring of air emissions, including using continuous emission monitoring systems for certain facilities, and monitoring of production inputs or other production parameters;

(5) requirements for reporting information to the agency to assist the agency in determining the amount of the facility's air toxics emissions and the facility's compliance with emission limits in the facility's permit;

(6) record keeping related to air toxics emissions; and

(7) frequency of facility inspections and inspection activities that provide information about air toxics emissions.

(b) In developing the rules, the commissioner must establish testing, monitoring, reporting, record-keeping, and inspection requirements for facilities that reflect:

(1) the different risks to human health and the environment posed by the specific air toxics and amounts emitted by a facility, such that facilities posing greater risks are required to provide more frequent evidence of permit compliance, including but not limited to performance tests, agency inspections, and reporting;

(2) the facility's record of compliance with air toxics emission limits and other permit conditions; and

(3) any exposure of residents of an environmental justice area to the facility's air toxics emissions.

Subd. 4. **Modifying permits.** Within three years after adopting the rules required in subdivision 2, the commissioner must amend existing air quality permits, including but not limited to federal permits, individual state total facility permits, and capped emission permits, as necessary to conform with the rules.

Subd. 5. **Rulemaking cost.** The commissioner must collect the agency's costs to develop the rulemaking required under this section and to conduct regulatory activities, including but not limited to monitoring, inspection, and data collection and maintenance, required as a result of the rulemaking through the annual fee paid by owners or operators of facilities required to obtain air quality permits from the agency, as required under Minnesota Statutes, section 116.07, subdivision 4d, paragraph (b).

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

Sec. 44. **POSITION ESTABLISHED; POLLUTION CONTROL AGENCY.**

The commissioner of the Pollution Control Agency must establish a new full-time equivalent position of community liaison, funded through air quality permit fees, as specified in Minnesota Statutes, section 116.07, subdivision 4d, to conduct the administrative tasks necessary to successfully implement the nonexpiring permit public meeting requirements under Minnesota Statutes, section 116.07, subdivision 4m, and other regulatory activities requiring interaction between the agency and residents in communities exposed to air pollutants emitted by facilities permitted by the agency.

Sec. 45. **COMMUNITY AIR-MONITORING SYSTEMS; PILOT GRANT PROGRAM.**

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

(b) "Agency" means the Minnesota Pollution Control Agency.

(c) "Commissioner" means the commissioner of the Minnesota Pollution Control Agency.

(d) "Community air-monitoring system" means a system of devices monitoring ambient air quality at many locations within a small geographic area that is subject to air pollution from a variety of stationary and mobile sources in order to obtain frequent measurements of pollution levels, to detect differences in exposure to pollution over distances no larger than a city block, and to identify areas where pollution levels are inordinately elevated.

(e) "Environmental justice area" means one or more census tracts in Minnesota:

(1) in which, based on the most recent data published by the United States Census Bureau:

(i) 40 percent or more of the population is nonwhite;

(ii) 35 percent or more of the households have an income at or below 200 percent of the federal poverty level; or

(iii) 40 percent or more of the population over the age of five has limited English proficiency; or

(2) located within Indian Country, as defined in United State Code, title 18, section 1151.

(f) "Nonprofit organization" means an organization that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code.

Subd. 2. **Establishing program.** A pilot grant program for community air-monitoring systems is established in the agency to measure air pollution levels at many locations within an environmental justice area in Minneapolis.

Subd. 3. **Eligible applicants.** Grants under this section may be awarded to applicants consisting of a partnership between a nonprofit organization located in or working with residents located in an environmental justice area in which the community air-monitoring system is to be deployed and an entity that has experience deploying, operating, and interpreting data from air-monitoring systems.

Subd. 4. **Eligible projects.** Grants may be awarded under this section to applicants whose proposals:

(1) use a variety of air-monitoring technologies approved for use by the commissioner, including but not limited to stationary monitors, sensor-based handheld devices, and mobile devices that can be attached to vehicles or drones to measure air pollution levels;

(2) obtain data at fixed locations and from handheld monitoring devices that are carried by residents of the community on designated walking routes in the targeted community and that can provide high-frequency measurements;

(3) use the monitoring data to generate maps of pollution levels throughout the monitored area; and

(4) provide monitoring data to the agency to help inform:

(i) agency decisions, including placement of the agency's stationary air monitors and the development of programs to reduce air emissions that impact environmental justice areas; and

(ii) decisions by other governmental bodies regarding transportation or land use planning.

Subd. 5. **Eligible expenditures.** Grants may be used only for:

(1) planning the configuration and deployment of the community air-monitoring system;

(2) purchasing and installing air-monitoring devices as part of the community air-monitoring system;

(3) training and paying persons to operate stationary, handheld, and mobile devices to measure air pollution;

(4) developing data and mapping systems to analyze, organize, and present the air-monitoring data collected; and

(5) writing a final report on the project, as required under subdivision 9.

Subd. 6. **Application and grant award process.** An eligible applicant must submit an application to the commissioner on a form prescribed by the commissioner. The commissioner must develop administrative procedures governing the application and grant award process. The commissioner must act as fiscal agent for the grant program and is responsible for receiving and reviewing grant applications and awarding grants under this section.

Subd. 7. **Grant awards; priorities.** In awarding grants under this section, the commissioner must give priority to proposed projects that:

(1) take place in areas with high rates of illness associated with exposure to air pollution, including asthma, chronic obstructive pulmonary disease, heart disease, chronic bronchitis, and cancer;

(2) promote public access to and transparency of air-monitoring data developed through the project; and

(3) conduct outreach activities to promote community awareness of and engagement with the project.

Subd. 8. **Report to agency.** No later than 90 days after a project ends, a grantee must submit a written report to the commissioner describing the project's findings and results and any recommendations for agency actions, programs, or activities to reduce levels of air pollution measured by the community air-monitoring system. The grantee must also submit to the commissioner all air-monitoring data developed by the project.

Subd. 9. **Report to legislature.** No later than March 15, 2025, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with primary jurisdiction over environment policy and finance on the results of the grant program, including:

(1) any changes in the agency's air-monitoring network that will occur as a result of data developed under the program;

(2) any actions the agency has taken or proposes to take to reduce levels of pollution that impact the environmental justice areas that received grants under the program; and

(3) any recommendations for legislation, including whether the program should be extended or expanded.

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

Sec. 46. **PETROLEUM TANK RELEASE CLEANUP; REPORT.**

The commissioner of the Pollution Control Agency must perform the duties under clauses (1) to (5) with respect to the petroleum tank release cleanup program governed by Minnesota Statutes, chapter 115C, and must, no later than January 15, 2025, report the results to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over environment policy and finance. The report must include any recommendations for legislation. The commissioner must:

(1) explicitly define the conditions that must be present in order for the commissioner to classify a site as posing a low potential risk to public health and the environment and ensure that all agency staff use the definition in assessing potential risks. In determining the conditions that indicate that a site poses a low risk, the commissioner must consider relevant site conditions, including but not limited to the nature of groundwater flow, soil type, and proximity of features at or near the site that could potentially become contaminated;

(2) develop guidelines to incorporate consideration of potential future uses of a contaminated property into all agency staff decisions regarding site remediation;

(3) develop scientifically based and measurable technical standards that allow the quality of the agency's performance in remediating petroleum-contaminated properties to be evaluated and conduct such evaluations periodically;

(4) in collaboration with the Petroleum Tank Release Compensation Board and the commissioner of commerce, examine whether and how to establish technical qualifications for consultants hired to remediate petroleum-contaminated properties as a strategy to improve the quality of remediation work and how agencies can share information on consultant performance; and

(5) in collaboration with the commissioner of commerce, make consultants who remediate petroleum-contaminated sites more accountable for the quality of their work by:

(i) requiring a thorough evaluation of the past performance of a contractor being considered for hire;

(ii) developing a formal system of measures and procedures by which to evaluate the work; and

(iii) sharing evaluations with the commissioner of commerce and with responsible parties.

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

Sec. 47. **POLLUTION CONTROL AGENCY PUBLIC MEMBERS; INITIAL APPOINTMENTS AND TERMS.**

The governor must appoint public members of the Pollution Control Agency under Minnesota Statutes, section 116.02, by August 1, 2023. The governor must designate two of the members first appointed to serve a term of one year, two members to serve a term of two years, two members to serve a term of three years, and two members to serve a term of four years.

Sec. 48. **FEEDLOT FINANCIAL ASSURANCE REQUIREMENTS COMPLIANCE SCHEDULE.**

The commissioner of the Pollution Control Agency may phase in the new financial assurance requirements under Minnesota Statutes, section 116.07, subdivision 7f, during the next reissuance of the national pollutant discharge elimination system general permit for concentrated animal feeding operations, MNG440000. The commissioner must establish a schedule for permittees to come into compliance with the requirements. The schedule must require 250 permittees per year to comply, beginning with the operations with the largest number of animal units.

Sec. 49. **MANURE STORAGE AREA REPORTS REQUIRED.**

Subdivision 1. **Reports.** (a) No later than December 15, 2023, the commissioner of the Pollution Control Agency must develop a list based on registration data for each county of potentially abandoned manure storage areas.

(b) No later than January 15, 2025, each delegated county must report to the commissioner of the Pollution Control Agency a list of abandoned manure storage areas located in the county. The report must be submitted by the county feedlot officer.

(c) No later than January 15, 2025, the Pollution Control Agency regional feedlot staff must compile a list of abandoned manure storage areas located in counties under their regulatory jurisdiction that do not have delegation agreements with the agency.

(d) No later than February 15, 2025, the commissioner of the Pollution Control Agency must submit a compilation report and list of abandoned manure storage areas to the legislative committees with jurisdiction over agriculture and environment. The report must include recommendations for remediation. The commissioner must seek advice from the Minnesota Association of County Feedlot Officers and livestock associations for recommendations, including existing and any proposed options for remediation.

(e) For purposes of this section, "abandoned manure storage areas" has the meaning given in Minnesota Statutes, section 116.07, subdivision 7g.

(f) Reports and lists required under this section are not feedlot inventories for purposes of Minnesota Statutes, section 116.07, subdivision 7b.

Subd. 2. **Delegated counties.** (a) Except as provided in paragraph (b), during the 2023 and 2024 delegation years, the commissioner of the Pollution Control Agency must not penalize a delegated county for a performance issue or shortcoming attributable to the county's reassignment of county feedlot officer resources necessary to comply with the additional requirements imposed upon the county under subdivision 1.

(b) The commissioner may penalize a county during the 2023 or 2024 delegation year for a performance issue or shortcoming attributable to the county's reassignment of county feedlot officer resources only if the specific penalty is approved by a majority of the board of the Minnesota Association of County Feedlot Officers.

Sec. 50. **PFAS MANUFACTURERS FEE WORK GROUP.**

The commissioner of the Pollution Control Agency, in cooperation with the commissioners of revenue and management and budget, must establish a work group to review options for collecting a fee from manufacturers of PFAS in the state. By February 15, 2024, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources with recommendations.

Sec. 51. **TEMPORARY EXEMPTION FOR TERMINALS AND OIL REFINERIES.**

Subdivision 1. **Temporary exemption.** Minnesota Statutes, section 325F.072, subdivision 3, does not apply to the manufacture, sale, distribution, or use of class B firefighting foam for the purposes of use at a terminal or oil refinery until January 1, 2026.

Subd. 2. **Extension; waiver.** (a) A person who operates a terminal or oil refinery may apply to the state fire marshal for a waiver to extend the exemption under subdivision 1 beyond January 1, 2026, as provided in this subdivision.

(b) The state fire marshal may grant a waiver to extend the exemption under subdivision 1 for a specific use if the applicant provides all of the following:

(1) clear and convincing evidence that there is no commercially available replacement that does not contain intentionally added PFAS chemicals and that is capable of suppressing fire for that specific use;

(2) information on the amount of firefighting foam containing intentionally added PFAS chemicals stored, used, or released on-site on an annual basis;

(3) a detailed plan, with timelines, for the operator of the terminal or oil refinery to transition to firefighting foam that does not contain intentionally added PFAS chemicals for that specific use; and

(4) a plan for meeting the requirements under subdivision 3.

(c) The state fire marshal must ensure there is an opportunity for public comment during the waiver process. The state fire marshal must consider both information provided by the applicant and information provided through public comment when making a decision on whether to grant a waiver. The term of a waiver must not exceed two years. The state fire marshal must not grant a waiver for a specific use if any other terminal or oil refinery is known to have transitioned to commercially available class B firefighting foam that does not contain intentionally added PFAS chemicals for that specific use. All waivers must expire by January 1, 2028. A person that anticipates applying for a waiver for a terminal or oil refinery must submit a notice of intent to the state fire marshal by January 1, 2025, in order to be considered for a waiver beyond January 1, 2026. The state fire marshal must notify the waiver applicant of a decision within six months of the waiver submission date.

(d) The state fire marshal must provide an applicant for a waiver under this subdivision an opportunity to:

(1) correct deficiencies when applying for a waiver; and

(2) provide evidence to dispute a determination that another terminal or oil refinery is known to have transitioned to commercially available class B firefighting foam that does not contain intentionally added PFAS chemicals for that specific use, including evidence that the specific use is different.

Subd. 3. **Use requirements.** (a) A person that uses class B firefighting foam containing intentionally added PFAS chemicals under this section must:

(1) implement tactics that have been demonstrated to prevent release directly to the environment, such as to unsealed ground, soakage pits, waterways, or uncontrolled drains;

(2) attempt to fully contain all firefighting foams with PFAS on-site using demonstrated practices designed to contain all PFAS releases;

(3) implement containment measures such as bunds and ponds that are controlled, are impervious to PFAS chemicals, and do not allow fire water, wastewater, runoff, and other wastes to be released to the environment, such as to soils, groundwater, waterways, or stormwater; and

(4) dispose of all fire water, wastewater, runoff, impacted soils, and other wastes in a way that prevents releases to the environment.

(b) A terminal or oil refinery that has received a waiver under this section may provide and use class B firefighting foam containing intentionally added PFAS chemicals in the form of mutual aid to another terminal or oil refinery at the request of authorities only if the other terminal or oil refinery also has a waiver.

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

Sec. 52. **FIREFIGHTER TURNOUT GEAR; REPORT.**

(a) The commissioner of the Pollution Control Agency, in cooperation with the commissioner of health, must submit a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources regarding perfluoroalkyl and polyfluoroalkyl substances (PFAS) in turnout gear by January 15, 2024. The report must include:

(1) current turnout gear requirements and options for eliminating or reducing PFAS in turnout gear;

(2) current turnout gear disposal methods and recommendations for future disposal to prevent PFAS contamination; and

(3) recommendations and protocols for PFAS biomonitoring in firefighters, including a process for allowing firefighters to voluntarily register for biomonitoring.

(b) For the purposes of this section, "turnout gear" is the personal protective equipment (PPE) used by firefighters.

Sec. 53. **PFAS WATER QUALITY STANDARDS.**

(a) The commissioner of the Pollution Control Agency must adopt rules establishing water quality standards for:

(1) perfluorooctanoic acid (PFOA);

(2) perfluorooctane sulfonic acid (PFOS);

(3) perfluorononanoic acid (PFNA);

(4) hexafluoropropylene oxide dimer acid (HFPO-DA, commonly known as GenX chemicals);

(5) perfluorohexane sulfonic acid (PFHxS); and

(6) perfluorobutane sulfonic acid (PFBS).

(b) The commissioner must adopt the rules establishing the water quality standards required under this section by July 1, 2026, and Minnesota Statutes, section 14.125, does not apply.

Sec. 54. **HEALTH RISK LIMIT; PERFLUOROOCTANE SULFONATE.**

By July 1, 2025, the commissioner of health must amend the health risk limit for perfluorooctane sulfonate (PFOS) in Minnesota Rules, part 4717.7860, subpart 15, so that the health risk limit does not exceed 0.015 parts per billion. In amending the health risk limit for PFOS, the commissioner must comply with Minnesota Statutes, section 144.0751, requiring a reasonable margin of safety to adequately protect the health of infants, children, and adults.

Sec. 55. **PATH TO ZERO WASTE; REPORT.**

(a) By July 15, 2025, the commissioner of the Pollution Control Agency must conduct a study and prepare a report that includes a pathway to achieve zero waste and submit the report to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over environmental policy and finance and energy policy.

(b) The commissioner must seek outside technical support from certified zero-waste experts to conduct the study and prepare the report. The report must abide by the internationally peer-reviewed definition of zero waste and the zero-waste hierarchy as codified by the Zero Waste International Alliance, and include:

(1) an overview of how municipal solid waste is currently managed;

(2) a summary of infrastructure, programs, and resources needed to reach zero waste over a 2021 baseline by 2045 or sooner;

(3) an analysis that outlines the impact of different strategies to achieve zero waste;

(4) strategic policy initiatives that will be required to manage waste at the top of the zero-waste hierarchy, as the state strives to achieve zero waste;

(5) a discussion of the feasibility, assumptions, and projected time frame for achieving zero waste if proposed policies are implemented and necessary investments are made, including the projected need for land disposal capacity based on the estimated growth in waste generation and the practicable ability of existing technologies to reduce waste to avoid disposal;

(6) recommendations for reducing the environmental and human health impacts of waste disposal during the transition to zero waste, especially across environmental justice areas;

(7) a life cycle analysis comparing incineration and landfilling ash, direct use of landfilling, and zero-waste implementation. This analysis must include, at a minimum, the impacts of greenhouse gas emissions; toxic chemical pollutants, including cancer and noncancer effects; particulate matter emissions; and smog formation from emissions of nitrogen oxides and volatile organic compounds and their impacts on asthma and respiratory health. The analysis must present the results so that the global warming and other health and environmental impacts can be evaluated side-by-side using the same units, such as a monetized social and environmental harm indicator. A separate environmental justice analysis must be conducted, analyzing the demographics around any existing and proposed waste disposal facilities. Using the best available data, the report must evaluate the costs of each option and the impacts on local job support; and

(8) the role of nonburn alternatives in the destruction of problem materials such as invasive species, pharmaceuticals, and perfluoroalkyl and polyfluoroalkyl substances.

(c) The commissioner must obtain input from counties and cities inside and outside the seven-county metropolitan area, recycling and composting facilities, waste haulers, environmental organizations, Tribal representatives, and other interested parties in preparing the report. The development of the report must include stakeholder input from diverse communities located in environmental justice areas that contain a waste facility. The commissioner must provide for an open public comment period of at least 60 days on the draft report. Written public comments and any commissioner responses must be included in the final report.

Sec. 56. **REPORT REQUIRED; RECYCLING AND REUSING SOLAR PHOTOVOLTAIC MODULES AND INSTALLATION COMPONENTS.**

(a) The commissioner of the Pollution Control Agency, in consultation with the commissioners of commerce and employment and economic development, must coordinate preparation of a report on developing a statewide system to reuse and recycle solar photovoltaic modules and installation components in the state.

(b) The report must include options for a system to collect, reuse, and recycle solar photovoltaic modules and installation components at end of life. Any system option included in the report must be convenient and accessible throughout the state, recover 100 percent of discarded components, and maximize value and materials recovery. Any system option developed must include analysis of:

(1) the reuse and recycling values of solar photovoltaic modules, installation components, and recovered materials;

(2) system infrastructure and technology needs;

(3) how to maximize in-state employment and economic development;

(4) net costs for the program; and

(5) potential benefits and negative impacts of the plan on environmental justice and Tribal communities.

(c) The report must include a survey of solar photovoltaic modules and installation components that are currently coming out of service and those projected to come out of service in the future in Minnesota. The report must include a description of how solar photovoltaic modules and installation components are currently being managed at end of life and how they would likely be managed in the future without the proposed reuse and recycling system.

(d) After completing the report, the commissioner must convene a working group to advise on developing policy recommendations for a statewide system to manage solar photovoltaic modules and installation components. The working group must include, but is not limited to:

(1) the commissioners of commerce and employment and economic development or their designees;

(2) representatives of the solar industry and electric utilities;

(3) representatives of state, local, and Tribal governments; and

(4) other relevant stakeholders.

(e) By January 15, 2025, the commissioner must submit the report and the policy recommendations developed under this section to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources policy and finance and energy policy and finance.

Sec. 57. **REVISOR INSTRUCTION.**

The revisor of statutes must change the term "master plan" or similar term to "plan" wherever the term appears in Minnesota Statutes, sections 473.803 to 473.8441. The revisor may make grammatical changes related to the term change.

Sec. 58. **REPEALER.**

Minnesota Statutes 2022, sections 115.44, subdivision 9; 116.011; 325E.389; and 325E.3891, are repealed.

ARTICLE 4
NATURAL RESOURCES

Section 1. Minnesota Statutes 2022, section 16A.152, subdivision 2, is amended to read:

Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general fund revenues and expenditures, the commissioner of management and budget determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of management and budget must allocate money to the following accounts and purposes in priority order:

(1) the cash flow account established in subdivision 1 until that account reaches $350,000,000;

(2) the budget reserve account established in subdivision 1a until that account reaches $2,377,399,000;

(3) the amount necessary to increase the aid payment schedule for school district aids and credits payments in section 127A.45 to not more than 90 percent rounded to the nearest tenth of a percent without exceeding the amount available and with any remaining funds deposited in the budget reserve;

(4) the amount necessary to restore all or a portion of the net aid reductions under section 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75, subdivision 5, by the same amount;

(5) the amount necessary to increase the Minnesota 21st century fund by not more than the difference between $5,000,000 and the sum of the amounts credited and canceled to it in the previous 12 months under Laws 2020, chapter 71, article 1, section 11, until the sum of all transfers under this section and all amounts credited or canceled under Laws 2020, chapter 71, article 1, section 11, equals $20,000,000; ~~and~~

(6) the amount necessary to compensate the permanent school fund for lands in the Lowland Conifer Carbon Reserve as required under section 88.85, subdivision 9; and

~~(6)~~ (7) for a forecast in November only, the amount remaining after the transfer under clause (5) must be used to reduce the percentage of accelerated June liability sales tax payments required under section 289A.20, subdivision 4, paragraph (b), until the percentage equals zero, rounded to the nearest tenth of a percent. By March 15 following the November forecast, the commissioner must provide the commissioner of revenue with the percentage of accelerated June liability owed based on the reduction required by this clause. By April 15 each year, the commissioner of revenue must certify the percentage of June liability owed by vendors based on the reduction required by this clause.

(b) The amounts necessary to meet the requirements of this section are appropriated from the general fund within two weeks after the forecast is released or, in the case of transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations schedules otherwise established in statute.

(c) The commissioner of management and budget shall certify the total dollar amount of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education. The commissioner of education shall increase the aid payment percentage and reduce the property tax shift percentage by these amounts and apply those reductions to the current fiscal year and thereafter.

Sec. 2. Minnesota Statutes 2022, section 84.02, is amended by adding a subdivision to read:

Subd. 6c. **Restored prairie.** "Restored prairie" means a restoration that uses at least 25 representative and biologically diverse native prairie plant species and that occurs on land that was previously cropped or used as pasture.

Sec. 3. Minnesota Statutes 2022, section 84.0274, subdivision 6, is amended to read:

Subd. 6. **State's responsibilities.** When the state proposes to purchase land for natural resources purposes, the commissioner of natural resources and, where applicable, the commissioner of administration shall have the following responsibilities:

(1) the responsibility to deal fairly and openly with the landowner in the purchase of property;

(2) the responsibility to refrain from discussing price with the landowner before an appraisal has been made. In addition, the same person shall not both appraise and negotiate for purchase of a tract of land. This paragraph does not apply to the state when discussing with a landowner the trout stream easement payment determined under section 84.0272, subdivision 2, the native prairie bank easement payment determined under section 84.96, subdivision 5, or the Camp Ripley's Army compatible use buffer easement payment determined under section 84.0277, subdivision 2;

(3) the responsibility to use private fee appraisers to lower the state's acquisition costs to the greatest extent practicable; and

(4) the responsibility to acquire land in as expeditious a manner as possible. No option shall be made for a period of greater than two months if no survey is required or for nine months if a survey is required, unless the landowner, in writing, expressly requests a longer period of time. ~~Provided that, if county board approval of the~~

~~transaction is required pursuant to section 97A.145, no time limits shall apply.~~ If the state elects not to purchase property upon which it has an option, it shall pay the landowner $500 after the expiration of the option period. If the state elects to purchase the property, unless the landowner elects otherwise, payment to the landowner shall be made no later than 90 days following the state's election to purchase the property provided that the title is marketable and the owner acts expeditiously to complete the transaction.

Sec. 4. Minnesota Statutes 2022, section 84.0276, is amended to read:

84.0276 LAND TRANSFERS BY A FEDERAL AGENCY.

Before the commissioner of natural resources accepts agricultural land or a farm homestead transferred in fee by a federal agency, the commissioner must consult with the Board of Water and Soil Resources for a determination of marginal land, tillable farmland, and farm homestead. ~~The commissioner must comply with the acquisition procedure under section 97A.145, subdivision 2, if the agricultural land or farm homestead was in an agricultural preserve as provided in section 40A.10.~~

Sec. 5. Minnesota Statutes 2022, section 84.415, subdivision 3, is amended to read:

Subd. 3. **Application, form.** The application for license or permit ~~shall be in quadruplicate, and shall~~ must include ~~with each copy~~ a legal description of the lands or waters affected, a metes and bounds description of the required right-of-way, a map showing said features, and a detailed design of any structures necessary, or in lieu thereof shall be in such other form, and include such other descriptions, maps or designs, as the commissioner may require. The commissioner may at any time order such changes or modifications respecting construction or maintenance of structures or other conditions of the license or permit as the commissioner deems necessary to protect the public health and safety.

Sec. 6. Minnesota Statutes 2022, section 84.415, subdivision 6, is amended to read:

Subd. 6. **Supplemental application fee and monitoring fee.** (a) In addition to the application fee and utility crossing fees specified in Minnesota Rules, the commissioner of natural resources shall assess the applicant for a utility license the following fees:

(1) ~~a~~ to cover reasonable costs for reviewing an application and preparing a license, supplemental application ~~fee of~~ fees as follows:

(i) $1,750 for a public water crossing license and ~~a supplemental application fee of~~ $3,000 for a public lands crossing license~~, to cover reasonable costs for reviewing the application and preparing the license~~ for electric power lines, cables, or conduits of 100 kilovolts or more and for main pipelines for gas, liquids, or solids in suspension;

(ii) $1,000 for a public water crossing license and $1,000 for a public lands crossing license for applications to which item (i) does not apply; and

(iii) for all applications, an additional $500 for each water crossing or land crossing in excess of two crossings; and

(2) a monitoring fee to cover the projected reasonable costs for monitoring the construction of the utility line and preparing special terms and conditions of the license to ensure proper construction. The commissioner must give the applicant an estimate of the monitoring fee before the applicant submits the fee.

(b) The applicant shall pay fees under this subdivision to the commissioner of natural resources. The commissioner shall not issue the license until the applicant has paid all fees in full.

(c) Upon completion of construction of the improvement for which the license or permit was issued, the commissioner shall refund the unobligated balance from the monitoring fee revenue. The commissioner shall not return the application fees, even if the application is withdrawn or denied.

~~(d) If the fees collected under paragraph (a), clause (1), are not sufficient to cover the costs of reviewing the applications and preparing the licenses, the commissioner shall improve efficiencies and otherwise reduce department costs and activities to ensure the revenues raised under paragraph (a), clause (1), are sufficient, and that no other funds are necessary to carry out the requirements.~~

(d) For purposes of this subdivision:

(1) "water crossing" means each location where the proposed utility will cross a public water between banks or shores; and

(2) "land crossing" means each quarter-quarter section or government lot where the proposed utility will cross public land.

Sec. 7. Minnesota Statutes 2022, section 84.415, subdivision 7, is amended to read:

Subd. 7. **Application fee exemption.** (a) A utility license for crossing public lands or public waters is exempt from all application fees specified ~~in this section and~~ in rules adopted under this section.

(b) This subdivision does not apply to electric power lines, cables, or conduits 100 kilovolts or greater or to main pipelines for gas, liquids, or solids in suspension.

Sec. 8. Minnesota Statutes 2022, section 84.415, is amended by adding a subdivision to read:

Subd. 9. **Fees for renewing license.** At the end of the license period, if both parties wish to renew a license, the commissioner must assess the applicant for all fees in this section as if the renewal is an application for a new license.

Sec. 9. Minnesota Statutes 2022, section 84.788, subdivision 5, is amended to read:

Subd. 5. **Report of ownership transfers; fee.** (a) Application for transfer of ownership of an off-highway motorcycle registered under this section must be made to the commissioner within 15 days of the date of transfer.

(b) An application for transfer must be executed by the ~~registered~~ current owner and the purchaser using a bill of sale that includes the vehicle serial number.

(c) The purchaser is subject to the penalties imposed by section 84.774 if the purchaser fails to apply for transfer of ownership as provided under this subdivision.

Sec. 10. Minnesota Statutes 2022, section 84.82, subdivision 2, is amended to read:

Subd. 2. **Application, issuance, issuing fee.** (a) Application for registration or reregistration shall be made to the commissioner or an authorized deputy registrar of motor vehicles in a format prescribed by the commissioner and shall state the legal name and address of every owner of the snowmobile.

(b) A person who purchases a snowmobile from a retail dealer shall make application for registration to the dealer at the point of sale. The dealer shall issue a dealer temporary 21-day registration permit to each purchaser who applies to the dealer for registration. The temporary permit must contain the dealer's identification number and phone number. Each retail dealer shall submit completed registration and fees to the deputy registrar at least once a week. No fee may be charged by a dealer to a purchaser for providing the temporary permit.

(c) Upon receipt of the application and the appropriate fee, the commissioner or deputy registrar shall issue to the applicant, or provide to the dealer, an assigned registration number or a commissioner or deputy registrar temporary 21-day permit. The registration number must be printed on a registration decal issued by the commissioner or a deputy registrar. Once issued, the registration ~~number~~ decal must be affixed to the snowmobile in a clearly visible and permanent manner for enforcement purposes ~~as the commissioner of natural resources shall prescribe~~ according to subdivision 3b. A dealer subject to paragraph (b) shall provide the registration materials or temporary permit to the purchaser within the temporary 21-day permit period. The registration is not valid unless signed by at least one owner.

(d) Each deputy registrar of motor vehicles acting pursuant to section 168.33 shall also be a deputy registrar of snowmobiles. The commissioner of natural resources in agreement with the commissioner of public safety may prescribe the accounting and procedural requirements necessary to ensure efficient handling of registrations and registration fees. Deputy registrars shall strictly comply with these accounting and procedural requirements.

(e) In addition to other fees prescribed by law, an issuing fee of $4.50 is charged for each snowmobile registration renewal, duplicate or replacement registration card, and replacement decal, and an issuing fee of $7 is charged for each snowmobile registration and registration transfer issued by:

(1) a registrar or a deputy registrar and must be deposited in the manner provided in section 168.33, subdivision 2; or

(2) the commissioner and must be deposited in the state treasury and credited to the snowmobile trails and enforcement account in the natural resources fund.

Sec. 11. Minnesota Statutes 2022, section 84.82, is amended by adding a subdivision to read:

Subd. 3b. **Display of registration decal.** (a) A person must not operate or transport a snowmobile in the state or allow another to operate the person's snowmobile in the state unless the snowmobile has its unexpired registration decal affixed to each side of the snowmobile and the decals are legible.

(b) The registration decal must be affixed:

(1) for snowmobiles made after June 30, 1972, in the areas provided by the manufacturer under section 84.821, subdivision 2; and

(2) for all other snowmobiles, on each side of the cowling on the upper half of the snowmobile.

(c) When any previously affixed registration decal is destroyed or lost, a duplicate must be affixed in the same manner as provided in paragraph (b).

Sec. 12. Minnesota Statutes 2022, section 84.821, subdivision 2, is amended to read:

Subd. 2. **Area for registration number.** All snowmobiles made after June 30, 1972, and sold in Minnesota, shall be designed and made to provide an area on which to affix the registration ~~number~~ decal. ~~This area shall be at a location and of dimensions prescribed by rule of the commissioner.~~ A clear area must be provided on each side of the cowling with a minimum size of 3-1/2 square inches and at least 12 inches from the ground when the machine is resting on a hard surface.

Sec. 13. Minnesota Statutes 2022, section 84.84, is amended to read:

84.84 TRANSFER OR TERMINATION OF SNOWMOBILE OWNERSHIP.

(a) Within 15 days after the transfer of ownership, or any part thereof, other than a security interest, or the destruction or abandonment of any snowmobile, written notice of the transfer or destruction or abandonment shall be given to the commissioner in such form as the commissioner shall prescribe.

(b) An application for transfer must be executed by the ~~registered~~ current owner and the purchaser using a bill of sale that includes the vehicle serial number.

(c) The purchaser is subject to the penalties imposed by section 84.88 if the purchaser fails to apply for transfer of ownership as provided under this subdivision. Every owner or part owner of a snowmobile shall, upon failure to give notice of destruction or abandonment, be subject to the penalties imposed by section 84.88.

Sec. 14. Minnesota Statutes 2022, section 84.86, subdivision 1, is amended to read:

Subdivision 1. **Required rules, fees, and reports.** (a) With a view of achieving maximum use of snowmobiles consistent with protection of the environment the commissioner of natural resources shall adopt rules in the manner provided by chapter 14, for the following purposes:

(1) registration of snowmobiles ~~and display of registration numbers.~~;

(2) use of snowmobiles insofar as game and fish resources are affected~~.~~;

(3) use of snowmobiles on public lands and waters, or on grant-in-aid trails~~.~~;

(4) uniform signs to be used by the state, counties, and cities, which are necessary or desirable to control, direct, or regulate the operation and use of snowmobiles~~.~~;

(5) specifications relating to snowmobile mufflers~~.~~; and

(6) a comprehensive snowmobile information and safety education and training program~~, including~~ that includes but is not limited to ~~the preparation and dissemination of~~ preparing and disseminating snowmobile information and safety advice to the public, ~~the~~ training ~~of~~ snowmobile operators, and ~~the issuance of~~ issuing snowmobile safety certificates to snowmobile operators who successfully complete the snowmobile safety education and training course.

(b) For the purpose of administering ~~such~~ the program under paragraph (a), clause (6), and to defray expenses of training and certifying snowmobile operators, the commissioner shall collect a fee from each person who receives the youth or adult training. The commissioner shall collect a fee, to include a $1 issuing fee for licensing agents, for issuing a duplicate snowmobile safety certificate. The commissioner shall establish both fees in a manner that neither significantly overrecovers nor underrecovers costs, including overhead costs, involved in providing the services. The fees are not subject to the rulemaking provisions of chapter 14, and section 14.386 does not apply. The fees may be established by the commissioner notwithstanding section 16A.1283. The fees, except for the issuing fee for licensing agents under this subdivision, shall be deposited in the snowmobile trails and enforcement account in the natural resources fund and the amount thereof, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, and issuing fees collected by the commissioner, is appropriated annually to the Enforcement Division of the Department of Natural Resources for ~~the administration of such~~ administering the programs. In addition to the fee established by the commissioner, instructors may charge each person any fee paid by the instructor for the person's online training course and up to the established fee amount for class materials and expenses. The commissioner shall cooperate with private organizations and associations, private and public corporations, and local governmental units in furtherance of the program established under ~~this~~ paragraph (a), clause (6). School districts may cooperate with the commissioner and volunteer instructors to provide space for the classroom portion of the training. The commissioner shall consult with the commissioner of public safety in regard to training program subject matter and performance testing that leads to the certification of snowmobile operators.

~~(7)~~ (c) The operator of any snowmobile involved in an accident resulting in injury requiring medical attention or hospitalization to or death of any person or total damage to an extent of $500 or more, shall forward a written report of the accident to the commissioner on ~~such~~ a form ~~as~~ prescribed by the commissioner ~~shall prescribe~~. If the operator is killed or is unable to file a report due to incapacitation, any peace officer investigating the accident shall file the accident report within ten business days.

Sec. 15. Minnesota Statutes 2022, section 84.87, subdivision 1, is amended to read:

Subdivision 1. **Operation on streets and highways.** (a) No person shall operate a snowmobile upon the roadway, shoulder, or inside bank or slope of any trunk, county state-aid, or county highway in this state and, in the case of a divided trunk or county highway, on the right-of-way between the opposing lanes of traffic, except as provided in sections 84.81 to 84.90. No person shall operate a snowmobile within the right-of-way of any trunk, county state-aid, or county highway between the hours of one-half hour after sunset to one-half hour before sunrise, except on the right-hand side of such right-of-way and in the same direction as the highway traffic on the nearest lane of the roadway adjacent thereto. No snowmobile shall be operated at any time within the right-of-way of any interstate highway or freeway within this state.

(b) Notwithstanding any provision of paragraph (a) to the contrary:

(1) under conditions prescribed by the commissioner of transportation, the commissioner of transportation may allow two-way operation of snowmobiles on either side of the trunk highway right-of-way where the commissioner of transportation determines that two-way operation will not endanger users of the trunk highway or riders of the snowmobiles using the trail;

(2) under conditions prescribed by a local road authority as defined in section 160.02, subdivision 25, the road authority may allow two-way operation of snowmobiles on either side of the right-of-way of a street or highway under the road authority's jurisdiction, where the road authority determines that two-way operation will not endanger users of the street or highway or riders of the snowmobiles using the trail;

(3) the commissioner of transportation under clause (1) and the local road authority under clause (2) shall notify the commissioner of natural resources and the local law enforcement agencies responsible for the streets or highways of the locations of two-way snowmobile trails authorized under this paragraph; and

(4) two-way snowmobile trails authorized under this paragraph shall be posted for two-way operation at the authorized locations.

(c) A snowmobile may make a direct crossing of a street or highway at any hour of the day provided:

(1) the crossing is made at an angle of approximately 90 degrees to the direction of the highway and at a place where no obstruction prevents a quick and safe crossing;

(2) the snowmobile is brought to a complete stop before crossing the shoulder or main traveled way of the highway;

(3) the driver yields the right-of-way to all oncoming traffic which constitutes an immediate hazard;

(4) in crossing a divided highway, the crossing is made only at an intersection of such highway with another public street or highway or at a safe location approved by the road authority;

(5) if the crossing is made between the hours of one-half hour after sunset to one-half hour before sunrise or in conditions of reduced visibility, only if both front and rear lights are on; and

(6) a snowmobile may be operated upon a bridge, other than a bridge that is part of the main traveled lanes of an interstate highway, when required for the purpose of avoiding obstructions to travel when no other method of avoidance is possible; provided the snowmobile is operated in the extreme right-hand lane, the entrance to the roadway is made within 100 feet of the bridge and the crossing is made without undue delay.

(d) No snowmobile shall be operated upon a public street or highway unless it is equipped with at least one headlamp, one tail lamp, each of minimum candlepower as prescribed by rules of the commissioner, reflector material of a minimum area of 16 square inches mounted on each side forward of the handle bars, and with brakes each of which shall conform to standards prescribed by rule of the commissioner pursuant to the authority vested in the commissioner by section 84.86, and each of which shall be subject to approval of the commissioner of public safety.

(e) A snowmobile may be operated upon a public street or highway other than as provided by paragraph (c) in an emergency during the period of time when and at locations where snow upon the roadway renders travel by automobile impractical.

(f) All provisions of chapters 169 and 169A shall apply to the operation of snowmobiles upon streets and highways, except for those relating to required equipment, and except those which by their nature have no application. Section 169.09 applies to the operation of snowmobiles anywhere in the state or on the ice of any boundary water of the state.

(g) Any sled, trailer, or other device being towed by a snowmobile must be equipped with reflective materials as required by rule of the commissioner.

Sec. 16. Minnesota Statutes 2022, section 84.90, subdivision 7, is amended to read:

Subd. 7. **Penalty.** (a) A person violating the provisions of this section is guilty of a misdemeanor.

(b) Notwithstanding section 609.101, subdivision 4, clause (2), the minimum fine for a person who operates an off-highway motorcycle, off-road vehicle, all-terrain vehicle, or snowmobile in violation of this section must not be less than the amount set forth in section 84.775.

Sec. 17. **[84.9735] INSECTICIDES ON STATE LANDS.**

A person may not use a pesticide containing an insecticide in a wildlife management area, state park, state forest, aquatic management area, or scientific and natural area if the insecticide is from the neonicotinoid class of insecticides or contains chlorpyrifos.

Sec. 18. Minnesota Statutes 2022, section 84.992, subdivision 2, is amended to read:

Subd. 2. **Program.** The commissioner of natural resources shall develop and implement a program for the Minnesota Naturalist Corps that supports state parks and trails in providing interpretation of the natural and cultural features of state parks and trails in order to enhance visitors' awareness, understanding, and appreciation of those features and encourages the wise and sustainable use of the environment.

Sec. 19. Minnesota Statutes 2022, section 84.992, subdivision 5, is amended to read:

Subd. 5. **Eligibility.** A person is eligible to enroll in the Minnesota Naturalist Corps if the person:

~~(1) is a permanent resident of the state;~~

~~(2)~~ is a participant in an approved college internship program ~~in a field related to natural resources, cultural history, interpretation, or conservation; and~~

~~(3) has completed at least one year of postsecondary education~~.

Sec. 20. Minnesota Statutes 2022, section 84D.02, subdivision 3, is amended to read:

Subd. 3. **Management plan.** By December 31, 2023, and every five years thereafter, the commissioner shall prepare ~~and maintain~~ a long-term plan, which may include specific plans for individual species and actions, for the statewide management of invasive species of aquatic plants and wild animals. The plan must address:

(1) coordinated detection and prevention of accidental introductions;

(2) coordinated dissemination of information about invasive species of aquatic plants and wild animals among resource management agencies and organizations;

(3) a coordinated public education and awareness campaign;

(4) coordinated control of selected invasive species of aquatic plants and wild animals on lands and public waters;

(5) participation by lake associations, local citizen groups, and local units of government in the development and implementation of local management efforts;

(6) a reasonable and workable inspection requirement for watercraft and equipment including those participating in organized events on the waters of the state;

(7) the closing of points of access to infested waters, if the commissioner determines it is necessary, for a total of not more than seven days during the open water season for control or eradication purposes;

(8) maintaining public accesses on infested waters to be reasonably free of aquatic macrophytes; ~~and~~

(9) notice to travelers of the penalties for violation of laws relating to invasive species of aquatic plants and wild animals; and

(10) the impacts of climate change on invasive species management.

Sec. 21. Minnesota Statutes 2022, section 84D.10, subdivision 3, is amended to read:

Subd. 3. **Removal and confinement.** (a) A conservation officer or other licensed peace officer may order:

(1) the removal of aquatic macrophytes or prohibited invasive species from water-related equipment, including decontamination using hot water or high pressure equipment ~~when available on site~~, before the water-related equipment is transported or before it is placed into waters of the state;

(2) confinement of the water-related equipment at a mooring, dock, or other location until the water-related equipment is removed from the water;

(3) removal of water-related equipment from waters of the state to remove prohibited invasive species if the water has not been listed by the commissioner as being infested with that species;

(4) a prohibition on placing water-related equipment into waters of the state when the water-related equipment has aquatic macrophytes or prohibited invasive species attached in violation of subdivision 1 or when water has not been drained or the drain plug has not been removed in violation of subdivision 4; and

(5) decontamination of water-related equipment ~~when available on site~~.

(b) An order for removal of prohibited invasive species under paragraph (a), clause (1), or decontamination of water-related equipment under paragraph (a), clause (5), may include tagging the water-related equipment and issuing a notice that specifies a time frame for completing the removal or decontamination and reinspection of the water-related equipment.

(c) An inspector who is not a licensed peace officer may issue orders under paragraph (a), clauses (1), (3), (4), and (5).

Sec. 22. Minnesota Statutes 2022, section 84D.15, subdivision 2, is amended to read:

Subd. 2. **Receipts.** Money received from surcharges on watercraft licenses under section 86B.415, subdivision 7, civil penalties under section 84D.13, and service provider permits under section 84D.108, must be deposited in the invasive species account. Each year, the commissioner of management and budget must transfer from the game and fish fund to the invasive species account, the annual surcharge collected on nonresident fishing licenses under section 97A.475, subdivision 7, paragraph (b). ~~Each fiscal year, the commissioner of management and budget shall transfer $375,000 from the water recreation account under section 86B.706 to the invasive species account.~~

Sec. 23. Minnesota Statutes 2022, section 85.015, subdivision 10, is amended to read:

Subd. 10. **Luce Line Trail, Hennepin, McLeod, and Meeker Counties.** (a) The trail shall originate at Gleason Lake in Plymouth Village, Hennepin County, ~~and shall~~ follow the route of the Chicago Northwestern Railroad, and include a connection to Greenleaf Lake State Recreation Area.

(b) The trail shall be developed for multiuse wherever feasible. The department shall cooperate in maintaining its integrity for modes of use consistent with local ordinances.

(c) In establishing, developing, maintaining, and operating the trail, the commissioner shall cooperate with local units of government and private individuals and groups. Before acquiring any parcel of land for the trail, the commissioner of natural resources shall develop a management program for the parcel and conduct a public hearing on the proposed management program in the vicinity of the parcel to be acquired. The management program of the commissioner shall include but not be limited to the following:

(1) fencing ~~of~~ portions of the trail where necessary to protect adjoining landowners; and

(2) ~~the maintenance of~~ maintaining the trail in a ~~litter-free~~ litter-free condition to the extent practicable.

(d) The commissioner shall not acquire any of the right-of-way of the Chicago Northwestern Railway Company until the abandonment of the line described in this subdivision has been approved by the Surface Transportation Board or the former Interstate Commerce Commission. Compensation, in addition to the value of the land, shall include improvements made by the railroad, including but not limited to, bridges, trestles, public road crossings, or any portion thereof, it being the desire of the railroad that such improvements be included in the conveyance. The fair market value of the land and improvements shall be recommended by two independent appraisers mutually agreed upon by the parties. The fair market value thus recommended shall be reviewed by a review appraiser agreed to by the parties, and the fair market value thus determined, and supported by appraisals, may be the purchase price. The commissioner may exchange lands with landowners abutting the right-of-way described in this section to eliminate diagonally shaped separate fields.

Sec. 24. Minnesota Statutes 2022, section 85.052, subdivision 6, is amended to read:

Subd. 6. **State park reservation system.** (a) The commissioner may, by written order, develop reasonable reservation policies for ~~campsites and other~~ using camping, lodging, and day-use facilities and for tours, educational programs, seminars, events, and rentals. The policies are exempt from the rulemaking provisions under chapter 14, and section 14.386 does not apply.

(b) The revenue collected from the state park reservation fee established under subdivision 5, including interest earned, ~~shall~~ must be deposited in the state park account in the natural resources fund and is annually appropriated to the commissioner for the cost of operating the state park reservation and point-of-sale system.

Sec. 25. Minnesota Statutes 2022, section 85.055, subdivision 1, is amended to read:

Subdivision 1. **Fees.** (a) The fee for state park permits for:

(1) an annual use of state parks is ~~$35~~ $45;

(2) a second or subsequent vehicle state park permit is ~~$26~~ $35;

(3) a state park permit valid for one day is ~~$7~~ $10;

(4) a daily vehicle state park permit for groups is ~~$5~~ $8;

(5) an annual permit for motorcycles is ~~$30~~ $40;

(6) an employee's state park permit is without charge; and

(7) a state park permit for persons with disabilities under section 85.053, subdivision 7, paragraph (a), clauses (1) to (3), is ~~$12~~ $20.

(b) The fees specified in this subdivision include any sales tax required by state law.

Sec. 26. Minnesota Statutes 2022, section 86B.005, is amended by adding a subdivision to read:

Subd. 11a. **Other commercial operation.** "Other commercial operation" means use of a watercraft for work, rather than recreation, to transport equipment, goods, and materials on public waters.

Sec. 27. **[86B.30] DEFINITIONS.**

Subdivision 1. **Applicability.** The definitions in this section apply to sections 86B.30 to 86B.341.

Subd. 2. **Accompanying operator.** "Accompanying operator" means a person 21 years of age or older who:

(1) is in a personal watercraft or other type of motorboat;

(2) is within immediate reach of the controls of the motor; and

(3) possesses a valid operator's permit or is an exempt operator.

Subd. 3. **Adult operator.** "Adult operator" means a motorboat operator, including a personal watercraft operator, who is 12 years of age or older and who was:

(1) effective July 1, 2025, born on or after July 1, 2004;

(2) effective July 1, 2026, born on or after July 1, 2000;

(3) effective July 1, 2027, born on or after July 1, 1996; and

(4) effective July 1, 2028, born on or after July 1, 1987.

Subd. 4. **Exempt operator.** "Exempt operator" means a motorboat operator, including a personal watercraft operator, who is 12 years of age or older and who:

(1) possesses a valid license to operate a motorboat issued for maritime personnel by the United States Coast Guard under Code of Federal Regulations, title 46, part 10, or a marine certificate issued by the Canadian government;

(2) is not a resident of the state, is temporarily using the waters of the state for a period not to exceed 60 days, and:

(i) meets any applicable requirements of the state or country of residency; or

(ii) possesses a Canadian pleasure craft operator's card;

(3) is operating a motorboat under a dealer's license according to section 86B.405; or

(4) is operating a motorboat during an emergency.

Subd. 5. **Motorboat rental business.** "Motorboat rental business" means a person engaged in the business of renting or leasing motorboats, including personal watercraft, for a period not exceeding 30 days. Motorboat rental business includes a person's agents and employees but does not include a resort business.

Subd. 6. **Resort business.** "Resort business" means a person engaged in the business of providing lodging and recreational services to transient guests and classified as a resort under section 273.13, subdivision 22 or 25. A resort business includes a person's agents and employees.

Subd. 7. **Young operator.** "Young operator" means a motorboat operator, including a personal watercraft operator, younger than 12 years of age.

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

Sec. 28. **[86B.302] WATERCRAFT OPERATOR'S PERMIT.**

Subdivision 1. **Generally.** The commissioner must issue a watercraft operator's permit to a person 12 years of age or older who successfully completes a water safety course and written test according to section 86B.304, paragraph (a), or who provides proof of completing a program subject to a reciprocity agreement or certified by the commissioner as substantially similar.

Subd. 2. **Issuing permit to certain young operators.** The commissioner may issue a permit under this section to a person who is at least 11 years of age, but the permit is not valid until the person becomes an adult operator.

Subd. 3. **Personal possession required.** (a) A person who is required to have a watercraft operator's permit must have in personal possession:

(1) a valid watercraft operator's permit;

(2) a driver's license that has a valid watercraft operator's permit indicator issued under section 171.07, subdivision 20; or

(3) an identification card that has a valid watercraft operator's permit indicator issued under section 171.07, subdivision 20.

(b) A person who is required to have a watercraft operator's permit must display one of the documents described in paragraph (a) to a conservation officer or peace officer upon request.

Subd. 4. **Using electronic device to display proof of permit.** If a person uses an electronic device to display a document described in subdivision 3 to a conservation officer or peace officer:

(1) the officer is immune from liability for any damage to the device, unless the officer does not exercise due care in handling the device; and

(2) this does not constitute consent for the officer to access other contents on the device.

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

Sec. 29. **[86B.303] OPERATING PERSONAL WATERCRAFT AND OTHER MOTORBOATS.**

Subdivision 1. **Adult operators.** An adult operator may not operate a motorboat, including a personal watercraft, unless:

(1) the adult operator possesses a valid watercraft operator's permit;

(2) the adult operator is an exempt operator; or

(3) an accompanying operator is in the motorboat.

Subd. 2. **Young operators.** A young operator may not operate a motorboat, including a personal watercraft, unless there is an accompanying operator in the boat or in case of an emergency.

Subd. 3. **Accompanying operators.** For purposes of this section and section 169A.20, an accompanying operator, as well as the actual operator, is operating and is in physical control of a motorboat.

Subd. 4. **Owners may not allow unlawful use.** An owner or other person in lawful control of a motorboat may not allow the motorboat to be operated contrary to this section.

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

Sec. 30. **[86B.304] WATERCRAFT SAFETY PROGRAM.**

(a) The commissioner must establish a water safety course and testing program for personal watercraft and watercraft operators and must prescribe a written test as part of the course. The course must be approved by the National Association of State Boating Law Administrators and must be available online. The commissioner may allow designated water safety courses administered by third parties to meet the requirements of this paragraph and may enter into reciprocity agreements or otherwise certify boat safety education programs from other states that are substantially similar to in-state programs. The commissioner must establish a working group of interested parties to develop course content and implementation. The course must include content on best management practices for mitigating aquatic invasive species, reducing conflicts among user groups, and limiting the ecological impacts of watercraft.

(b) The commissioner must create or designate a short boater safety examination to be administered by motorboat rental businesses, as required by section 86B.306, subdivision 3. The examination developed under this paragraph must be one that can be administered electronically or on paper, at the option of the motorboat rental business administering the examination.

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

Sec. 31. **[86B.306] MOTORBOAT RENTAL BUSINESSES.**

Subdivision 1. **Requirements.** A motorboat rental business must not rent or lease a motorboat, including a personal watercraft, to any person for operation on waters of this state unless the renter or lessee:

(1) has a valid watercraft operator's permit or is an exempt operator; and

(2) is 18 years of age or older.

Subd. 2. **Authorized operators.** A motorboat rental business must list on each motorboat rental or lease agreement the name and age of each operator who is authorized to operate the motorboat or personal watercraft. The renter or lessee of the motorboat must ensure that only listed authorized operators operate the motorboat or personal watercraft.

Subd. 3. **Summary of boating regulations; examination.** (a) A motorboat rental business must provide each authorized operator a summary of the statutes and rules governing operation of motorboats and personal watercraft in the state and instructions for safe operation.

(b) Each authorized operator, other than those holding a valid watercraft operator's permit or an exempt operator, must review the summary provided under this subdivision and must take a short boater safety examination in a form approved by the commissioner before the motorboat or personal watercraft leaves the motorboat rental business premises, unless the authorized operator has taken the examination during the previous 180 days.

Subd. 4. **Safety equipment for personal watercraft.** A motorboat rental business must provide to all persons who rent a personal watercraft, at no additional cost, a United States Coast Guard (USCG) approved wearable personal flotation device with a USCG label indicating it either is approved for or does not prohibit use with personal watercraft or water-skiing and any other required safety equipment.

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

Sec. 32. Minnesota Statutes 2022, section 86B.313, subdivision 4, is amended to read:

Subd. 4. **Dealers ~~and rental operations~~.** (a) A dealer of personal watercraft shall distribute a summary of the laws and rules governing the operation of personal watercraft and, upon request, shall provide instruction to a purchaser regarding:

(1) the laws and rules governing personal watercraft; and

(2) the safe operation of personal watercraft.

(b) ~~A person who offers personal watercraft for rent:~~

~~(1) shall provide a summary of the laws and rules governing the operation of personal watercraft and provide instruction regarding the laws and rules and the safe operation of personal watercraft to each person renting a personal watercraft;~~

~~(2) shall provide a United States Coast Guard (USCG) approved wearable personal flotation device with a USCG label indicating it either is approved for or does not prohibit use with personal watercraft or water-skiing and any other required safety equipment to all persons who rent a personal watercraft at no additional cost; and~~

~~(3) shall require that a watercraft operator's permit from this state or from the operator's state of residence be shown each time a personal watercraft is rented to any person younger than age 18 and shall record the permit on the form provided by the commissioner.~~

~~(c)~~ Each dealer of personal watercraft ~~or person offering personal watercraft for rent~~ shall have the person who purchases ~~or rents~~ a personal watercraft sign a form provided by the commissioner acknowledging that the purchaser ~~or renter~~ has been provided a copy of the laws and rules regarding personal watercraft operation and has read them. The form must be retained by the dealer ~~or person offering personal watercraft for rent~~ for ~~a period of~~ six months following the date of signature and must be made available for inspection by sheriff's deputies or conservation officers during normal business hours.

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

Sec. 33. Minnesota Statutes 2022, section 86B.415, subdivision 1, is amended to read:

Subdivision 1. **Watercraft 19 feet or less.** (a) Except as provided in paragraph (b) and subdivision 1a, the fee for a watercraft license for watercraft 19 feet or less in length is ~~$27~~ $59.

(b) The watercraft license fee is:

(1) for watercraft, other than personal watercraft, 19 feet in length or less that is offered for rent or lease, ~~the fee is $9~~ $14;

(2) for a sailboat, 19 feet in length or less, ~~the fee is $10.50~~ $23;

(3) for a watercraft 19 feet in length or less used by a nonprofit corporation for teaching boat and water safety, ~~the fee is~~ as provided in subdivision 4;

(4) for a watercraft owned by a dealer under a dealer's license, ~~the fee is~~ as provided in subdivision 5;

(5) for a personal watercraft, ~~the fee is $37.50~~ including one offered for rent or lease, $85; and

(6) for a watercraft less than 17 feet in length, other than a watercraft listed in clauses (1) to (5), ~~the fee is $18~~ $36.

Sec. 34. Minnesota Statutes 2022, section 86B.415, subdivision 1a, is amended to read:

Subd. 1a. **Canoes, kayaks, sailboards, paddleboards, paddleboats, or rowing shells.** The fee for a watercraft license for a canoe, kayak, sailboard, paddleboard, paddleboat, or rowing shell over ten feet in length is ~~$10.50~~ $23.

Sec. 35. Minnesota Statutes 2022, section 86B.415, subdivision 2, is amended to read:

Subd. 2. **Watercraft over 19 feet.** Except as provided in subdivisions 1a, 3, 4, and 5, the watercraft license fee:

(1) for a watercraft more than 19 feet but less than 26 feet in length is ~~$45~~ $113;

(2) for a watercraft 26 feet but less than 40 feet in length is ~~$67.50~~ $164; and

(3) for a watercraft 40 feet in length or longer is ~~$90~~ $209.

Sec. 36. Minnesota Statutes 2022, section 86B.415, subdivision 3, is amended to read:

Subd. 3. **Watercraft ~~over 19 feet~~ for ~~hire~~ commercial use.** The license fee for ~~a~~ watercraft ~~more than 19 feet in length for hire with an operator~~ used primarily for charter fishing, commercial fishing, commercial passenger carrying, or other commercial operation is ~~$75~~ $164 each.

Sec. 37. Minnesota Statutes 2022, section 86B.415, subdivision 4, is amended to read:

Subd. 4. **Watercraft used by nonprofit corporation for teaching.** The watercraft license fee for a watercraft used by a nonprofit organization for teaching boat and water safety is ~~$4.50~~ $8 each.

Sec. 38. Minnesota Statutes 2022, section 86B.415, subdivision 5, is amended to read:

Subd. 5. **Dealer's license.** There is no separate fee for watercraft owned by a dealer under a dealer's license. The fee for a dealer's license is ~~$67.50~~ $142.

Sec. 39. Minnesota Statutes 2022, section 86B.415, subdivision 7, is amended to read:

Subd. 7. **Watercraft surcharge.** A ~~$10.60~~ $20 surcharge is placed on each watercraft licensed under subdivisions 1 to 5 for control, public awareness, law enforcement, monitoring, and research of aquatic invasive species such as zebra mussel, purple loosestrife, and Eurasian watermilfoil in public waters and public wetlands.

Sec. 40. **[88.83] EMERALD ASH BORER RESPONSE.**

Subdivision 1. **Purpose.** The legislature finds that an epidemic of an invasive plant pest, the emerald ash borer, is occurring in Minnesota, threatening the natural environment, and generating large volumes of wood waste from ash trees. Immediate action is therefore necessary to provide funding to assist local units of government with treating, removing, and replacing ash trees in response to emerald ash borer infestations and managing the resulting wood waste and to preserve existing biomass energy infrastructure that is critical to support local and regional emerald ash borer response programs.

Subd. 2. **Establishment.** The commissioner must establish a program to:

(1) provide state matching grants to assist communities with treating, removing, and replacing ash trees in response to the emerald ash borer epidemic and managing wood waste, including the remains of ash trees removed in response to the epidemic; and

(2) identify and designate existing biomass energy facilities that are critical infrastructure for local and regional emerald ash borer response programs.

Subd. 3. **Eligible applicants.** The commissioner may award grants under this section to:

(1) local units of government, including cities, counties, regional authorities, joint powers boards, towns, and parks and recreation boards in cities of the first class that are responding or actively preparing to respond to an emerald ash borer infestation; and

(2) a Minnesota nonprofit corporation that owns a cogeneration facility that serves a St. Paul district heating and cooling system.

Subd. 4. **Eligible expenditures.** Local units of government are eligible for matching grants of up to 50 percent of costs incurred to properly manage, transport, process, and dispose of wood waste containing ash tree material, including reuse and higher-value applications, wood waste storage yards, and costs associated with processing wood waste into usable biomass fuel and transporting it to designated biomass energy facilities. A Minnesota nonprofit corporation that owns a biomass-fueled combined heat and power plant serving a district heating system is eligible for grants of up to $20 per ton of processed biomass fuel containing wood waste from ash trees processed in response to the emerald ash borer epidemic. The commissioner may require the nonprofit corporation to charge a fee per ton of ash tree wood waste delivered to the facility.

Subd. 5. **Reporting.** A nonprofit corporation receiving a grant under this section must compile a quarterly report on the volume of wood waste utilized as fuel at the facility using the same method used to compile the annual utilization of wood fuel for the Pollution Control Agency's annual emission inventory report required under Minnesota Rules, part 7019.3000, and must submit the information to the commissioner every three months beginning 120 days after the nonprofit corporation is eligible to receive grants.

Sec. 41. **[88.85] LOWLAND CONIFER CARBON RESERVE.**

Subdivision 1. **Definition.** For the purposes of this section, "lowland conifer stands" means treed wetlands that occur on mucky mineral or wet organic soils. Lowland conifer stands include black spruce, tamarack, and white cedar cover types, including stagnant stands. These cover types include three wetland forest systems:

(1) wet forest system;

(2) rich forested peatland system; and

(3) acid peatland system.

Subd. 2. **Establishment.** (a) The Lowland Conifer Carbon Reserve is established to mitigate climate change and protect ecologically unique areas. It includes all stands in the state forest system identified as lowland conifer stands under this section and includes the distribution of underlying peatlands associated with or adjoining each stand.

(b) By January 1, 2024, the commissioner must designate and list the areas included in the Lowland Conifer Carbon Reserve and submit a report with the designated list to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources.

(c) By July 1, 2024, the commissioner must prepare maps locating the areas identified under paragraph (b); provide, to the extent possible, legal descriptions of each area; and submit the maps and legal descriptions to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources.

Subd. 3. **Carbon sequestration; reports.** (a) By January 1, 2025, the commissioner must prepare and submit a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources with a list of all stands in the Lowland Conifer Carbon Reserve that are 90 years of age or older and an estimate of the tons of carbon sequestered in the boles of the trees in these stands. The commissioner must update and submit the report to the chairs and ranking minority members every five years thereafter.

(b) By January 1, 2025, the commissioner must prepare and submit a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources identifying any bogs and peatlands in the Lowland Conifer Carbon Reserve and an estimate of the tons of carbon sequestered in the peat.

Subd. 4. **Productive stands; report.** By January 1, 2025, the commissioner must prepare and submit a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources with a list and map showing all productive stands in the Lowland Conifer Carbon Reserve and identify which stands were harvested within the five years preceding establishment of the Lowland Conifer Carbon Reserve. By January 15 each year thereafter, the commissioner must update the list showing the most recent harvest year and species harvested and submit the list in a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources finance and policy.

Subd. 5. **Timber harvesting restrictions.** (a) The commissioner may issue a timber permit to harvest a stand in the Lowland Conifer Carbon Reserve only if:

(1) the stand is less than 90 years of age; and

(2) the stand is accessible to heavy logging equipment as determined by the commissioner.

(b) For stands accessible for only part of the year, trees may be harvested only during the times the stand is accessible as determined by the commissioner.

Subd. 6. **Peat harvesting restrictions.** (a) A person may not harvest peat in the Lowland Conifer Carbon Reserve.

(b) This subdivision does not apply to peat harvested under a permit issued before the peat was included in the Lowland Conifer Carbon Reserve.

Subd. 7. **Management.** To the extent possible, the commissioner must passively manage stands in the Lowland Conifer Carbon Reserve. Regeneration of harvested stands in the Lowland Conifer Carbon Reserve must be done naturally.

Subd. 8. **Drained lands.** The commissioner must identify lands in the Lowland Conifer Carbon Reserve that were drained for agricultural purposes but forfeited to the state for nonpayment of taxes. The commissioner must make reasonable efforts to restore the lands to their original hydrological condition, such as blocking or filling active drain pipes, tiles, or ditches on the lands.

Subd. 9. **School trust lands.** The commissioner must compensate the permanent school fund for school trust lands in the Lowland Conifer Carbon Reserve. To the extent funding is available under section 16A.152, subdivision 2, and other sources, the commissioner must extinguish the school trust interest of lands as provided under section 92.83. Payments for school trust lands without commercial value must be compensated at an amount equal to $500 per acre. Payments for school trust lands with commercial value must be compensated at a rate agreed to by the commissioner and the school trust lands director for each parcel, with a parcel comprising a single stand or multiple adjoining stands.

Subd. 10. **Existing contracts and legislation.** Obligations, including permits, leases, and legislative directives, that are in effect before designation of the Lowland Conifer Carbon Reserve are not impacted by this section and continue until they expire or are removed.

Subd. 11. **Sunset.** This section expires December 31, 2099.

Sec. 42. Minnesota Statutes 2022, section 89A.03, subdivision 5, is amended to read:

Subd. 5. **Membership regulation.** Terms, compensation, nomination, appointment, and removal of council members are governed by section 15.059, except that a council member may be compensated at the rate of up to $125 a day.

Sec. 43. Minnesota Statutes 2022, section 90.181, subdivision 2, is amended to read:

Subd. 2. **Deferred payments.** (a) If the amount of the statement is not paid or the payment is not postmarked within 30 days of the statement date ~~thereof, it shall bear~~, the amount bears interest at the rate determined pursuant to section 16A.124, except that the purchaser ~~shall not be~~ is not required to pay interest that totals $1 or less. If the amount is not paid within 60 days, the commissioner shall place the account in the hands of the commissioner of revenue according to chapter 16D, who shall proceed to collect the ~~same~~ amount due. When deemed in the best interests of the state, the commissioner shall take possession of the timber for which an amount is due wherever it may be found and sell the ~~same~~ timber informally or at public auction after giving reasonable notice.

(b) The proceeds of the sale ~~shall~~ must be applied, first, to the payment of the expenses of seizure and sale~~;~~ and, second, to the payment of the amount due for the timber, with interest~~; and~~. The surplus, if any, ~~shall belong~~ belongs to the state~~; and,~~. In case a sufficient amount is not realized to pay these amounts in full, the balance ~~shall~~ must be collected by the attorney general. ~~Neither~~ Payment of the amount, ~~nor the~~ recovery of judgment ~~therefor~~ for the amount, ~~nor~~ satisfaction of the judgment, ~~nor the~~ or seizure and sale of timber~~, shall~~ does not:

(1) release the sureties on any security deposit given pursuant to this chapter~~, or~~;

(2) preclude the state from afterwards claiming that the timber was cut or removed contrary to law and recovering damages for the trespass thereby committed~~,~~; or

(3) preclude the state from prosecuting the offender criminally.

Sec. 44. Minnesota Statutes 2022, section 97A.015, is amended by adding a subdivision to read:

Subd. 32b. **Native swan.** "Native swan" means a trumpeter swan or a tundra swan but does not include a mute swan.

Sec. 45. Minnesota Statutes 2022, section 97A.031, is amended to read:

97A.031 WANTON WASTE.

(a) Unless expressly allowed, a person may not wantonly waste or destroy a usable part of a protected wild animal.

(b) This section does not apply to common carp.

Sec. 46. **[97A.096] DESIGNATED SWAN PROTECTION AREAS.**

Subdivision 1. **Swan protection areas.** The commissioner of natural resources must designate waters within the seven-county metropolitan area that provide critical habitat for swan nesting, migration, and foraging as swan protection areas.

Subd. 2. **Public notice and meeting.** (a) Before the commissioner designates or removes a designation of a swan protection area, the commissioner must receive public comment and hold a public meeting in the county where the largest portion of the affected water is located.

(b) At least 90 days before the public meeting, the commissioner must post notice of the proposed designation or removal of a designation at publicly maintained access points on the affected water.

(c) Before the public meeting, the commissioner must publish notice of the meeting in a news release issued by the commissioner and in a newspaper of general circulation in the area where the proposed swan protection area is located. The notice must be published at least once 30 to 60 days before the meeting and at least once seven to 30 days before the meeting.

(d) The notices required in this subdivision must summarize the proposed action, invite public comment, and specify a deadline for receiving public comments. The commissioner must send each required notice to persons who have registered their names with the commissioner for this purpose. The commissioner must consider any public comments received in making a final decision.

(e) Designating swan protection areas or removing designations according to this subdivision is not subject to the rulemaking requirements of chapter 14, and section 14.386 does not apply.

Subd. 3. **Using lead sinkers.** A person may not use lead sinkers on a water designated by the commissioner as a swan protection area under subdivision 1. The commissioner must maintain a list of swan protection areas and information on the lead sinker restrictions on the department's website and in any summary of fishing regulations required under section 97A.051.

Subd. 4. **Report.** By January 15, 2026, the commissioner of natural resources must submit a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources on the implementation of this section and any recommendations.

Subd. 5. **Sunset.** This section expires January 1, 2027.

Sec. 47. Minnesota Statutes 2022, section 97A.126, is amended to read:

97A.126 WALK-IN ACCESS PROGRAM.

Subdivision 1. **Establishment.** A walk-in access program is established to provide public access to wildlife habitat on private land for hunting, bird-watching, nature photography, and similar compatible uses, excluding trapping, as provided under this section. The commissioner may enter into agreements with other units of government and landowners to provide private land hunting access.

Subd. 2. **Use of enrolled lands.** (a) From September 1 to May 31, a person must have a walk-in access ~~hunter~~ validation in possession to hunt, photograph, and watch wildlife on private lands, including agricultural lands, that are posted as being enrolled in the walk-in access program.

(b) Hunting, bird-watching, nature photography, and similar compatible uses on private lands that are posted as enrolled in the walk-in access program is allowed from one-half hour before sunrise to one-half hour after sunset.

(c) ~~Hunter~~ Access on private lands that are posted as enrolled in the walk-in access program is restricted to nonmotorized use, except by ~~hunters~~ persons with disabilities operating motor vehicles on established trails or field roads who possess a valid permit to shoot from a stationary vehicle under section 97B.055, subdivision 3.

(d) The general provisions for use of wildlife management areas adopted under sections 86A.06 and 97A.137, relating to overnight use, alcoholic beverages, use of motorboats, firearms and target shooting, hunting stands, abandonment of trash and property, destruction or removal of property, introduction of plants or animals, and animal trespass, apply to ~~hunters on~~ use of lands enrolled in the walk-in access program.

(e) Any use of enrolled lands other than ~~hunting according to~~ use authorized under this section is prohibited, including:

(1) harvesting bait, including minnows, leeches, and other live bait;

(2) training dogs or using dogs for activities other than hunting; and

(3) constructing or maintaining any building, dock, fence, billboard, sign, hunting blind, or other structure, unless constructed or maintained by the landowner.

Subd. 3. **Walk-in-access ~~hunter~~ validation; fee.** The fee for a walk-in-access ~~hunter~~ validation is $3.

Sec. 48. Minnesota Statutes 2022, section 97A.137, subdivision 3, is amended to read:

Subd. 3. **Use of motorized vehicles by ~~disabled hunters~~ people with disabilities.** The commissioner may ~~issue~~ provide an accommodation by issuing a special permit, without a fee, authorizing a ~~hunter~~ person with a ~~permanent physical~~ disability to use ~~a snowmobile, highway licensed vehicle, all-terrain vehicle,~~ an other

power-driven mobility device, as defined under Code of Federal Regulations, title 28, section 35.104, or a motor boat in wildlife management areas. To qualify for a permit under this subdivision, the ~~disabled~~ person must ~~possess:~~ provide credible assurance to the commissioner that the device or motor boat is used because of a disability.

~~(1) the required hunting licenses; and~~

~~(2) a permit to shoot from a stationary vehicle under section 97B.055, subdivision 3.~~

Sec. 49. Minnesota Statutes 2022, section 97A.315, subdivision 1, is amended to read:

Subdivision 1. **Criminal penalties.** (a) Except as provided in paragraph (b), a person that violates a provision of section 97B.001, relating to trespass is guilty of a misdemeanor ~~except as provided in paragraph (b)~~.

(b) A person is guilty of a gross misdemeanor if the person:

(1) knowingly disregards signs prohibiting trespass;

(2) trespasses after personally being notified by the landowner or lessee not to trespass; or

(3) is convicted of violating this section more than once in a three-year period.

(c) Notwithstanding section 609.101, subdivision 4, clause (2), for a misdemeanor violation, the minimum fine for a person who operates an off-highway motorcycle, off-road vehicle, all-terrain vehicle, or snowmobile in violation of this section must not be less than the amount set forth in section 84.775.

Sec. 50. Minnesota Statutes 2022, section 97A.401, subdivision 1, is amended to read:

Subdivision 1. **Commissioner's authority.** The commissioner may issue special permits for the activities in this section. A special permit may be issued in the form of a general permit to a governmental subdivision or to the general public to conduct one or more activities under subdivisions 2 to ~~8~~ 9.

Sec. 51. Minnesota Statutes 2022, section 97A.401, is amended by adding a subdivision to read:

Subd. 9. **Taking wild animals with federal incidental take permit.** The commissioner must prescribe conditions for and may issue a permit to a person for taking wild animals during activities covered under a federal incidental take permit issued under section 10(a)(1)(B) of the federal Endangered Species Act, including to a landowner for taking wild animals during activities covered by a certificate of inclusion issued by the commissioner under Code of Federal Regulations, title 50, section 13.25(e).

Sec. 52. Minnesota Statutes 2022, section 97A.405, subdivision 5, is amended to read:

Subd. 5. **Resident licenses.** (a) To obtain a resident license, ~~a resident~~ an individual 21 years of age or older must be a resident and:

(1) possess a current Minnesota driver's license or a valid application receipt for a driver's license that is at least 60 days past the issuance date;

(2) possess a current identification card issued by the commissioner of public safety or a valid application receipt for an identification card that is at least 60 days past the issuance date; ~~or~~

(3) present evidence showing proof of residency in cases when clause (1) or (2) would violate the Religious Freedom Restoration Act of 1993, Public Law 103-141.; or

(4) possess a Tribal identification card as provided in paragraph (b).

(b) For purposes of this subdivision, "Tribal identification card" means an unexpired identification card as provided under section 171.072, paragraphs (b) and (c). The Tribal identification card:

(1) must contain the enrolled Tribal member's Minnesota residence address; and

(2) may be used to obtain a resident license under paragraph (a) only if the Tribal member does not have a current driver's license or state identification card in any state.

(c) A person must not have applied for, purchased, or accepted a resident hunting, fishing, or trapping license issued by another state or foreign country within 60 days before applying for a resident license under this section.

Sec. 53. Minnesota Statutes 2022, section 97A.421, subdivision 3, is amended to read:

Subd. 3. **Issuance after conviction; big game.** (a) A person may not use a big-game license purchased before conviction, obtain ~~any~~ a big-game license, or take big game under a lifetime license, issued under section 97A.473, for three years after the person is convicted of:

(1) a gross misdemeanor violation under the game and fish laws relating to big game;

(2) doing an act without a required big-game license; or

(3) the second violation within three years under the game and fish laws relating to big game.

(b) A person may not obtain any deer license or take deer under a lifetime license issued under section 97A.473 for one year after the person is convicted of hunting deer with the aid or use of bait under section 97B.328.

(c) The revocation period under paragraphs (a) and (b) doubles if the conviction is for a deer that is a trophy deer scoring higher than 170 using the scoring method established for wildlife restitution values adopted under section 97A.345.

Sec. 54. Minnesota Statutes 2022, section 97A.473, subdivision 2, is amended to read:

Subd. 2. **Lifetime angling license; fee.** (a) A resident lifetime angling license authorizes a person to take fish by angling in the state. The license authorizes those activities authorized by the annual resident angling license. The license does not include a trout-and-salmon stamp validation, a walleye stamp validation, or other stamps required by law.

(b) The fees for a resident lifetime angling license are:

(1) age 3 and under, ~~$344~~ $413;

(2) age 4 to age 15, ~~$469~~ $563;

(3) age 16 to age 50, ~~$574~~ $689; and

(4) age 51 and over, ~~$379~~ $455.

Sec. 55. Minnesota Statutes 2022, section 97A.473, subdivision 2a, is amended to read:

Subd. 2a. **Lifetime spearing license; fee.** (a) A resident lifetime spearing license authorizes a person to take fish by spearing in the state. The license authorizes those activities authorized by the annual resident spearing license.

(b) The fees for a resident lifetime spearing license are:

(1) age 3 and under, ~~$90~~ $108;

(2) age 4 to age 15, ~~$124~~ $149;

(3) age 16 to age 50, ~~$117~~ $141; and

(4) age 51 and over, ~~$61~~ $74.

Sec. 56. Minnesota Statutes 2022, section 97A.473, subdivision 2b, is amended to read:

Subd. 2b. **Lifetime angling and spearing license; fee.** (a) A resident lifetime angling and spearing license authorizes a person to take fish by angling or spearing in the state. The license authorizes those activities authorized by the annual resident angling and spearing licenses.

(b) The fees for a resident lifetime angling and spearing license are:

(1) age 3 and under, ~~$432~~ $519;

(2) age 4 to age 15, ~~$579~~ $695;

(3) age 16 to age 50, ~~$678~~ $814; and

(4) age 51 and over, ~~$439~~ $527.

Sec. 57. Minnesota Statutes 2022, section 97A.473, subdivision 5, is amended to read:

Subd. 5. **Lifetime sporting license; fee.** (a) A resident lifetime sporting license authorizes a person to take fish by angling and hunt and trap small game, other than wolves, in the state. The license authorizes those activities authorized by the annual resident angling and resident small-game-hunting licenses and the resident trapping license for fur-bearing animals other than wolves. The license does not include a trout-and-salmon stamp validation, a turkey stamp validation, a walleye stamp validation, or any other hunting stamps required by law.

(b) The fees for a resident lifetime sporting license are:

(1) age 3 and under, ~~$522~~ $573;

(2) age 4 to age 15, ~~$710~~ $779;

(3) age 16 to age 50, ~~$927~~ $1,017; and

(4) age 51 and over, ~~$603~~ $662.

Sec. 58. Minnesota Statutes 2022, section 97A.473, subdivision 5a, is amended to read:

Subd. 5a. **Lifetime sporting with spearing option license; fee.** (a) A resident lifetime sporting with spearing option license authorizes a person to take fish by angling or spearing and hunt and trap small game, other than wolves, in the state. The license authorizes those activities authorized by the annual resident angling, spearing, and resident small-game-hunting licenses and the resident trapping license for fur-bearing animals other than wolves. The license does not include a trout-and-salmon stamp validation, a turkey stamp validation, a walleye stamp validation, or any other hunting stamps required by law.

(b) The fees for a resident lifetime sporting with spearing option license are:

(1) age 3 and under, ~~$612~~ $676;

(2) age 4 to age 15, ~~$833~~ $921;

(3) age 16 to age 50, ~~$1,046~~ $1,153; and

(4) age 51 and over, ~~$666~~ $733.

Sec. 59. Minnesota Statutes 2022, section 97A.474, subdivision 2, is amended to read:

Subd. 2. **Nonresident lifetime angling license; fee.** (a) A nonresident lifetime angling license authorizes a person to take fish by angling in the state. The license authorizes those activities authorized by the annual nonresident angling license. The license does not include a trout-and-salmon stamp validation, a walleye stamp validation, or other stamps required by law.

(b) The fees for a nonresident lifetime angling license are:

(1) age 3 and under, ~~$821~~ $1,068;

(2) age 4 to age 15, ~~$1,046~~ $1,360;

(3) age 16 to age 50, ~~$1,191~~ $1,549; and

(4) age 51 and over, ~~$794~~ $1,033.

Sec. 60. Minnesota Statutes 2022, section 97A.475, subdivision 6, is amended to read:

Subd. 6. **Resident fishing.** Fees for the following licenses, to be issued to residents only, are:

(1) for persons age 18 or over to take fish by angling, ~~$25~~ $30;

(2) for persons age 18 or over to take fish by angling, for a combined license for a married couple, ~~$40~~ $48;

(3) for persons age 18 or over to take fish by spearing from a dark house, ~~$6~~ $8, and the person must possess an angling license;

(4) for persons age 18 or over to take fish by angling for a 24-hour period selected by the licensee, ~~$12~~ $15;

(5) for persons age 18 or over to take fish by angling for a consecutive 72-hour period selected by the licensee, ~~$14~~ $17;

(6) for persons age 18 or over to take fish by angling for three consecutive years, ~~$71~~ $86; and

(7) for persons age 16 or over and under age 18 to take fish by angling, ~~$5~~ $6.

Sec. 61. Minnesota Statutes 2022, section 97A.475, subdivision 7, is amended to read:

Subd. 7. **Nonresident fishing.** (a) Fees for the following licenses, to be issued to nonresidents, are:

(1) for persons age 18 or over to take fish by angling, ~~$46~~ $62;

(2) for persons age 18 or over to take fish by angling limited to seven consecutive days selected by the licensee, ~~$38~~ $51;

(3) for persons age 18 or over to take fish by angling for a consecutive 72-hour period selected by the licensee, ~~$31~~ $42;

(4) for persons age 18 or over to take fish by angling for a combined license for a family for one or both parents and dependent children under the age of 16, ~~$63~~ $84;

(5) for persons age 18 or over to take fish by angling for a 24-hour period selected by the licensee, ~~$14~~ $19;

(6) to take fish by angling for a combined license for a married couple, limited to 14 consecutive days selected by one of the licensees, ~~$49~~ $66;

(7) for persons age 18 or over to take fish by spearing from a dark house, ~~$12~~ $18, and the person must possess an angling license; and

(8) for persons age 16 or over and under age 18 to take fish by angling, ~~$5~~ $6.

(b) A $5 surcharge shall be added to all nonresident fishing licenses, except licenses issued under paragraph (a), clauses (5) and (8). An additional commission may not be assessed on this surcharge.

Sec. 62. Minnesota Statutes 2022, section 97A.475, subdivision 8, is amended to read:

Subd. 8. **Minnesota sporting; supersports.** (a) The commissioner shall issue Minnesota sporting licenses to residents only. The licensee may take fish by angling and small game. The fee for the license is:

(1) for an individual, ~~$34.50~~ $40.50; and

(2) for a combined license for a married couple to take fish and for one spouse to take small game, ~~$50.50~~ $61.50.

(b) The commissioner shall issue Minnesota supersports licenses to residents only. The licensee may take fish by angling, including trout; small game, including pheasant and waterfowl; and deer by firearms or muzzleloader or by archery. The fee for the supersports license, including all required stamp validations is:

(1) for an individual age 18 or over, ~~$93.50~~ $102.50; and

(2) for a combined license for a married couple to take fish, including the trout-and-salmon stamp validation, and for one spouse to take small game, including pheasant and waterfowl, and deer, ~~$119.50~~ $137.50.

(c) Revenue for the stamp endorsements under paragraph (b) shall be deposited according to section 97A.075, subdivisions 2, 3, and 4.

(d) Revenue for the deer license endorsement under paragraph (b) shall be deposited according to section 97A.075, subdivision 1.

Sec. 63. Minnesota Statutes 2022, section 97A.475, subdivision 10, is amended to read:

Subd. 10. **Trout-and-salmon stamp validation.** The fee for a trout-and-salmon stamp validation is ~~$10~~ $12.

Sec. 64. Minnesota Statutes 2022, section 97A.475, subdivision 10a, is amended to read:

Subd. 10a. **Walleye stamp validation.** A person may agree to purchase a walleye stamp validation for ~~$5~~ $6.

Sec. 65. Minnesota Statutes 2022, section 97A.475, subdivision 11, is amended to read:

Subd. 11. **Fish houses, dark houses, and shelters; residents.** Fees for the following licenses are:

(1) annual for a fish house, dark house, or shelter that is not rented, ~~$15~~ $18;

(2) annual for a fish house, dark house, or shelter that is rented, ~~$30~~ $36;

(3) three-year for a fish house, dark house, or shelter that is not rented, ~~$42~~ $51; and

(4) three-year for a fish house, dark house, or shelter that is rented, ~~$87~~ $105.

Sec. 66. Minnesota Statutes 2022, section 97A.475, subdivision 12, is amended to read:

Subd. 12. **Fish houses, dark houses, and shelters; nonresident.** Fees for fish house, dark house, and shelter licenses for a nonresident are:

(1) annual, ~~$37~~ $49;

(2) seven consecutive days selected by the licensee, ~~$21~~ $28; and

(3) three-year, ~~$111~~ $145.

Sec. 67. Minnesota Statutes 2022, section 97A.475, subdivision 13, is amended to read:

Subd. 13. **Netting whitefish and ciscoes for personal consumption.** The fee for a license to net whitefish and ciscoes in inland lakes and international waters for personal consumption is, for each net, ~~$10~~ $12.

Sec. 68. Minnesota Statutes 2022, section 97A.475, subdivision 41, is amended to read:

Subd. 41. **Turtle ~~licenses~~ license.** ~~(a) The fee for a turtle seller's license to sell turtles and to take, transport, buy, and possess turtles for sale is $250.~~

~~(b)~~ The fee for a recreational turtle license to take, transport, and possess turtles for personal use is $25.

~~(c) The fee for a turtle seller's apprentice license is $100.~~

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

Sec. 69. Minnesota Statutes 2022, section 97B.071, is amended to read:

97B.071 CLOTHING AND GROUND BLIND REQUIREMENTS; BLAZE ORANGE OR BLAZE PINK.

(a) Except as provided in rules adopted under paragraph ~~(c)~~ (d), a person may not hunt or trap during the open season where deer may be taken by firearms under applicable laws and ordinances, unless the visible portion of the person's cap and outer clothing above the waist, excluding sleeves and gloves, is blaze orange or blaze pink. Blaze orange or blaze pink includes a camouflage pattern of at least 50 percent blaze orange or blaze pink within each foot square. This section does not apply to migratory-waterfowl hunters on waters of this state or in a stationary shooting location or to trappers on waters of this state.

(b) Except as provided in rules adopted under paragraph ~~(c)~~ (d), and in addition to the requirement in paragraph (a), a person may not take small game other than turkey, migratory birds, raccoons, and predators, except while trapping, unless a visible portion of at least one article of the person's clothing above the waist is blaze orange or blaze pink. This paragraph does not apply to a person when in a stationary location while hunting deer by archery or when hunting small game by falconry.

(c) A person in a fabric or synthetic ground blind on public land must have:

(1) a blaze orange safety covering on the top of the blind that is visible for 360 degrees around the blind; or

(2) at least 144 square inches of blaze orange material on each side of the blind.

~~(c)~~ (d) The commissioner may, by rule, prescribe an alternative color in cases where paragraph (a) or (b) would violate the Religious Freedom Restoration Act of 1993, Public Law 103-141.

~~(d)~~ (e) A violation of paragraph (b) ~~shall~~ does not result in a penalty, but is punishable only by a safety warning.

Sec. 70. Minnesota Statutes 2022, section 97B.301, subdivision 6, is amended to read:

Subd. 6. **Residents or nonresidents under age 18; taking either-sex deer.** A resident or nonresident under the age of 18 may take a deer of either sex except in those antlerless permit areas and seasons where no antlerless permits are offered. In antlerless permit areas where no antlerless permits are offered, the commissioner may provide a limited number of youth either sex permits to residents or nonresidents under age 18, under the procedures provided in section 97B.305, and may give preference to residents or nonresidents under the age of 18 that have not previously been selected. This subdivision does not authorize the taking of ~~an antlerless~~ a deer by another member of a party under subdivision 3.

Sec. 71. Minnesota Statutes 2022, section 97B.516, is amended to read:

97B.516 PLAN FOR ELK MANAGEMENT.

~~(a)~~ The commissioner of natural resources must adopt an elk management plan that:

(1) recognizes the value and uniqueness of elk;

(2) provides for integrated management of an elk population in harmony with the environment; and

(3) affords optimum recreational opportunities.

~~(b) Notwithstanding paragraph (a), the commissioner must not manage an elk herd in Kittson, Roseau, Marshall, or Beltrami Counties in a manner that would increase the size of the herd, including adoption or implementation of an elk management plan designed to increase an elk herd, unless the commissioner of agriculture verifies that crop and fence damages paid under section 3.7371 and attributed to the herd have not increased for at least two years.~~

~~(c) At least 60 days prior to implementing a plan to increase an elk herd, the commissioners of natural resources and agriculture must hold a joint public meeting in the county where the elk herd to be increased is located. At the meeting, the commissioners must present evidence that crop and fence damages have not increased in the prior two years and must detail the practices that will be used to reduce elk conflicts with area landowners.~~

Sec. 72. Minnesota Statutes 2022, section 97B.668, is amended to read:

97B.668 ~~GAME BIRDS~~ ANIMALS CAUSING DAMAGE.

Subdivision 1. **Game birds causing damage.** Notwithstanding sections 97B.091 and 97B.805, subdivisions 1 and 2, a person or agent of that person on lands and nonpublic waters owned or operated by the person may nonlethally scare, haze, chase, or harass game birds that are causing property damage or to protect a disease risk at any time or place that a hunting season for the game birds is not open. This section does not apply to public waters as defined under section 103G.005, subdivision 15. This section does not apply to migratory waterfowl on nests and other federally protected game birds on nests, except ducks and geese on nests when a permit is obtained under section 97A.401.

Subd. 2. **Deer and elk causing damage.** (a) Notwithstanding section 97B.091, a property owner, the property owner's immediate family member, or an agent of the property owner may nonlethally scare, haze, chase, or harass deer or elk that are causing damage to agricultural crops that are propagated under generally accepted agricultural practices.

(b) Paragraph (a) applies only:

(1) in the immediate area of the crop damage; and

(2) during the closed season for taking deer or elk.

(c) Paragraph (a) does not allow:

(1) using poisons;

(2) using dogs;

(3) conduct that drives a deer or elk to the point of exhaustion;

(4) activities that require a permit under section 97A.401; or

(5) conduct that causes the death of or that is likely to cause the death of a deer or elk.

(d) A property owner or the owner's agent must report the death of a deer or elk to staff in the Division of Fish and Wildlife within 24 hours of the death if the death resulted from actions taken under paragraph (a).

Sec. 73. **[97B.673] NONTOXIC SHOT REQUIRED FOR TAKING SMALL GAME IN CERTAIN AREAS.**

Subdivision 1. **Nontoxic shot on wildlife management areas in farmland zone.** A person may not take small game, rails, or common snipe on any wildlife management area within the farmland zone with shot other than:

(1) steel shot;

(2) copper-plated, nickel-plated, or zinc-plated steel shot; or

(3) shot made of other nontoxic material approved by the director of the United States Fish and Wildlife Service.

Subd. 2. **Farmland zone.** For the purposes of this section, the farmland zone is the portion of the state that falls south and west of Minnesota Highway 70 westward from the Wisconsin border to Minnesota Highway 65 to Minnesota Highway 23 to U.S. Highway 169 at Milaca to Minnesota Highway 18 at Garrison to Minnesota Highway 210 at Brainerd to U.S. Highway 10 at Motley to U.S. Highway 59 at Detroit Lakes northward to the Canadian border.

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

Sec. 74. **[97B.735] SWANS.**

A person who takes, harasses, destroys, buys, sells, possesses, transports, or ships a native swan in violation of the game and fish laws is guilty of a gross misdemeanor.

Sec. 75. Minnesota Statutes 2022, section 97C.087, subdivision 2, is amended to read:

Subd. 2. **Application for tag.** Application for special fish management tags must be accompanied by a ~~$5~~ $6, nonrefundable application fee for each tag. A person may not make more than one tag application each calendar year. If a person makes more than one application, the person is ineligible for a special fish management tag for that calendar year after determination by the commissioner, without a hearing.

Sec. 76. Minnesota Statutes 2022, section 97C.315, subdivision 1, is amended to read:

Subdivision 1. **Lines.** An angler may not use more than one line, except that:

(1) two lines may be used to take fish through the ice; ~~and~~

(2) the commissioner may, by rule, authorize the use of two lines in areas designated by the commissioner in Lake Superior~~.~~; and

(3) two lines may be used in the Minnesota River downstream of the Granite Falls Dam and in the Mississippi River downstream of St. Anthony Falls.

Sec. 77. Minnesota Statutes 2022, section 97C.345, subdivision 1, is amended to read:

Subdivision 1. **When use prohibited.** Except as specifically authorized, a person may not take fish with a spear from the third Monday in February to the Friday before the last Saturday in April and may not take fish with a fish trap, net, dip net, seine, or other device capable of taking fish from the third Monday in February ~~to~~ through April 30.

Sec. 78. **[97C.348] FELT-SOLED WADERS.**

A person may not use felt-soled waders in waters of the state. For purposes of this section "felt-soled waders" means boots or shoes that have water-absorbing material affixed to the soles or bottoms.

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

Sec. 79. Minnesota Statutes 2022, section 97C.355, is amended by adding a subdivision to read:

Subd. 9. **Placing waste on ice prohibited.** A person using a fish house, dark house, or other shelter on the ice of state waters is subject to section 97C.363.

Sec. 80. **[97C.363] STORING GARBAGE AND OTHER WASTE ON ICE.**

Subdivision 1. **Prohibition.** A person using a shelter, a motor vehicle, or any other conveyance on the ice of state waters may not deposit garbage, rubbish, cigarette filters, debris from fireworks, offal, the body of a dead animal, litter, sewage, or any other waste outside the shelter, motor vehicle, or conveyance unless the material is:

(1) placed in a container that is secured to the shelter, motor vehicle, or conveyance; and

(2) not placed directly on the ice or in state waters.

Subd. 2. **Definition.** For purposes of this section, "sewage" means excrementitious or other discharge from the bodies of human beings or animals, together with such other water as may be present.

Subd. 3. **Penalty.** A violation of this section is a petty misdemeanor, and a person who violates this section is subject to a civil penalty of $100 for each violation.

Sec. 81. Minnesota Statutes 2022, section 97C.371, subdivision 1, is amended to read:

Subdivision 1. **Species allowed.** Only rough fish, catfish, lake whitefish, cisco (tulibee), and northern pike may be taken by spearing.

Sec. 82. Minnesota Statutes 2022, section 97C.371, subdivision 2, is amended to read:

Subd. 2. **Dark houses required for certain species.** Catfish, lake whitefish, cisco (tulibee), and northern pike may be speared only from dark houses.

Sec. 83. Minnesota Statutes 2022, section 97C.371, subdivision 4, is amended to read:

Subd. 4. **Open season.** The open season for spearing through the ice is November 15 ~~to~~ through the last Sunday in February.

Sec. 84. Minnesota Statutes 2022, section 97C.395, subdivision 1, is amended to read:

Subdivision 1. **Dates for certain species.** (a) The open seasons to take fish by angling are as follows:

(1) for walleye, sauger, northern pike, muskellunge, largemouth bass, and smallmouth bass, the Saturday two weeks prior to the Saturday of Memorial Day weekend ~~to~~ through the last Sunday in February;

(2) for lake trout, from January 1 ~~to~~ through October 31;

(3) for the winter season for lake trout, brown trout, brook trout, rainbow trout, and splake on all lakes located outside or partially within the Boundary Waters Canoe Area, from January 15 ~~to~~ through March 31;

(4) for the winter season for lake trout, brown trout, brook trout, rainbow trout, and splake on all lakes located entirely within the Boundary Waters Canoe Area, from January 1 ~~to~~ through March 31;

(5) for brown trout, brook trout, rainbow trout, and splake, between January 1 ~~to~~ through October 31 as prescribed by the commissioner by rule except as provided in section 97C.415, subdivision 2; and

(6) for salmon, as prescribed by the commissioner by rule.

(b) The commissioner shall close the season in areas of the state where fish are spawning and closing the season will protect the resource.

Sec. 85. Minnesota Statutes 2022, section 97C.601, subdivision 1, is amended to read:

Subdivision 1. **Season.** The open season for frogs is May 16 ~~to~~ through March 31. The commissioner may, by rule, establish closed seasons in specified areas.

Sec. 86. Minnesota Statutes 2022, section 97C.605, subdivision 1, is amended to read:

Subdivision 1. ~~**Resident angling license required**~~ **Taking turtles; requirements.** ~~In addition to any other license required in this section,~~ (a) A person may not take, possess, or transport turtles without a resident angling license~~, except as provided in subdivision 2c~~ and a recreational turtle license.

(b) Turtles taken from the wild are for personal use only and may not be resold.

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

Sec. 87. Minnesota Statutes 2022, section 97C.605, subdivision 2c, is amended to read:

Subd. 2c. **License exemptions.** (a) A person does not need ~~a turtle seller's license or an angling license~~ the licenses specified under subdivision 1:

~~(1) when buying turtles for resale at a retail outlet;~~

(1) when buying turtles from a licensed aquatic farm or licensed private fish hatchery for resale at a retail outlet or restaurant;

(2) when buying a turtle at a retail outlet;

~~(3) if the person is a nonresident buying a turtle from a licensed turtle seller for export out of state. Shipping documents provided by the turtle seller must accompany each shipment exported out of state by a nonresident. Shipping documents must include: name, address, city, state, and zip code of the buyer; number of each species of turtle; and name and license number of the turtle seller; or~~

~~(4)~~ (3) to take, possess, and rent ~~or sell~~ up to 25 turtles greater than four inches in length for the purpose of providing the turtles to participants at a nonprofit turtle race, if the person is a resident under age 18. The person is responsible for the well-being of the turtles~~.~~; or

(4) if under 16 years of age when possessing turtles. Notwithstanding any other law to the contrary, a person under the age of 16 may possess, without a license, up to three snapping or western painted turtles, provided the turtles are possessed for personal use and are within the applicable length and width requirements.

(b) A person with an aquatic farm license with a turtle endorsement or a private fish hatchery license with a turtle endorsement may sell, obtain, possess, transport, and propagate turtles and turtle eggs without the licenses specified under subdivision 1.

(c) Turtles possessed under this subdivision may not be released back into the wild.

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

Sec. 88. Minnesota Statutes 2022, section 97C.605, subdivision 3, is amended to read:

Subd. 3. **Taking; methods prohibited.** ~~(a)~~ A person may not take turtles by using:

(1) explosives, drugs, poisons, lime, and other harmful substances;

(2) traps~~, except as provided in paragraph (b) and rules adopted under this section~~;

(3) nets other than anglers' fish landing nets;

(4) commercial equipment~~, except as provided in rules adopted under this section~~;

(5) firearms and ammunition;

(6) bow and arrow or crossbow; or

(7) spears, harpoons, or any other implements that impale turtles.

~~(b) Until new rules are adopted under this section, a person with a turtle seller's license may take turtles with a floating turtle trap that:~~

~~(1) has one or more openings above the water surface that measure at least ten inches by four inches; and~~

~~(2) has a mesh size of not less than one-half inch, bar measure.~~

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

Sec. 89. Minnesota Statutes 2022, section 97C.611, is amended to read:

97C.611 TURTLE SPECIES; LIMITS.

Subdivision 1. **Snapping turtles.** A person may not possess more than three snapping turtles of the species *Chelydra serpentina* ~~without a turtle seller's license~~. Until new rules are adopted under section 97C.605, a person may not take snapping turtles of a size less than ten inches wide including curvature, measured from side to side across the shell at midpoint. After new rules are adopted under section 97C.605, a person may only take snapping turtles of a size specified in the adopted rules.

Subd. 2. **Western painted turtles.** (a) A person may not possess more than three Western painted turtles of the species *Chrysemys picta* ~~without a turtle seller's license~~. Western painted turtles must be between 4 and 5-1/2 inches in shell length.

(b) This subdivision does not apply to persons acting under section 97C.605, subdivision 2c, ~~clause (4)~~ paragraph (a).

~~Subd. 3. **Spiny softshell.** A person may not possess spiny softshell turtles of the species *Apalone spinifera* after December 1, 2021, without an aquatic farm or private fish hatchery license with a turtle endorsement.~~

Subd. 4. **Other species.** A person may not possess any other species of turtle ~~without~~ except with an aquatic farm or private fish hatchery license with a turtle endorsement or as specified under section 97C.605, subdivision 2c.

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

Sec. 90. Minnesota Statutes 2022, section 97C.836, is amended to read:

97C.836 LAKE SUPERIOR LAKE TROUT; EXPANDED ASSESSMENT HARVEST.

The commissioner shall provide for taking of lake trout by licensed commercial operators in Lake Superior management zones MN-3 and MN-2 for expanded assessment and sale. The commissioner shall authorize expanded assessment taking and sale of lake trout in Lake Superior management zone MN-3 beginning annually in 2007 and zone MN-2 beginning annually in 2010. Total assessment taking and sale may not exceed 3,000 lake trout in zone MN-3 and 2,000 lake trout in zone MN-2 and may be reduced when necessary to protect the lake trout population or to manage the effects of invasive species or fish disease. Taking lake trout for expanded assessment and sale shall be allowed from June 1 ~~to~~ through September 30, but may end earlier in the respective zones if the quotas are reached. The quotas must be reassessed at the expiration of the current ten-year Fisheries Management Plan for the Minnesota Waters of Lake Superior.

Sec. 91. Minnesota Statutes 2022, section 103G.005, is amended by adding a subdivision to read:

Subd. 9c. **Ecosystem harm.** "Ecosystem harm" means to change the biological community and ecology in a manner that results in loss of ecological structure or function.

Sec. 92. Minnesota Statutes 2022, section 103G.005, is amended by adding a subdivision to read:

Subd. 13b. **Negative impact to surface waters.** "Negative impact to surface waters" means a change in hydrology sufficient to cause aquatic ecosystem harm or alter riparian uses long term.

Sec. 93. Minnesota Statutes 2022, section 103G.005, is amended by adding a subdivision to read:

Subd. 15i. **Sustainable diversion limit.** "Sustainable diversion limit" means a maximum amount of water that can be removed directly or indirectly from a surface water body in a defined geographic area on a monthly or annual basis without causing a negative impact to the surface water body.

Sec. 94. **[103G.134] ORDERS AND INVESTIGATIONS.**

The commissioner has the following powers and duties when acting pursuant to the enforcement provisions of this chapter:

(1) to adopt, issue, reissue, modify, deny, revoke, enter into, or enforce reasonable orders, schedules of compliance, and stipulation agreements;

(2) to issue notices of violation;

(3) to require a person holding a permit issued under this chapter or otherwise impacting the public waters of the state without a permit issued under this chapter to:

(i) make reports;

(ii) install, use, and maintain monitoring equipment or methods;

(iii) perform tests according to methods, at locations, at intervals, and in a manner as the commissioner prescribes; and

(iv) provide other information as the commissioner may reasonably require; and

(4) to conduct investigations; issue notices, public and otherwise; and order hearings as the commissioner deems necessary or advisable to discharge duties under this chapter, including but not limited to issuing permits and authorizing an employee or agent appointed by the commissioner to conduct the investigations and other authorities cited in this section.

Sec. 95. **[103G.146] DUTY OF CANDOR.**

(a) A person must not knowingly:

(1) make a false statement of fact or fail to correct a false statement of material fact regarding any matter pertaining to this chapter;

(2) fail to disclose information that the person knows is necessary for the commissioner to make an informed decision under this chapter; or

(3) offer information that the person knows to be false.

(b) If a person has offered material information to the commissioner and the person comes to know the information is false, the person must take reasonable remedial measures to provide the accurate information.

Sec. 96. **[103G.216] REPORTING FISH KILLS IN PUBLIC WATERS.**

Subdivision 1. **Definition.** For the purposes of this section and section 103G.2165, "fish kill" means an incident resulting in the death of 25 or more fish within one linear mile of a flowing water or 25 or more fish within a square mile of a nonflowing water, excluding fish lawfully taken under the game and fish laws.

Subd. 2. **Reporting requirement.** A state or county staff person or official who works with natural resources or agriculture and who learns of a fish kill in public waters must report the location of the fish kill to the Minnesota state duty officer within one hour of being notified of a fish kill or within four hours of first observing the fish kill. The Minnesota state duty officer must alert the Departments of Natural Resources and Health and the Pollution Control Agency of the location of the fish kill within one hour of being notified of the fish kill.

Sec. 97. **[103G.2165] DEVELOPMENT OF FISH KILL RESPONSE PROTOCOL.**

Subdivision 1. **Development of protocol.** By October 1, 2024, the commissioner of the Pollution Control Agency, in consultation with the commissioners of health, natural resources, and agriculture, must update the fish kill response guidance by developing a protocol. The protocol must consist of steps that state agencies responding to a report of a fish kill under section 103G.216 must take to ascertain on the basis of sound scientific evidence the factors contributing to the fish kill, as well as a plan to notify the public of potential hazards. The protocol must address:

(1) the number and species of fish and other aquatic creatures to be sampled from the body of water in which the fish kill occurred;

(2) the locations from which samples described in clause (1) should be taken;

(3) the number and location of water samples to be taken from the body of water in which the fish kill occurred as well as tributary streams and private wells with landowner consent within a one-half-mile radius;

(4) the number and location of soil and groundwater samples to be taken to ascertain whether contaminants traveled overland or underground to reach the body of water in which the fish kill occurred;

(5) sampling other materials located near the area of the fish kill that should be done, including but not limited to vegetation and manure, that may indicate the presence of contaminants that may have contributed to the fish kill;

(6) developing a comprehensive list of contaminants, including degradation products, for which the materials sampled in clauses (3) to (5) should be tested;

(7) the appropriate concentration limits to be used in testing samples for the presence of contaminants, allowing for the possibility that the fish kill may have resulted from the interaction of two or more contaminants present at concentrations below the level associated with toxic effects resulting from exposure to each individual chemical;

(8) proper handling, storage, and treatment necessary to preserve the integrity of the samples described in this subdivision to maximize the information the samples can yield regarding the cause of the fish kill;

(9) the organs and other parts of the fish and other aquatic creatures that should be analyzed to maximize the information the samples can yield regarding the cause of the fish kill;

(10) identifying a rapid response team of interagency staff or an independent contractor with the necessary data collection equipment that can travel to the site of the fish kill to collect samples within 24 to 48 hours of the incident;

(11) a communications plan with a health-risk assessment to notify potentially impacted downstream users of the surface water of the potential hazards and those in the vicinity whose public or private water supply from surface water or groundwater may be impacted; and

(12) a process to identify existing rules or regulatory processes that should be reviewed and potentially revised in the fish kill investigation and report. Investigation reports for fish kills deemed unnatural must identify the probable causes and include state agency recommendations for preventing similar incidents in the future.

Subd. 2. **Implementation.** The commissioner of the Pollution Control Agency must submit the protocol to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources. Once the protocol has been submitted, the state agencies must follow the protocol when responding to a fish kill.

Subd. 3. **Updating protocol.** The parties named in subdivision 1 must review and update the protocol every five years.

Sec. 98. Minnesota Statutes 2022, section 103G.271, subdivision 6, is amended to read:

Subd. 6. **Water-use permit; processing fee.** (a) Except as described in paragraphs (b) to (g), a water-use permit processing fee must be prescribed by the commissioner in accordance with the schedule of fees in this subdivision for each water-use permit in force at any time during the year. Fees collected under this paragraph are credited to the water management account in the natural resources fund. The schedule is as follows, with the stated fee in each clause applied to the total amount appropriated:

(1) $140 for amounts not exceeding 50,000,000 gallons per year;

(2) $3.50 per 1,000,000 gallons for amounts greater than 50,000,000 gallons but less than 100,000,000 gallons per year;

(3) $4 per 1,000,000 gallons for amounts greater than 100,000,000 gallons but less than 150,000,000 gallons per year;

(4) $4.50 per 1,000,000 gallons for amounts greater than 150,000,000 gallons but less than 200,000,000 gallons per year;

(5) $5 per 1,000,000 gallons for amounts greater than 200,000,000 gallons but less than 250,000,000 gallons per year;

(6) $5.50 per 1,000,000 gallons for amounts greater than 250,000,000 gallons but less than 300,000,000 gallons per year;

(7) $6 per 1,000,000 gallons for amounts greater than 300,000,000 gallons but less than 350,000,000 gallons per year;

(8) $6.50 per 1,000,000 gallons for amounts greater than 350,000,000 gallons but less than 400,000,000 gallons per year;

(9) $7 per 1,000,000 gallons for amounts greater than 400,000,000 gallons but less than 450,000,000 gallons per year;

(10) $7.50 per 1,000,000 gallons for amounts greater than 450,000,000 gallons but less than 500,000,000 gallons per year; and

(11) $8 per 1,000,000 gallons for amounts greater than 500,000,000 gallons per year.

(b) For once-through cooling systems, a water-use processing fee must be prescribed by the commissioner in accordance with the following schedule of fees for each water-use permit in force at any time during the year:

(1) for nonprofit corporations and school districts, $200 per 1,000,000 gallons; and

(2) for all other users, $420 per 1,000,000 gallons.

(c) The fee is payable based on the amount of water appropriated during the year and, except as provided in paragraph (f), the minimum fee is $100.

(d) For water-use processing fees other than once-through cooling systems:

(1) the fee for a city of the first class may not exceed $250,000 per year;

(2) the fee for other entities for any permitted use may not exceed:

(i) $60,000 per year for an entity holding three or fewer permits;

(ii) $90,000 per year for an entity holding four or five permits; or

(iii) $300,000 per year for an entity holding more than five permits;

(3) the fee for agricultural irrigation may not exceed $750 per year;

(4) the fee for a municipality that furnishes electric service and cogenerates steam for home heating may not exceed $10,000 for its permit for water use related to the cogeneration of electricity and steam;

(5) the fee for a facility that temporarily diverts a water of the state from its natural channel to produce hydroelectric or hydromechanical power may not exceed $5,000 per year. A permit for such a facility does not count toward the number of permits held by an entity as described in this paragraph; and

(6) no fee is required for a project involving the appropriation of surface water to prevent flood damage or to remove flood waters during a period of flooding, as determined by the commissioner.

(e) Failure to pay the fee is sufficient cause for revoking a permit. A penalty of ten percent per month calculated from the original due date must be imposed on the unpaid balance of fees remaining 30 days after the sending of a second notice of fees due. A fee may not be imposed on an agency, as defined in section 16B.01, subdivision 2, or federal governmental agency holding a water appropriation permit.

(f) The minimum water-use processing fee for a permit issued for irrigation of agricultural land is $20 for years in which:

(1) there is no appropriation of water under the permit; or

(2) the permit is suspended for more than seven consecutive days between May 1 and October 1.

(g) The commissioner shall waive the water-use permit fee for installations and projects that use stormwater runoff or where public entities are diverting water to treat a water quality issue and returning the water to its source without using the water for any other purpose, unless the commissioner determines that the proposed use adversely affects surface water or groundwater.

(h) A surcharge of ~~$30~~ $50 per million gallons in addition to the fee prescribed in paragraph (a) shall be applied to the volume of water used in each of the months of May, June, July, ~~and~~ August, and September that exceeds the volume of water used in January for municipal water use, irrigation of golf courses, and landscape irrigation. The surcharge for municipalities with more than one permit shall be determined based on the total appropriations from all permits that supply a common distribution system.

Sec. 99. Minnesota Statutes 2022, section 103G.287, subdivision 2, is amended to read:

Subd. 2. **Relationship to surface water resources.** Groundwater appropriations ~~that will have negative impacts to surface waters are subject to applicable provisions in section 103G.285~~ may be authorized only if they avoid known negative impacts to surface waters. If the commissioner determines that groundwater appropriations

are having a negative impact to surface waters, the commissioner may use a sustainable diversion limit or other relevant method, tools, or information to implement measures so that groundwater appropriations do not negatively impact the surface waters.

Sec. 100. Minnesota Statutes 2022, section 103G.287, subdivision 3, is amended to read:

Subd. 3. **Protecting groundwater supplies.** The commissioner may establish water appropriation limits to protect groundwater resources. When establishing water appropriation limits to protect groundwater resources, the commissioner must consider the sustainability of the groundwater resource, including the current and projected water levels, cumulative withdrawal rates from the resource on a monthly or annual basis, water quality, whether the use protects ecosystems, and the ability of future generations to meet their own needs. The commissioner may consult with the commissioners of health, agriculture, and the Pollution Control Agency and other state entities when determining the impacts on water quality and quantity.

Sec. 101. Minnesota Statutes 2022, section 103G.299, subdivision 1, is amended to read:

Subdivision 1. **Authority to issue administrative penalty orders.** (a) As provided in paragraph (b), the commissioner may issue an order requiring violations to be corrected and administratively assessing monetary penalties for violations of sections 103G.271 and 103G.275, and any rules adopted under those sections.

(b) An order under this section may be issued to a person for water appropriation activities without a required permit or for violating the terms of a required permit.

(c) The order must be issued as provided in this section and in accordance with the plan prepared under subdivision 12.

Sec. 102. Minnesota Statutes 2022, section 103G.299, subdivision 2, is amended to read:

Subd. 2. **Amount of penalty; considerations.** (a) The commissioner may issue orders assessing administrative penalties ~~based on potential for harm and deviation from compliance. For a violation that presents:~~ up to $40,000.

~~(1) a minor potential for harm and deviation from compliance, the penalty will be no more than $1,000;~~

~~(2) a moderate potential for harm and deviation from compliance, the penalty will be no more than $10,000; and~~

~~(3) a severe potential for harm and deviation from compliance, the penalty will be no more than $20,000.~~

(b) In determining the amount of a penalty the commissioner may consider:

(1) the gravity of the violation, including potential for, or real, damage to the public interest or natural resources of the state;

(2) the history of past violations;

(3) the number of violations;

(4) the economic benefit gained by the person by allowing or committing the violation based on data from local or state bureaus or educational institutions; and

(5) other factors as justice may require, if the commissioner specifically identifies the additional factors in the commissioner's order.

(c) For a violation after an initial violation, including a continuation of the initial violation, the commissioner must, in determining the amount of a penalty, consider the factors in paragraph (b) and the:

(1) similarity of the most recent previous violation and the violation to be penalized;

(2) time elapsed since the last violation;

(3) number of previous violations; and

(4) response of the person to the most recent previous violation identified.

Sec. 103. Minnesota Statutes 2022, section 103G.299, subdivision 5, is amended to read:

Subd. 5. **Penalty.** (a) Except as provided in paragraph (b), if the commissioner determines that the violation has been corrected or appropriate steps have been taken to correct the action, the penalty must be forgiven. Unless the person requests review of the order under subdivision 6 or 7 before the penalty is due, the penalty in the order is due and payable:

(1) on the 31st day after the order was received, if the person subject to the order fails to provide information to the commissioner showing that the violation has been corrected or that appropriate steps have been taken toward correcting the violation; or

(2) on the 20th day after the person receives the commissioner's determination under subdivision 4, paragraph (c), if the person subject to the order has provided information to the commissioner that the commissioner determines is not sufficient to show that the violation has been corrected or that appropriate steps have been taken toward correcting the violation.

(b) For repeated or serious violations, the commissioner may issue an order with a penalty that is not forgiven after the corrective action is taken. The penalty is due ~~by~~ 31 days after the order ~~was~~ is received, unless review of the order under subdivision 6 or 7 ~~has been~~ is sought.

(c) Interest at the rate established in section 549.09 begins to accrue on penalties under this subdivision on the 31st day after the order with the penalty ~~was~~ is received.

Sec. 104. Minnesota Statutes 2022, section 103G.299, subdivision 10, is amended to read:

Subd. 10. **Cumulative remedy.** The authority of the commissioner to issue a corrective order assessing penalties is in addition to other remedies available under statutory or common law~~, except that the state may not seek civil penalties under any other provision of law for the violations covered by the administrative penalty order~~. The payment of a penalty does not preclude the use of other enforcement provisions~~, under which penalties are not assessed,~~ in connection with the violation for which the penalty was assessed.

Sec. 105. **[103G.2991] PENALTIES; ENFORCEMENT.**

Subdivision 1. **Civil penalties.** (a) The commissioner, according to section 103G.134, may issue a notice to a person who violates:

(1) this chapter;

(2) a permit issued under this chapter or a term or condition of a permit issued under this chapter;

(3) a duty under this chapter to permit an inspection, entry, or monitoring activity or a duty under this chapter to carry out an inspection or monitoring activity;

(4) a rule adopted under this chapter;

(5) a stipulation agreement, variance, or schedule of compliance entered into under this chapter; or

(6) an order issued by the commissioner under this chapter.

(b) A person issued a notice forfeits and must pay to the state a penalty, in an amount to be determined by the district court, of not more than $10,000 per day of violation.

(c) In the discretion of the district court, a defendant under this section may be required to:

(1) forfeit and pay to the state a sum that adequately compensates the state for the reasonable value of restoration, monitoring, and other expenses directly resulting from the unauthorized use of or damage to natural resources of the state; and

(2) forfeit and pay to the state an additional sum to constitute just compensation for any damage, loss, or destruction of the state's natural resources and for other actual damages to the state caused by an unauthorized use of natural resources of the state.

(d) As a defense to damages assessed under paragraph (c), a defendant may prove that the violation was caused solely by:

(1) an act of God;

(2) an act of war;

(3) negligence on the part of the state;

(4) an act or failure to act that constitutes sabotage or vandalism; or

(5) any combination of clauses (1) to (4).

(e) The civil penalties and damages provided for in this subdivision may be recovered by a civil action brought by the attorney general in the name of the state in Ramsey County District Court. Civil penalties and damages provided for in this subdivision may be resolved by the commissioner through a negotiated stipulation agreement according to the authority granted to the commissioner in section 103G.134.

Subd. 2. **Enforcement.** This chapter and rules, standards, orders, stipulation agreements, schedules of compliance, and permits adopted or issued by the commissioner under this chapter or any other law for preventing, controlling, or abating damage to natural resources may be enforced by one or more of the following:

(1) criminal prosecution;

(2) action to recover civil penalties;

(3) injunction;

(4) action to compel performance; or

(5) other appropriate action according to this chapter.

Subd. 3. **Injunctions.** A violation of this chapter or rules, standards, orders, stipulation agreements, variances, schedules of compliance, and permits adopted or issued under this chapter constitutes a public nuisance and may be enjoined as provided by law in an action, in the name of the state, brought by the attorney general.

Subd. 4. **Actions to compel performance.** (a) In an action to compel performance of an order issued by the commissioner for any purpose related to preventing, controlling, or abating damage to natural resources under this chapter, the court may require a defendant adjudged responsible to do and perform any and all acts set forth in the commissioner's order and all things within the defendant's power that are reasonably necessary to accomplish the purposes of the order.

(b) If a municipality or its governing or managing body or any of its officers is a defendant, the court may require the municipality to exercise its powers, without regard to any limitation of a requirement for an election or referendum imposed thereon by law and without restricting the powers of the commissioner, to do any or all of the following, without limiting the generality hereof:

(1) levy taxes or special assessments;

(2) prescribe service or use charges;

(3) borrow money;

(4) issue bonds;

(5) employ assistance;

(6) acquire real or personal property;

(7) let contracts;

(8) otherwise provide for doing work or constructing, installing, maintaining, or operating facilities; and

(9) do all acts and things reasonably necessary to accomplish the purposes of the commissioner's order.

(c) The court must grant a municipality under paragraph (b) the opportunity to determine the appropriate financial alternatives to be used to comply with the court-imposed requirements.

(d) An action brought under this subdivision must be venued in Ramsey County District Court.

Sec. 106. Minnesota Statutes 2022, section 103G.301, subdivision 2, is amended to read:

Subd. 2. **Permit application and notification fees.** (a) A fee to defray the costs of receiving, recording, and processing must be paid for a permit application authorized under this chapter, except for a general permit application, for each request to amend or transfer an existing permit, and for a notification to request authorization to conduct a project under a general permit. Fees established under this subdivision, unless specified in paragraph (c), must comply with section 16A.1285.

(b) Proposed projects that require water in excess of 100 million gallons per year must be assessed fees to recover the costs incurred to evaluate the project and the costs incurred for environmental review. Fees collected under this paragraph must be credited to an account in the natural resources fund and are appropriated to the commissioner.

(c) The fee to apply for a permit to appropriate water, in addition to any fee under paragraph (b), is $150. The application fee for a permit to construct or repair a dam that is subject to a dam safety inspection, to work in public waters, or to divert waters for mining must be at least ~~$300~~ $1,200, but not more than ~~$3,000~~ $12,000. The fee for a notification to request authorization to conduct a project under a general permit is ~~$100~~ $400.

Sec. 107. Minnesota Statutes 2022, section 103G.301, subdivision 6, is amended to read:

Subd. 6. **Filing application.** An application for a permit must be filed with the commissioner ~~and~~. If the proposed activity for which the permit is requested is within a municipality, ~~or~~ is within or affects a watershed district or a soil and water conservation district, or is within the boundaries of a reservation or Tribal community of a federally recognized Indian Tribe in Minnesota, a copy of the application with maps, plans, and specifications must be served on the mayor of the municipality, the secretary of the board of managers of the watershed district, ~~and~~ the secretary of the board of supervisors of the soil and water conservation district~~.~~, or the Tribal chair of the federally recognized Indian Tribe, as applicable. For purposes of this section, "federally recognized Indian Tribe" means the Minnesota Tribal governments listed in section 10.65, subdivision 2.

Sec. 108. Minnesota Statutes 2022, section 103G.301, subdivision 7, is amended to read:

Subd. 7. **Recommendation of local units of government and federally recognized Indian Tribes.** (a) If the proposed activity for which the permit is requested is within a municipality, or is within or affects a watershed district or a soil and water conservation district, the commissioner may obtain a written recommendation of the managers of the district and the board of supervisors of the soil and water conservation district or the mayor of the municipality before issuing or denying the permit.

(b) The managers, supervisors, or mayor must file a recommendation within 30 days after receiving of a copy of the application for permit.

(c) If the proposed activity for which the permit is requested is within the boundaries of a reservation or Tribal community of a federally recognized Indian Tribe in Minnesota, the federally recognized Indian Tribe may:

(1) submit recommendations to the commissioner within 30 days of receiving the application; or

(2) request Tribal consultation according to section 10.65 within 30 days of receiving the application.

(d) If Tribal consultation is requested under paragraph (c), clause (2), a permit application is not complete until after the consultation occurs or 90 days after the request for consultation is made, whichever is sooner.

Sec. 109. Minnesota Statutes 2022, section 168.1295, subdivision 1, is amended to read:

Subdivision 1. **General requirements and procedures.** (a) The commissioner shall issue state parks and trails plates to an applicant who:

(1) is a registered owner of a passenger automobile, recreational vehicle, one-ton pickup truck, or motorcycle;

(2) pays a fee in the amount specified for special plates under section 168.12, subdivision 5;

(3) pays the registration tax required under section 168.013;

(4) pays the fees required under this chapter;

(5) contributes a minimum of ~~$60~~ $70 annually to the state parks and trails donation account established in section 85.056; and

(6) complies with this chapter and rules governing registration of motor vehicles and licensing of drivers.

(b) The state parks and trails plate application must indicate that the contribution specified under paragraph (a), clause (5), is a minimum contribution to receive the plate and that the applicant may make an additional contribution to the account.

(c) State parks and trails plates may be personalized according to section 168.12, subdivision 2a.

Sec. 110. Minnesota Statutes 2022, section 171.07, is amended by adding a subdivision to read:

Subd. 20. **Watercraft operator's permit.** (a) The department must maintain in its records information transmitted electronically from the commissioner of natural resources identifying each person to whom the commissioner has issued a watercraft operator's permit. The records transmitted from the Department of Natural Resources must contain the full name and date of birth as required for the driver's license or identification card. Records that are not matched to a driver's license or identification card record may be deleted after seven years.

(b) After receiving information under paragraph (a) that a person has received a watercraft operator's permit, the department must include on all drivers' licenses or Minnesota identification cards subsequently issued to the person a graphic or written indication that the person has received the permit.

(c) If a person who has received a watercraft operator's permit applies for a driver's license or Minnesota identification card before that information has been transmitted to the department, the department may accept a copy of the certificate as proof of its issuance and must then follow the procedures in paragraph (b).

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

Sec. 111. Minnesota Statutes 2022, section 297A.94, is amended to read:

297A.94 DEPOSIT OF REVENUES.

(a) Except as provided in this section, the commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed by this chapter in the state treasury and credit them to the general fund.

(b) The commissioner shall deposit taxes in the Minnesota agricultural and economic account in the special revenue fund if:

(1) the taxes are derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project; and

(2) the purchase was made on or after the date on which a conditional commitment was made for a loan guaranty for the project under section 41A.04, subdivision 3.

The commissioner of management and budget shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty account must be reduced by any refunds and by the costs incurred by the Department of Revenue to administer and enforce the assessment and collection of the taxes.

(c) The commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance to the general fund.

(d) Beginning with sales taxes remitted after July 1, 2017, the commissioner shall deposit in the state treasury the revenues collected under section 297A.64, subdivision 1, including interest and penalties and minus refunds, and credit them to the highway user tax distribution fund.

(e) The commissioner shall deposit the revenues, including interest and penalties, collected under section 297A.64, subdivision 5, in the state treasury and credit them to the general fund. By July 15 of each year the commissioner shall transfer to the highway user tax distribution fund an amount equal to the excess fees collected under section 297A.64, subdivision 5, for the previous calendar year.

(f) Beginning with sales taxes remitted after July 1, 2017, in conjunction with the deposit of revenues under paragraph (d), the commissioner shall deposit into the state treasury and credit to the highway user tax distribution fund an amount equal to the estimated revenues derived from the tax rate imposed under section 297A.62, subdivision 1, on the lease or rental for not more than 28 days of rental motor vehicles subject to section 297A.64. The commissioner shall estimate the amount of sales tax revenue deposited under this paragraph based on the amount of revenue deposited under paragraph (d).

(g) The commissioner shall deposit an amount of the remittances monthly into the state treasury and credit them to the highway user tax distribution fund as a portion of the estimated amount of taxes collected from the sale and purchase of motor vehicle repair and replacement parts in that month. The monthly deposit amount is $12,137,000. For purposes of this paragraph, "motor vehicle" has the meaning given in section 297B.01, subdivision 11, and "motor vehicle repair and replacement parts" includes (i) all parts, tires, accessories, and equipment incorporated into or affixed to the motor vehicle as part of the motor vehicle maintenance and repair, and (ii) paint, oil, and other fluids that remain on or in the motor vehicle as part of the motor vehicle maintenance or repair. For purposes of this paragraph, "tire" means any tire of the type used on highway vehicles, if wholly or partially made of rubber and if marked according to federal regulations for highway use.

(h) ~~72.43~~ 78.06 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65, must be deposited by the commissioner in the state treasury as follows:

(1) 50 percent of the receipts must be deposited in the heritage enhancement account in the game and fish fund, and may be spent only on activities that improve, enhance, or protect fish and wildlife resources, including conservation, restoration, and enhancement of land, water, and other natural resources of the state;

(2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only for state parks and trails;

(3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only on metropolitan park and trail grants;

(4) three percent of the receipts must be deposited in the natural resources fund, and may be spent only on local trail grants; and

(5) two percent of the receipts must be deposited in the natural resources fund, and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory, and the Duluth Zoo.

(i) The revenue dedicated under paragraph (h) may not be used as a substitute for traditional sources of funding for the purposes specified, but the dedicated revenue shall supplement traditional sources of funding for those purposes. Land acquired with money deposited in the game and fish fund under paragraph (h) must be open to public hunting and fishing during the open season, except that in aquatic management areas or on lands where angling easements have been acquired, fishing may be prohibited during certain times of the year and hunting may be prohibited. At least 87 percent of the money deposited in the game and fish fund for improvement, enhancement, or protection of fish and wildlife resources under paragraph (h) must be allocated for field operations.

(j) The commissioner must deposit the revenues, including interest and penalties minus any refunds, derived from the sale of items regulated under section 624.20, subdivision 1, that may be sold to persons 18 years old or older and that are not prohibited from use by the general public under section 624.21, in the state treasury and credit:

(1) 25 percent to the volunteer fire assistance grant account established under section 88.068;

(2) 25 percent to the fire safety account established under section 297I.06, subdivision 3; and

(3) the remainder to the general fund.

For purposes of this paragraph, the percentage of total sales and use tax revenue derived from the sale of items regulated under section 624.20, subdivision 1, that are allowed to be sold to persons 18 years old or older and are not prohibited from use by the general public under section 624.21, is a set percentage of the total sales and use tax revenues collected in the state, with the percentage determined under Laws 2017, First Special Session chapter 1, article 3, section 39.

(k) The revenues deposited under paragraphs (a) to (j) do not include the revenues, including interest and penalties, generated by the sales tax imposed under section 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota Constitution, article XI, section 15.

Sec. 112. **HOUSTON OHV TRAIL; REPORT.**

By January 15, 2024, the commissioner of natural resources must submit a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources providing a brief history of the efforts to establish an off-highway vehicle trail in Houston County, the current status, and next steps.

Sec. 113. **STATE PARK LICENSE PLATE DESIGN CONTEST.**

The commissioner of natural resources must hold a license plate design contest to design a new state park license plate available under Minnesota Statutes, section 168.1295, subdivision 1.

Sec. 114. **UPPER SIOUX AGENCY STATE PARK; LAND TRANSFER.**

(a) The commissioner of natural resources must convey for no consideration all state-owned land within the boundaries of Upper Sioux Agency State Park to the Upper Sioux Community.

(b) Upon approval by the Minnesota Historical Society's Executive Council, the Minnesota Historical Society may convey for no consideration state-owned land and real property in the Upper Sioux Agency Historic Site, as defined in Minnesota Statutes, section 138.662, subdivision 33, to the Upper Sioux Community. In cooperation with the commissioner of natural resources, the Minnesota Historical Society must identify any funding restrictions or other legal barriers to conveying the land.

(c) By January 15, 2024, the commissioner, in cooperation with the Minnesota Historical Society, must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over environment and natural resources that identifies all barriers to conveying land within Upper Sioux Agency State Park and recommendations for addressing those barriers, including any legislation needed to eliminate those barriers.

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

Sec. 115. **REQUIRED RULEMAKING.**

Subdivision 1. **Snowmobile registration.** (a) The commissioner of natural resources must amend Minnesota Rules as follows:

(1) part 6100.5000, subpart 1, by striking the last sentence and inserting "The registration number remains the same if renewed by July 1 following the expiration date."; and

(2) part 6100.5700, subpart 1, item C, by striking the reference to registration numbers.

(b) The commissioner may use the good-cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to adopt rules under this section, and Minnesota Statutes, section 14.386, does not apply except as provided under Minnesota Statutes, section 14.388.

Subd. 2. **Walk-in access program.** The commissioner of natural resources must amend Minnesota Rules, part 6230.0250, subpart 10, item A, subitem (2), to replace the word "hunter" with "person." The commissioner may use the good cause exempt rulemaking procedure under Minnesota Statutes, section 14.388, subdivision 1, clause (3), and Minnesota Statutes, section 14.386, does not apply.

Sec. 116. **REGISTRATION DECAL FORMAT TRANSITION.**

Separately displaying registration numbers is not required when a larger-format registration decal as provided under Minnesota Statutes, section 84.82, subdivision 2, is displayed according to Minnesota Statutes, section 84.82, subdivision 3b. Snowmobiles displaying valid but older, smaller-format registration decals must display the separate registration numbers. Persons may obtain duplicate registration decals in the new, larger format, when available, without being required to display the separate registration numbers.

Sec. 117. **REPORT ON OPTIONS FOR FUNDING ADDITIONAL LAW ENFORCEMENT ON ICE OF STATE WATERS.**

By January 1, 2024, the commissioner of natural resources must report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources on options for funding additional enforcement of state laws on the ice of state waters. The commissioner must work with the Minnesota Sheriffs' Association and other stakeholders in generating the report, which must include options and recommendations related to potential funding sources, funding levels, and allocation of funding between the various enforcement agencies.

Sec. 118. **ENFORCEMENT OFFICER BARGAINING UNITS; REPORT.**

By September 1, 2023, the commissioner of natural resources must submit a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources that provides a status update on the collective bargaining agreement for law enforcement supervisors in response to Laws 2022, chapter 80, section 3.

Sec. 119. **REPORT ON FERAL PIGS AND MINK.**

By February 15, 2024, the commissioner of natural resources, in cooperation with the Board of Animal Health and the commissioners of agriculture and health, must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture and environment and natural resources that:

(1) identifies the responsibilities of the Board of Animal Health and the commissioners of natural resources, health, and agriculture for managing feral pigs and mink;

(2) identifies any need to clarify or modify responsibilities for feral pig and mink management; and

(3) includes policy recommendations for managing feral pigs and mink to further prevent negative impacts on the environment and human health.

Sec. 120. **TURTLE SELLER'S LICENSES; TRANSFER AND RENEWAL.**

The commissioner of natural resources must not renew or transfer a turtle seller's license after the effective date of this section.

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

Sec. 121. **SWAN RESTITUTION VALUES; RULE AMENDMENTS.**

(a) The commissioner of natural resources must amend Minnesota Rules, part 6133.0030, to increase the restitution value of a tundra swan from $200 to $1,000 and the restitution value of a trumpeter swan from $1,000 to $2,500.

(b) The commissioner may use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to adopt rules under this section, and Minnesota Statutes, section 14.386, does not apply except as provided under Minnesota Statutes, section 14.388.

Sec. 122. **NATIVE FISH CONSERVATION; REPORTS.**

(a) By August 1, 2023, the commissioner of natural resources must submit a written update on the progress of identifying necessary protection and conservation measures for native fish currently defined as rough fish under Minnesota Statutes, section 97A.015, subdivision 43, including buffalo, sucker, sheepshead, bowfin, gar, goldeye, and bullhead to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources.

(b) By December 15, 2023, the commissioner of natural resources must submit a written report with recommendations for statutory and rule changes to provide necessary protection and conservation measures and research needs for native fish currently designated as rough fish to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources. The report must include recommendations for amending Minnesota Statutes to separately classify fish that are native to Minnesota and that are currently designated as rough fish and invasive fish that are currently designated as rough fish. For the purposes of this paragraph, native fish include but are not limited to bowfin (*Amia calva*), bigmouth buffalo (*Ictiobus cyprinellus*), smallmouth buffalo (*Ictiobus bubalus*), burbot (*Lota lota*), longnose gar (*Lepisosteus osseus*), shortnose gar (*Lepisosteus platostomus*), goldeye (*Hiodon alosoides*), mooneye (*Hiodon tergisus*), and white sucker (*Catostomus commersonii*), and invasive fish include but are not limited to bighead carp (*Hypophthalmichthys nobilis*), grass carp (*Ctenopharyngodon idella*), and silver carp (*Hypophthalmichthys molitrix*).

Sec. 123. **STATE TRAILS; REPORT.**

By January 15, 2024, the commissioner of natural resources must submit a report the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources on state-authorized trails that:

(1) identifies state trails authorized under Minnesota Statutes;

(2) identifies state trails that have been built and what is left to build;

(3) includes recommendations for removing any authorized trails that cannot be built; and

(4) estimates the miles left to complete the authorized trail system.

Sec. 124. **WATER-USE PERMITS; CITY OF LAKE ELMO.**

(a) Notwithstanding any other provision of law, the commissioner of natural resources may:

(1) issue permits necessary for the city of Lake Elmo to construct and operate a new municipal water supply well; and

(2) amend existing water-use permits issued to the city of Lake Elmo to increase the authorized volume of water that may be appropriated under the permits to a level consistent with the amount anticipated to be needed each year according to a water supply plan approved by the commissioner under Minnesota Statutes, section 103G.291.

(b) Notwithstanding paragraph (a), all new and amended water-use permits issued by the commissioner to the city of Lake Elmo must contain the same water-use conservation and planning measures required by law for municipal wells located wholly or partially within the five-mile radius of White Bear Lake.

(c) This section expires June 30, 2027.

Sec. 125. **WHITE BEAR LAKE AREA WATER-USE PERMIT MODIFICATION MORATORIUM.**

(a) Except as provided under paragraph (b), the commissioner of natural resources may not reduce the total maximum amount of groundwater use permitted under a White Bear Lake area water-use permit issued or amended before January 1, 2023.

(b) Notwithstanding paragraph (a), the commissioner of natural resources may reduce the authorized amount of groundwater use permitted or impose additional restrictions or conditions if necessary to address emergency preparedness or other public health and safety issues as determined by the commissioner.

(c) Except as provided under paragraph (b), this section does not authorize the commissioner to reduce or eliminate water-use conservation or planning conditions imposed on municipal water appropriation permits for wells located wholly or partially within a five-mile radius of White Bear Lake.

(d) For the purposes of this section, "White Bear Lake area water-use permit" means a water-use permit authorizing the use of groundwater from one or more municipal wells located wholly or partially within a five-mile radius of White Bear Lake.

(e) This section expires June 30, 2027.

Sec. 126. **REVISOR INSTRUCTION.**

The revisor of statutes must renumber the subdivisions of Minnesota Statutes, section 103G.005, listed in column A to the references listed in column B. The revisor must make necessary cross-reference changes in Minnesota Statutes and Minnesota Rules consistent with the renumbering:

Column A	Column B
subdivision 9b	subdivision 9d
subdivision 13a	subdivision 13c
subdivision 15h	subdivision 15j

Sec. 127. **REPEALER.**

(a) Minnesota Statutes 2022, sections 84.033, subdivision 3; 84.944, subdivision 3; and 97A.145, subdivision 2, are repealed.

(b) Minnesota Rules, parts 6100.5000, subparts 3, 4, and 5; 6100.5700, subpart 4; and 6115.1220, subpart 8, are repealed.

(c) Minnesota Statutes 2022, sections 86B.101; 86B.305; and 86B.313, subdivisions 2 and 3, are repealed.

(d) Minnesota Rules, part 6256.0500, subparts 2, 2a, 2b, 4, 5, 6, 7, and 8, are repealed.

(e) Minnesota Statutes 2022, section 97C.605, subdivisions 2, 2a, 2b, and 5, are repealed.

EFFECTIVE DATE. Paragraph (c) is effective July 1, 2025, and paragraphs (d) and (e) are effective January 1, 2024.

ARTICLE 5
WATER AND SOIL RESOURCES

Section 1. Minnesota Statutes 2022, section 103B.101, subdivision 2, is amended to read:

Subd. 2. **Voting members.** (a) The members are:

(1) three county commissioners;

(2) three soil and water conservation district supervisors;

(3) three watershed district or watershed management organization representatives;

(4) three citizens who are not employed by, or the appointed or elected officials of, a state governmental office, board, or agency;

(5) one township officer;

(6) two elected city officials, one of whom must be from a city located in the metropolitan area, as defined under section 473.121, subdivision 2;

(7) the commissioner of agriculture;

(8) the commissioner of health;

(9) the commissioner of natural resources;

(10) the commissioner of the Pollution Control Agency; and

(11) the director of the University of Minnesota Extension Service.

(b) Members in paragraph (a), clauses (1) to (6), must be distributed across the state with at least four members but not more than six members from the metropolitan area, as defined by section 473.121, subdivision 2.

(c) Members in paragraph (a), clauses (1) to (6), are appointed by the governor. In making the appointments, the governor may consider persons recommended by the Association of Minnesota Counties, the Minnesota Association of Townships, the League of Minnesota Cities, the Minnesota Association of Soil and Water Conservation Districts, and the Minnesota Association of Watershed Districts. The list submitted by an association must contain at least three nominees for each position to be filled.

(d) The membership terms, compensation, removal of members and filling of vacancies on the board for members in paragraph (a), clauses (1) to (6), are as provided in section 15.0575, except that a member may be compensated at the rate of up to $125 a day.

Sec. 2. Minnesota Statutes 2022, section 103B.101, subdivision 9, is amended to read:

Subd. 9. **Powers and duties.** (a) In addition to the powers and duties prescribed elsewhere, the board shall:

(1) coordinate the water and soil resources planning and implementation activities of counties, soil and water conservation districts, watershed districts, watershed management organizations, and any other local units of government through its various authorities for approval of local plans, administration of state grants, contracts and easements, and by other means as may be appropriate;

(2) facilitate communication and coordination among state agencies in cooperation with the Environmental Quality Board, and between state and local units of government, in order to make the expertise and resources of state agencies involved in water and soil resources management available to the local units of government to the greatest extent possible;

(3) coordinate state and local interests with respect to the study in southwestern Minnesota under United States Code, title 16, section 1009;

(4) develop information and education programs designed to increase awareness of local water and soil resources problems and awareness of opportunities for local government involvement in preventing or solving them;

(5) provide a forum for the discussion of local issues and opportunities relating to water and soil resources management;

(6) adopt an annual budget and work program that integrate the various functions and responsibilities assigned to it by law; and

(7) report to the governor and the legislature by October 15 of each even-numbered year with an assessment of board programs and recommendations for any program changes and board membership changes necessary to improve state and local efforts in water and soil resources management.

(b) The board may accept grants, gifts, donations, or contributions in money, services, materials, or otherwise from the United States, a state agency, or other source to achieve an authorized or delegated purpose. The board may enter into a contract or agreement necessary or appropriate to accomplish the transfer. The board may conduct or participate in local, state, or federal programs or projects that have as one purpose or effect the preservation or enhancement of water and soil resources and may enter into and administer agreements with local governments or landowners or their designated agents as part of those programs or projects. The board may receive and expend money to acquire conservation easements, as defined in chapter 84C, on behalf of the state and federal government consistent with ~~the~~ Camp Ripley's Army Compatible Use Buffer Project, Sentinel Landscape program, or related conservation programs. The board may enter into agreements, including grant agreements, with Tribal nations, federal agencies, higher education institutions, local governments, and private sector organizations to carry out programs and other responsibilities prescribed or allowed by statute.

(c) Any money received is hereby deposited in an account in a fund other than the general fund and appropriated and dedicated for the purpose for which it is granted.

Sec. 3. Minnesota Statutes 2022, section 103B.101, subdivision 16, is amended to read:

Subd. 16. **~~Water quality~~ Conservation practices; standardized specifications.** (a) The board ~~of Water and Soil Resources shall~~ must work with state and federal agencies, Tribal Nations, academic institutions, local governments, practitioners, and stakeholders to foster mutual understanding and provide recommendations for standardized specifications for ~~water quality and soil~~ conservation ~~protection and improvement~~ practices ~~and~~, projects~~.~~, and systems for:

(1) erosion or sedimentation control;

(2) improvements to water quality or water quantity;

(3) habitat restoration and enhancement;

(4) energy conservation; and

(5) climate adaptation, resiliency, or mitigation.

(b) The board may convene working groups or work teams to develop information, education, and recommendations.

Sec. 4. Minnesota Statutes 2022, section 103B.101, is amended by adding a subdivision to read:

Subd. 18. **Guidelines for establishing and enhancing native vegetation.** (a) The board must work with state and federal agencies, Tribal Nations, academic institutions, local governments, practitioners, and stakeholders to foster mutual understanding and to provide recommendations for standardized specifications to establish and enhance native vegetation to provide benefits for:

(1) water quality;

(2) soil conservation;

(3) habitat enhancement;

(4) energy conservation; and

(5) climate adaptation, resiliency, or mitigation.

(b) The board may convene working groups or work teams to develop information, education, and recommendations.

Sec. 5. Minnesota Statutes 2022, section 103B.103, is amended to read:

103B.103 EASEMENT STEWARDSHIP ACCOUNTS.

Subdivision 1. **Accounts established; sources.** (a) The water and soil conservation easement stewardship account and the mitigation easement stewardship account are created in the special revenue fund. The accounts consist of money credited to the accounts and interest and other earnings on money in the accounts. The State Board of Investment must manage the accounts to maximize long-term gain.

(b) Revenue from contributions and money appropriated for any purposes of the account as described in subdivision 2 must be deposited in the water and soil conservation easement stewardship account. Revenue from contributions, ~~wetland banking~~ mitigation fees designated for stewardship purposes by the board, easement stewardship payments authorized under subdivision 3, and money appropriated for any purposes of the account as described in subdivision 2 must be deposited in the mitigation easement stewardship account.

Subd. 2. **Appropriation; purposes of accounts.** Five percent of the balance on July 1 each year in the water and soil conservation easement stewardship account and five percent of the balance on July 1 each year in the mitigation easement stewardship account are annually appropriated to the board and may be spent ~~only~~ to cover the costs of managing easements held by the board, including costs associated with:

(1) repairing or replacing structures;

(2) monitoring~~,~~;

(3) landowner contacts~~,~~;

(4) records storage and management~~,~~;

(5) processing landowner notices~~,~~;

(6) requests for approval or amendments~~,~~;

(7) enforcement~~,~~; and

(8) legal services associated with easement management activities.

Subd. 3. **Financial contributions.** The board shall seek a financial contribution to the water and soil conservation easement stewardship account for each conservation easement acquired by the board. The board shall seek a financial contribution or assess an easement stewardship payment to the mitigation easement stewardship account for each wetland ~~banking~~ mitigation easement acquired by the board. Unless otherwise provided by law, the board shall determine the amount of the contribution or payment, which must be an amount calculated to earn sufficient money to meet the costs of managing the easement at a level that neither significantly overrecovers nor underrecovers the costs. In determining the amount of the financial contribution, the board shall consider:

(1) the estimated annual staff hours needed to manage the conservation easement, taking into consideration factors such as easement type, size, location, and complexity;

(2) the average hourly wages for the class or classes of state and local employees expected to manage the easement;

(3) the estimated annual travel expenses to manage the easement;

(4) the estimated annual miscellaneous costs to manage the easement, including supplies and equipment, information technology support, and aerial flyovers;

(5) the estimated annualized costs of legal services, including the cost to enforce the easement in the event of a violation;

(6) the estimated annualized costs for repairing or replacing water control structures; and

~~(6)~~ (7) the expected rate of return on investments in the account.

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

Sec. 6. **[103B.104] LAWNS TO LEGUMES PROGRAM.**

(a) The Board of Water and Soil Resources may provide financial and technical assistance to plant residential landscapes and community spaces with native vegetation and pollinator-friendly forbs and legumes to protect a diversity of pollinators with declining populations, providing additional benefits for water management, carbon sequestration, and landscape resiliency.

(b) The board must establish criteria for grants or payments awarded under this section. Grants or payments awarded under this section may give priority consideration for proposals in areas identified by the United States Fish and Wildlife Service as areas where there is a high potential for rusty patched bumble bees and other priority species to be present.

(c) The board may collaborate with and enter into agreements with federal, state, and local agencies; Tribal Nations; and other nonprofit organizations and contractors to implement and promote the program.

Sec. 7. **[103B.105] HABITAT-FRIENDLY UTILITIES PROGRAM.**

(a) The Board of Water and Soil Resources may provide financial and technical assistance to promote the successful establishment of native vegetation as part of utility projects, including solar and wind projects, pipelines, and electrical transmission corridors, to:

(1) ensure the integrity and resiliency of Minnesota landscapes; and

(2) protect habitat and water resources.

(b) The board must establish criteria for grants or payments awarded under this section. Grants or payments awarded under this section may prioritize proposals in areas identified by state and federal agencies and conservation partners for protecting high-priority natural resources and wildlife species.

(c) The board may collaborate with and enter into agreements with federal, state, and local agencies; Tribal Nations; utility companies; nonprofit organizations; and contractors to implement and promote the program.

Sec. 8. **[103B.106] HABITAT ENHANCEMENT LANDSCAPE PROGRAM.**

(a) The Board of Water and Soil Resources may provide financial and technical assistance to establish or enhance areas of diverse native vegetation to:

(1) support declining populations of bees, butterflies, dragonflies, birds, and other wildlife species that are essential for ecosystems and food production across conservation lands, open spaces, and natural areas; and

(2) provide additional benefits for water management, carbon sequestration, and landscape and climate resiliency.

(b) The board must establish criteria for grants or payments awarded under this section. Grants or payments awarded under this section may prioritize proposals in areas identified by state and federal agencies and conservation partners as high priority for protecting endangered or threatened pollinator and other species.

(c) The board may collaborate with and enter into agreements with federal, state, and local agencies; Tribal Nations; nonprofit organizations; and contractors to implement and promote the program.

Sec. 9. Minnesota Statutes 2022, section 103C.501, subdivision 1, is amended to read:

Subdivision 1. **~~Cost-share~~ Program authorization.** The state board may allocate available funds to districts ~~to share the cost of systems or~~ for practices, projects, and systems for:

(1) erosion or sedimentation control ~~or~~;

(2) improvements to water quality ~~improvement that are designed to protect and improve soil and water resources.~~ or water quantity;

(3) habitat enhancement;

(4) plant biodiversity;

(5) energy conservation; or

(6) climate adaptation, resiliency, or mitigation.

Sec. 10. Minnesota Statutes 2022, section 103C.501, subdivision 4, is amended to read:

Subd. 4. **~~Cost-sharing~~ Use of funds.** ~~(a) The state board shall allocate cost-sharing funds to areas with high-priority erosion, sedimentation, or water quality problems or water quantity problems due to altered hydrology. The areas must be selected based on priorities established by the state board.~~

~~(b)~~ The allocated funds must be used ~~for~~:

(1) for conservation ~~practices for high-priority problems~~ activities, including technical and financial assistance, identified in ~~the comprehensive and annual work plans of the districts, for the technical assistance portion of the grant funds~~ state-approved plans that are related to water and natural resources and established under chapters 103B, 103C, 103D, 103F, 103G, and 114D;

(2) to leverage federal or other nonstate funds~~,~~; or

(3) to address high-priority needs identified ~~in local water management plans or comprehensive watershed management plans~~ by the district based on public input.

Sec. 11. Minnesota Statutes 2022, section 103C.501, subdivision 5, is amended to read:

Subd. 5. **Contracts by districts.** (a) A district ~~board~~ may ~~contract on a cost-share basis to furnish financial aid to~~ provide technical and financial assistance to a land occupier or to a state or federal agency for ~~permanent systems~~ practices and projects for:

(1) erosion or sedimentation control ~~or~~;

(2) improvements to water quality or water quantity ~~improvements that are consistent with the district's comprehensive and annual work plans.~~;

(3) habitat enhancement;

(4) plant biodiversity;

(5) energy conservation; or

(6) climate adaptation, resiliency, or mitigation.

(b) A district ~~board, with approval from the state board and,~~ consistent with state board rules and policies, may contract ~~on a cost-share basis to furnish financial aid to a land occupier for~~ to provide technical and financial assistance for structural and nonstructural ~~land management~~ practices ~~that are part of a planned erosion control or water quality improvement plan~~ and projects.

~~(c) The duration of the contract must, at a minimum, be the time required to complete the planned systems. A contract must specify that the land occupier is liable for monetary damages and penalties in an amount up to 150 percent of the financial assistance received from the district, for failure to complete the systems or practices in a timely manner or maintain the systems or practices as specified in the contract.~~

~~(d) A contract may provide for cooperation or funding with federal agencies. A land occupier or state agency may provide the cost-sharing portion of the contract through services in kind.~~

~~(e)~~ (c) The state board or the district ~~board~~ may not furnish any financial ~~aid~~ assistance for practices designed only to increase land productivity.

~~(f)~~ (d) When a district ~~board~~ determines that long-term maintenance of a system or practice is desirable, the district or the state board may require that maintenance be made a covenant upon the land for the effective life of the practice. A covenant under this subdivision shall be construed in the same manner as a conservation restriction under section 84.65.

Sec. 12. Minnesota Statutes 2022, section 103C.501, subdivision 6, is amended to read:

Subd. 6. **Policies and rules.** ~~(a)~~ The state board may adopt rules and shall adopt policies prescribing:

(1) procedures and criteria for allocating funds ~~for cost-sharing contracts~~; and

(2) standards and guidelines for ~~cost-sharing~~ implementing the conservation contracts~~;~~ program.

~~(3) the scope and content of district comprehensive plans, plan amendments, and annual work plans;~~

~~(4) standards and methods necessary to plan and implement a priority cost-sharing program, including guidelines to identify high priority erosion, sedimentation, and water quality problems and water quantity problems due to altered hydrology;~~

~~(5) the share of the cost of conservation practices to be paid from cost-sharing funds; and~~

~~(6) requirements for districts to document their efforts to identify and contact land occupiers with high priority problems.~~

~~(b) The rules may provide that cost-sharing may be used for windbreaks and shelterbelts for the purposes of energy conservation and snow protection.~~

Sec. 13. Minnesota Statutes 2022, section 103C.501, is amended by adding a subdivision to read:

Subd. 7. **Inspections.** The district or the district's delegate must conduct site inspections of conservation practices installed to determine if the land occupier is in compliance with design, operation, and maintenance specifications.

Sec. 14. Minnesota Statutes 2022, section 103D.605, subdivision 5, is amended to read:

Subd. 5. **Establishment order.** After the project hearing, if the managers find that the project will be conducive to public health, will promote the general welfare, and ~~is in compliance~~ complies with the watershed management plan and the provisions of this chapter, the ~~board~~ managers must, by order, establish the project. The establishment order must include the findings of the managers.

Sec. 15. **[103E.122] DRAINAGE REGISTRY INFORMATION PORTAL.**

(a) By December 31, 2023, the executive director of the Board of Water and Soil Resources must establish and permanently maintain a drainage registry information portal that includes a publicly searchable electronic database. The portal must allow a drainage authority to electronically submit information on:

(1) a petitioned drainage project; and

(2) a petition or order for reestablishment of records.

(b) Within ten days of appointing an engineer for a petitioned drainage project or within ten days of a finding that a record is incomplete under section 103E.101, subdivision 4a, paragraph (a), a drainage authority must file the following information with the Board of Water and Soil Resources through the registry information portal established under paragraph (a):

(1) the name of the drainage authority;

(2) whether the filing results from a petitioned drainage project or a petition or order for reestablishment of records;

(3) the date that the petition or order was filed;

(4) information for a local contact that can provide additional information; and

(5) a copy of the filed petition or order.

(c) A drainage authority may not take further action on a petitioned drainage project or a petition or order for reestablishment of records until the information under paragraph (b) is available for public viewing on the registry information portal.

(d) The registry information portal must allow members of the public to electronically search for and retrieve information by the data fields specified in paragraph (b), clauses (1) to (5).

Sec. 16. **[103F.06] SOIL HEALTH PRACTICES PROGRAM.**

Subdivision 1. **Definitions.** (a) In this section, the following terms have the meanings given:

(1) "board" means the Board of Water and Soil Resources;

(2) "local units of government" has the meaning given under section 103B.305, subdivision 5; and

(3) "soil health" has the meaning given under section 103C.101, subdivision 10a.

Subd. 2. **Establishment.** (a) The board must administer a financial and technical support program to produce soil health practices that achieve water quality, soil productivity, climate change resiliency, or carbon sequestration benefits or reduce pesticide and fertilizer use.

(b) The program must include but is not limited to no till, field borders, prairie strips, cover crops, and other practices sanctioned by the board or the United States Department of Agriculture's Natural Resources Conservation Service.

Subd. 3. **Financial and technical assistance.** (a) The board may provide financial and technical support to local units of government, private sector organizations, and farmers to establish soil health practices and related practices with climate and water-quality benefits.

(b) The board must establish practices and costs that are eligible for financial and technical support under this section.

Subd. 4. **Program implementation.** (a) The board may employ staff or enter into external agreements to implement this section.

(b) The board must assist local units of government in achieving the objectives of the program, including assessing practice standards and program effectiveness.

Subd. 5. **Federal aid availability.** The board must regularly review and optimize the availability of federal funds and programs to supplement or complement state and other efforts consistent with the purposes of this section.

Subd. 6. **Soil health practices.** The board, in consultation with the commissioner of agriculture, may cooperate with the United States Department of Agriculture, other federal and state agencies, local governments, and private sector organizations to establish soil health goals for the state that will achieve water quality, soil productivity, climate change resiliency, and carbon sequestration benefits and reduce pesticide and fertilizer use.

Sec. 17. Minnesota Statutes 2022, section 103F.505, is amended to read:

103F.505 PURPOSE AND POLICY.

(a) It is the purpose of sections 103F.505 to 103F.531 to restore certain marginal agricultural land and protect environmentally sensitive areas to:

(1) enhance soil and water quality~~,~~;

(2) minimize damage to flood-prone areas~~,~~;

(3) sequester carbon~~, and~~;

(4) support native plant, fish, and wildlife habitats~~.~~; and

(5) establish perennial vegetation.

(b) It is state policy to encourage ~~the~~:

(1) restoration of wetlands and riparian lands ~~and promote the retirement~~;

(2) restoration and protection of marginal, highly erodible land, particularly land adjacent to public waters, drainage systems, wetlands, and locally designated priority waters~~.~~; and

(3) protection of environmentally sensitive areas, including wellhead protection areas, grasslands, peatlands, shorelands, karst geology, and forest lands in priority areas.

Sec. 18. Minnesota Statutes 2022, section 103F.511, is amended by adding a subdivision to read:

Subd. 5a. **Grasslands.** "Grasslands" means landscapes that are or were formerly dominated by grasses, that have a low percentage of trees and shrubs, and that provide economic and ecosystem services such as managed grazing, wildlife habitat, carbon sequestration, and water filtration and retention.

Sec. 19. Minnesota Statutes 2022, section 103F.511, is amended by adding a subdivision to read:

Subd. 8d. **Restored prairie.** "Restored prairie" means a restoration that uses at least 25 representative and biologically diverse native prairie plant species and that occurs on land that was previously cropped or used as pasture.

Sec. 20. **[103F.519] REINVEST IN MINNESOTA WORKING LANDS PROGRAM.**

Subdivision 1. **Establishment.** The board may establish and administer a reinvest in Minnesota working lands program that is in addition to the program established under section 103F.515. Selecting land for the program must be based on the land's potential for:

(1) protecting or improving water quality;

(2) reducing erosion;

(3) improving soil health;

(4) reducing chemical inputs;

(5) improving carbon storage; and

(6) increasing biodiversity and habitat for fish, wildlife, and native plants.

Subd. 2. **Applicability.** Section 103F.515 applies to this section except as otherwise provided in subdivisions 1, 3, and 4.

Subd. 3. **Nature of property rights acquired.** Notwithstanding section 103F.515, subdivision 4, paragraph (a), the board may authorize managed haying and managed livestock grazing, perennial or winter annual cover crop production, forest management, or other activities that the board determines are consistent with section 103F.505 or appropriation conditions or criteria.

Subd. 4. **Payments for easements.** The board must establish payment rates for acquiring easements and for related practices. The board must consider market factors as well as easement terms, including length and allowable uses, when establishing rates.

Sec. 21. Minnesota Statutes 2022, section 103G.2242, subdivision 1, is amended to read:

Subdivision 1. **Rules.** (a) The board, in consultation with the commissioner, shall adopt rules governing the approval of wetland value replacement plans under this section and public-waters-work permits affecting public waters wetlands under section 103G.245. These rules must address the criteria, procedure, timing, and location of acceptable replacement of wetland values and may address the state establishment and administration of a wetland banking program for public and private projects, including provisions for an in-lieu fee program; mitigating and banking other water and water-related resources; the administrative, monitoring, and enforcement procedures to be used; and a procedure for the review and appeal of decisions under this section. In the case of peatlands, the replacement plan rules must consider the impact on carbon. Any in-lieu fee program established by the board must conform with Code of Federal Regulations, title 33, section 332.8, as amended.

(b) After the adoption of the rules, a replacement plan must be approved by a resolution of the governing body of the local government unit, consistent with the provisions of the rules or a comprehensive wetland protection and management plan approved under section 103G.2243.

(c) If the local government unit fails to apply the rules, or fails to implement a local comprehensive wetland protection and management plan established under section 103G.2243, the government unit is subject to penalty as determined by the board.

(d) When making a determination under rules adopted pursuant to this subdivision on whether a rare natural community will be permanently adversely affected, consideration of measures to mitigate any adverse effect on the community must be considered.

Sec. 22. **REPEALER.**

(a) Minnesota Statutes 2022, section 103C.501, subdivisions 2 and 3, are repealed.

(b) Minnesota Rules, parts 8400.0500; 8400.0550; 8400.0600, subparts 4 and 5; 8400.0900, subparts 1, 2, 4, and 5; 8400.1650; 8400.1700; 8400.1750; 8400.1800; and 8400.1900, are repealed.

ARTICLE 6
FARMED CERVIDAE

Section 1. Minnesota Statutes 2022, section 13.643, subdivision 6, is amended to read:

Subd. 6. **Animal premises data.** (a) Except for farmed Cervidae premises location data collected and maintained under section 35.155, the following data collected and maintained by the Board of Animal Health related to registration and identification of premises and animals under chapter 35, are classified as private or nonpublic:

(1) the names and addresses;

(2) the location of the premises where animals are kept; and

(3) the identification number of the premises or the animal.

(b) Except as provided in section 347.58, subdivision 5, data collected and maintained by the Board of Animal Health under sections 347.57 to 347.64 are classified as private or nonpublic.

(c) The Board of Animal Health may disclose data collected under paragraph (a) or (b) to any person, agency, or to the public if the board determines that the access will aid in the law enforcement process or the protection of public or animal health or safety.

Sec. 2. Minnesota Statutes 2022, section 17.118, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Livestock" means beef cattle, dairy cattle, swine, poultry, goats, mules, farmed Cervidae, Ratitae, bison, sheep, horses, and llamas.

(c) "Qualifying expenditures" means the amount spent for:

(1) the acquisition, construction, or improvement of buildings or facilities for the production of livestock or livestock products;

(2) the development of pasture for use by livestock including, but not limited to, the acquisition, development, or improvement of:

(i) lanes used by livestock that connect pastures to a central location;

(ii) watering systems for livestock on pasture including water lines, booster pumps, and well installations;

(iii) livestock stream crossing stabilization; and

(iv) fences; or

(3) the acquisition of equipment for livestock housing, confinement, feeding, and waste management including, but not limited to, the following:

(i) freestall barns;

(ii) watering facilities;

(iii) feed storage and handling equipment;

(iv) milking parlors;

(v) robotic equipment;

(vi) scales;

(vii) milk storage and cooling facilities;

(viii) bulk tanks;

(ix) computer hardware and software and associated equipment used to monitor the productivity and feeding of livestock;

(x) manure pumping and storage facilities;

(xi) swine farrowing facilities;

(xii) swine and cattle finishing barns;

(xiii) calving facilities;

(xiv) digesters;

(xv) equipment used to produce energy;

(xvi) on-farm processing facilities equipment;

(xvii) fences, including but not limited to farmed Cervidae perimeter fences required under section 35.155, ~~subdivision 4~~ subdivisions 4 and 4a; and

(xviii) livestock pens and corrals and sorting, restraining, and loading chutes.

Except for qualifying pasture development expenditures under clause (2), qualifying expenditures only include amounts that are allowed to be capitalized and deducted under either section 167 or 179 of the Internal Revenue Code in computing federal taxable income. Qualifying expenditures do not include an amount paid to refinance existing debt.

Sec. 3. Minnesota Statutes 2022, section 35.155, subdivision 1, is amended to read:

Subdivision 1. **Running at large prohibited.** (a) An owner may not allow farmed Cervidae to run at large. The owner must make all reasonable efforts to return escaped farmed Cervidae to their enclosures as soon as possible. The owner must immediately notify the commissioner of natural resources of the escape of farmed Cervidae if the farmed Cervidae are not returned or captured by the owner within 24 hours of their escape.

(b) An owner is liable for expenses of another person in capturing, caring for, and returning farmed Cervidae that have left their enclosures if the person capturing the farmed Cervidae contacts the owner as soon as possible.

(c) If an owner is unwilling or unable to capture escaped farmed Cervidae, the commissioner of natural resources may destroy the escaped farmed Cervidae. The commissioner of natural resources must allow the owner to attempt to capture the escaped farmed Cervidae prior to destroying the farmed Cervidae. Farmed Cervidae that are not captured by 24 hours after escape may be destroyed.

(d) A hunter licensed by the commissioner of natural resources under chapter 97A may kill and possess escaped farmed Cervidae in a lawful manner and is not liable to the owner for the loss of the animal. A licensed hunter who harvests escaped farmed Cervidae under this paragraph must immediately notify the commissioner of natural resources.

(e) Escaped farmed Cervidae killed by a hunter or destroyed by the commissioner of natural resources must be tested for chronic wasting disease.

(f) The owner is responsible for proper disposal, as determined by the board, of farmed Cervidae that are killed or destroyed under this subdivision and test positive for chronic wasting disease.

(g) An owner is liable for any additional costs associated with escaped farmed Cervidae that are infected with chronic wasting disease. This paragraph may be enforced by the attorney general on behalf of any state agency affected.

EFFECTIVE DATE. This section is effective September 1, 2023.

Sec. 4. Minnesota Statutes 2022, section 35.155, subdivision 4, is amended to read:

Subd. 4. **Fencing.** Farmed Cervidae must be confined in a manner designed to prevent escape. Except as provided in subdivision 4a, all perimeter fences for farmed Cervidae must be at least 96 inches in height and be constructed and maintained in a way that prevents the escape of farmed Cervidae ~~or,~~ entry into the premises by free-roaming Cervidae, and physical contact between farmed Cervidae and free-roaming Cervidae. ~~After July 1, 2019,~~ All new fencing installed and all fencing used to repair deficiencies must be high tensile. ~~By December 1, 2019,~~ All entry areas for farmed Cervidae enclosure areas must have two redundant gates, which must be maintained to prevent the escape of animals through an open gate. If a fence deficiency allows entry or exit by farmed or wild Cervidae, the owner must repair the deficiency within ~~a reasonable time, as determined by the Board of Animal Health, not to exceed 45~~ 14 days. If a fence deficiency is detected during an inspection, the facility must be reinspected at least once in the subsequent three months. The farmed Cervidae owner must pay a reinspection fee equal to one-half the applicable annual inspection fee under subdivision 7a for each reinspection related to a fence violation. If the facility experiences more than one escape incident in any six-month period or fails to correct a deficiency found during an inspection, the board may revoke the facility's registration and order the owner to remove or destroy the animals as directed by the board. If the board revokes a facility's registration, the commissioner of natural resources may seize and destroy animals at the facility.

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

Sec. 5. Minnesota Statutes 2022, section 35.155, is amended by adding a subdivision to read:

Subd. 4a. **Fencing; commercial herds.** In addition to the requirements in subdivision 4, commercially farmed white-tailed deer must be confined by two or more perimeter fences, with each perimeter fence at least 120 inches in height.

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

Sec. 6. Minnesota Statutes 2022, section 35.155, subdivision 10, is amended to read:

Subd. 10. **Mandatory registration.** (a) A person may not possess live Cervidae in Minnesota unless the person is registered with the Board of Animal Health and meets all the requirements for farmed Cervidae under this section. Cervidae possessed in violation of this subdivision may be seized and destroyed by the commissioner of natural resources.

(b) A person whose registration is revoked by the board is ineligible for future registration under this section unless the board determines that the person has undertaken measures that make future escapes extremely unlikely.

(c) The board must not allow new registrations under this section for possessing white-tailed deer. This paragraph does not prohibit a person holding a valid registration under this subdivision from selling or transferring the person's registration to a family member who resides in this state and is related to the person within the third degree of kindred according to the rules of civil law. A valid registration may be sold or transferred only once under this paragraph. Before the board approves a sale or transfer under this paragraph, the board must verify that the herd is free from chronic wasting disease and the person or eligible family member must pay a onetime transfer fee of $500 to the board.

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

Sec. 7. Minnesota Statutes 2022, section 35.155, subdivision 11, is amended to read:

Subd. 11. **Mandatory surveillance for chronic wasting disease; depopulation.** (a) An inventory for each farmed Cervidae herd must be verified by an accredited veterinarian and filed with the Board of Animal Health every 12 months.

(b) Movement of farmed Cervidae from any premises to another location must be reported to the Board of Animal Health within 14 days of the movement on forms approved by the Board of Animal Health. A person must not move farmed white-tailed deer from a herd that tests positive for chronic wasting disease from any premises to another location.

(c) All animals from farmed Cervidae herds that are over ~~12~~ six months of age that die or are slaughtered must be tested for chronic wasting disease.

(d) The owner of a premises where chronic wasting disease is detected must:

(1) allow and cooperate with inspections of the premises as determined by the Board of Animal Health and Department of Natural Resources conservation officers and wildlife managers;

~~(1)~~ (2) depopulate the premises of Cervidae after the federal indemnification process has been completed or, if an indemnification application is not submitted, within ~~a reasonable time determined by the board in consultation with the commissioner of natural resources~~ 30 days;

~~(2)~~ (3) maintain the fencing required under ~~subdivision~~ subdivisions 4 and 4a on the premises for ~~five~~ ten years after the date of detection; ~~and~~

~~(3)~~ (4) post the fencing on the premises with biohazard signs as directed by the board~~.~~;

(5) not raise farmed Cervidae on the premises for at least ten years;

(6) before signing an agreement to sell or transfer the property, disclose in writing to the buyer or transferee the date of depopulation and the requirements incumbent upon the premises and the buyer or transferee under this paragraph; and

(7) record with the county recorder or registrar of titles, as appropriate, in the county where the premises is located a notice, in the form required by the board, that meets the recording requirements of sections 507.093 and 507.24 and includes the nearest address and the legal description of the premises, the date of detection, the date of depopulation, the landowner requirements under this paragraph, and any other information required by the board. The legal description must be the legal description of record with the county recorder or registrar of titles and must not otherwise be the real estate tax statement legal description of the premises. The notice expires and has no effect ten years after the date of detection stated in the notice. The registrar of titles must omit an expired notice from future certificates of title.

(e) An owner of farmed Cervidae that test positive for chronic wasting disease is responsible for proper disposal of the animals, as determined by the board.

Sec. 8. Minnesota Statutes 2022, section 35.155, is amended by adding a subdivision to read:

Subd. 11a. **Liability.** (a) A herd owner is liable in a civil action to a person injured by the owner's sale or unlawful disposal of farmed Cervidae infected with or exposed to chronic wasting disease. Action may be brought in a county where the farmed Cervidae are sold, delivered, or unlawfully disposed.

(b) A herd owner is liable to the state for costs associated with the owner's unlawful disposal of farmed Cervidae infected with or exposed to chronic wasting disease. This paragraph may be enforced by the attorney general on behalf of any state agency affected.

Sec. 9. Minnesota Statutes 2022, section 35.155, subdivision 12, is amended to read:

Subd. 12. **Importation.** (a) A person must not import live Cervidae or Cervidae semen into the state from a herd that is:

(1) infected with or has been exposed to chronic wasting disease; or

(2) from a ~~known~~ state or province where chronic wasting disease ~~endemic area, as determined by the board~~ is present in farmed or wild Cervidae populations.

(b) A person may import live Cervidae or Cervidae semen into the state only from a herd that:

(1) is not ~~in a known~~ located in a state or province where chronic wasting disease ~~endemic area, as determined by the board,~~ is present in farmed or wild Cervidae populations; and ~~the herd~~

(2) has been subject to a ~~state or provincial approved~~ state- or provincial-approved chronic wasting disease monitoring program for at least three years.

(c) Cervidae or Cervidae semen imported in violation of this section may be seized and destroyed by the commissioner of natural resources.

(d) This subdivision does not apply to the interstate transfer of animals between two facilities accredited by the Association of Zoos and Aquariums.

(e) Notwithstanding this subdivision, the commissioner of natural resources may issue a permit allowing the importation of orphaned wild cervid species that are not susceptible to chronic wasting disease from another state to an Association of Zoos and Aquariums accredited institution in Minnesota following a joint risk-based assessment conducted by the commissioner and the institution.

Sec. 10. Minnesota Statutes 2022, section 35.156, subdivision 2, is amended to read:

Subd. 2. **Federal fund account.** (a) Money granted to the state by the federal government for purposes of chronic wasting disease must be credited to a separate account in the federal fund and, except as provided in paragraph (b), is annually appropriated to the commissioner of agriculture for the purposes for which the federal grant was made according to section 17.03.

(b) Money granted to the state by the federal government for response to, and remediation of, farmed or wild white-tailed deer infected with chronic wasting disease is annually appropriated to the commissioner of natural resources according to section 84.085, subdivision 1.

Sec. 11. Minnesota Statutes 2022, section 35.156, is amended by adding a subdivision to read:

Subd. 3. **Consultation required.** The Board of Animal Health and the commissioner of natural resources must consult the Minnesota Center for Prion Research and Outreach at the University of Minnesota and incorporate peer-reviewed scientific information when administering and enforcing section 35.155 and associated rules pertaining to chronic wasting disease and farmed Cervidae.

Sec. 12. Minnesota Statutes 2022, section 35.156, is amended by adding a subdivision to read:

Subd. 4. **Notice required.** The Board of Animal Health must promptly notify affected local units of government and Tribal governments when an animal in a farmed Cervidae herd tests positive for chronic wasting disease.

Sec. 13. Minnesota Statutes 2022, section 35.156, is amended by adding a subdivision to read:

Subd. 5. **Annual testing required.** (a) Annually beginning July 1, 2023, the Board of Animal Health must have each farmed white-tailed deer possessed by a person registered under section 35.155 tested for chronic wasting disease using a real-time quaking-induced conversion (RT-QuIC) test offered by a public or private diagnostic laboratory. Live-animal testing must consist of an ear biopsy, the collection of which must be managed by the Board of Animal Health, with each laboratory reporting RT-QuIC results to both the commissioner of natural resources and the Board of Animal Health in the form required by both agencies. If a white-tailed deer tests positive, the owner must have the animal tested a second time using an RT-QuIC test performed on both a second ear biopsy and a tonsil or rectal biopsy.

(b) If a farmed white-tailed deer tests positive using an RT-QuIC test performed on both a second ear biopsy and a tonsil or rectal biopsy, the owner must have the animal destroyed and tested for chronic wasting disease using a postmortem test approved by the Board of Animal Health.

(c) If a farmed white-tailed deer tests positive for chronic wasting disease under paragraph (b), the owner must depopulate the premises of farmed Cervidae as required under section 35.155, subdivision 11.

Sec. 14. **TRANSFER OF DUTIES; FARMED WHITE-TAILED DEER.**

(a) Responsibility for administering and enforcing the statutes and rules listed in clauses (1) and (2) for farmed white-tailed deer are, except as provided in paragraph (c), transferred pursuant to Minnesota Statutes, section 15.039, from the Board of Animal Health to the commissioner of natural resources:

(1) Minnesota Statutes, sections 35.153 to 35.156; and

(2) Minnesota Rules, parts 1721.0370 to 1721.0420.

(b) The Board of Animal Health retains responsibility for administering and enforcing the statutes and rules listed in paragraph (a), clauses (1) and (2), for all other farmed Cervidae.

(c) Notwithstanding Minnesota Statutes, section 15.039, subdivision 7, the transfer of personnel will not take place.

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

Sec. 15. **REVISOR INSTRUCTION.**

The revisor of statutes must recodify the relevant sections in Minnesota Statutes, chapter 35, and Minnesota Rules, chapter 1721, as necessary to conform with section 14. The revisor must also change the responsible agency, remove obsolete language, and make necessary cross-reference changes consistent with section 14 and the renumbering.

ARTICLE 7
MISCELLANEOUS

Section 1. **[3.8865] LEGISLATIVE WATER COMMISSION.**

Subdivision 1. **Establishment.** The Legislative Water Commission is established.

Subd. 2. **Membership.** (a) The Legislative Water Commission consists of 12 members appointed as follows:

(1) six members of the senate, including three majority party members appointed by the majority leader and three minority party members appointed by the minority leader; and

(2) six members of the house of representatives, including three majority party members appointed by the speaker of the house and three minority party members appointed by the minority leader.

(b) Members serve at the pleasure of the appointing authority and continue to serve until their successors are appointed or until a member is no longer a member of the legislative body that appointed the member to the commission. Vacancies must be filled in the same manner as the original positions. Vacancies occurring on the commission do not affect the authority of the remaining members of the Legislative Water Commission to carry out the functions of the commission.

(c) Members must elect a chair, vice-chair, and other officers as determined by the commission. The chair may convene meetings as necessary to perform the duties prescribed by this section.

Subd. 3. **Commission staffing.** The Legislative Coordinating Commission must employ staff and contract with consultants as necessary to enable the Legislative Water Commission to carry out its duties and functions.

Subd. 4. **Powers and duties.** (a) The Legislative Water Commission must review water policy reports and recommendations of the Environmental Quality Board, the Board of Water and Soil Resources, the Pollution Control Agency, the Department of Natural Resources, and the Metropolitan Council and other water-related reports as may be required by law or the legislature.

(b) The commission may conduct public hearings and otherwise secure data and comments.

(c) The commission must make recommendations as it deems proper to assist the legislature in formulating legislation.

(d) Data or information compiled by the Legislative Water Commission or its subcommittees must be made available to the Legislative-Citizen Commission on Minnesota Resources, the Clean Water Council, and standing and interim committees of the legislature upon request of the chair of the respective commission, council, or committee.

(e) The commission must coordinate with the Clean Water Council.

Subd. 5. **Compensation.** Members of the commission may receive per diem and expense reimbursement incurred doing the work of the commission in the manner and amount prescribed for per diem and expense payments by the senate Committee on Rules and Administration and the house of representatives Committee on Rules and Legislative Administration.

Subd. 6. **Expiration.** This section expires July 1, 2028.

Sec. 2. Minnesota Statutes 2022, section 18B.01, subdivision 31, is amended to read:

Subd. 31. **Unreasonable adverse effects on the environment.** "Unreasonable adverse effects on the environment" means any unreasonable risk to humans or the environment, taking into account the economic, social, and environmental costs and benefits of the use of any pesticide or seed treated with pesticide.

Sec. 3. **[18B.075] PESTICIDE-TREATED SEED.**

A person may not use, store, handle, distribute, or dispose of seed treated with pesticide in a manner that:

(1) endangers humans, food, livestock, fish, or wildlife; or

(2) will cause unreasonable adverse effects on the environment.

Sec. 4. Minnesota Statutes 2022, section 18B.09, subdivision 2, is amended to read:

Subd. 2. **Authority.** (a) Statutory and home rule charter cities may enact an ordinance, which may include penalty and enforcement provisions, containing one or both of the following:

(1) the pesticide application warning information contained in subdivision 3~~, including their own licensing, penalty, and enforcement provisions~~; and

(2) the pesticide prohibition contained in subdivision 4.

(b) Statutory and home rule charter cities may not enact an ordinance ~~that contains~~ more restrictive ~~pesticide application warning information~~ than ~~is contained in subdivision~~ subdivisions 3 and 4.

Sec. 5. Minnesota Statutes 2022, section 18B.09, is amended by adding a subdivision to read:

Subd. 4. **Application of certain pesticides prohibited.** (a) A person may not apply or use a pollinator-lethal pesticide within the geographic boundaries of a city that has enacted an ordinance under subdivision 2 prohibiting such use.

(b) For purposes of this subdivision, "pollinator-lethal pesticide" means a pesticide that has a pollinator protection box on the label or labeling or a pollinator, bee, or honey bee precautionary statement in the environmental hazards section of the label or labeling.

(c) This subdivision does not apply to:

(1) pet care products used to mitigate fleas, mites, ticks, heartworms, or other animals that are harmful to the health of a domesticated animal;

(2) personal care products used to mitigate lice and bedbugs;

(3) indoor pest control products used to mitigate insects indoors, including ant bait;

(4) pesticides as used or applied by the Metropolitan Mosquito Control District for public health protection if the pesticide includes vector species on the label;

(5) wood preservative pesticides used either within a sealed steel cylinder or inside an enclosed building at a secure facility by trained technicians and pesticide-treated wood products;

(6) pesticides used or applied to control or eradicate a noxious weed designated by the commissioner under section 18.79, subdivision 13; and

(7) pesticides used or applied on land used for agricultural production and located in an area zoned for agricultural use.

(d) The commissioner must maintain a list of pollinator-lethal pesticides on the department's website.

Sec. 6. Minnesota Statutes 2022, section 21.82, subdivision 3, is amended to read:

Subd. 3. **Treated seed.** For all named agricultural, vegetable, flower, or wildflower seeds which are treated, for which a separate label may be used, the label must contain:

(1) a word or statement to indicate that the seed has been treated;

(2) the commonly accepted, coined, chemical, or abbreviated generic chemical name of the applied substance;

(3) the caution statement "Do not use for food, feed, or oil purposes" if the substance in the amount present with the seed is harmful to human or other vertebrate animals;

(4) in the case of mercurials or similarly toxic substances, a poison statement and symbol;

(5) a word or statement describing the process used when the treatment is not of pesticide origin; ~~and~~

(6) the date beyond which the inoculant is considered ineffective if the seed is treated with an inoculant. It must be listed on the label as "inoculant: expires (month and year)" or wording that conveys the same meaning; and

(7) the caution statement, framed in a box and including a bee icon developed by the commissioner: "Planting seed treated with a neonicotinoid pesticide may negatively impact pollinator health. Please use care when handling and planting this seed" for any corn or soybean seed treated with a neonicotinoid pesticide.

Sec. 7. Minnesota Statutes 2022, section 21.86, subdivision 2, is amended to read:

Subd. 2. **Miscellaneous violations.** No person may:

(a) detach, alter, deface, or destroy any label required in sections 21.82 and 21.83, alter or substitute seed in a manner that may defeat the purposes of sections 21.82 and 21.83, or alter or falsify any seed tests, laboratory reports, records, or other documents to create a misleading impression as to kind, variety, history, quality, or origin of the seed;

(b) hinder or obstruct in any way any authorized person in the performance of duties under sections 21.80 to 21.92;

(c) fail to comply with a "stop sale" order or to move or otherwise handle or dispose of any lot of seed held under a stop sale order or attached tags, except with express permission of the enforcing officer for the purpose specified;

(d) use the word "type" in any labeling in connection with the name of any agricultural seed variety;

(e) use the word "trace" as a substitute for any statement which is required;

(f) plant any agricultural seed which the person knows contains weed seeds or noxious weed seeds in excess of the limits for that seed; ~~or~~

(g) advertise or sell seed containing patented, protected, or proprietary varieties used without permission of the patent or certificate holder of the intellectual property associated with the variety of seed; or

(h) use or sell as food, feed, oil, or ethanol feedstock any seed treated with neonicotinoid pesticide.

Sec. 8. **[21.915] PESTICIDE-TREATED SEED USE AND DISPOSAL; CONSUMER GUIDANCE REQUIRED.**

(a) The commissioner, in consultation with the commissioner of the Pollution Control Agency, must develop and maintain consumer guidance regarding the proper use and disposal of seed treated with pesticide.

(b) A person selling seed treated with pesticide at retail must post in a conspicuous location the guidance developed by the commissioner under paragraph (a).

Sec. 9. Minnesota Statutes 2022, section 85A.01, subdivision 1, is amended to read:

Subdivision 1. **Creation.** (a) The Minnesota Zoological Garden is established under the supervision and control of the Minnesota Zoological Board. The board consists of 30 public and private sector members having a background or interest in zoological societies or zoo management or an ability to generate community interest in the Minnesota Zoological Garden. Fifteen members shall be appointed by the board after consideration of a list supplied by board members serving on a nominating committee, and 15 members shall be appointed by the governor. One member of the board must be a resident of Dakota County and shall be appointed by the governor after consideration of the recommendation of the Dakota County Board. Board appointees shall not be subject to the advice and consent of the senate.

(b) To the extent possible, the board and governor shall appoint members who are residents of the various geographic regions of the state. Terms, compensation, and removal of members are as provided in section 15.0575, except that a member may be compensated at the rate of up to $125 a day. In making appointments, the governor and board shall utilize the appointment process as provided under section 15.0597 and consider, among other factors, the ability of members to garner support for the Minnesota Zoological Garden.

(c) A member of the board may not be an employee of or have a direct or immediate family financial interest in a business that provides goods or services to the zoo. A member of the board may not be an employee of the zoo.

Sec. 10. Minnesota Statutes 2022, section 373.475, is amended to read:

373.475 COUNTY ENVIRONMENTAL TRUST FUND.

(a) Notwithstanding the provisions of chapter 282 and any other law relating to the apportionment of proceeds from the sale of tax-forfeited land, and except as otherwise provided in this section, a county board must deposit the money received from the sale of land under Laws 1998, chapter 389, article 16, section 31, subdivision 3, into an environmental trust fund established by the county under this section. The principal from the sale of the land may not be expended, and the county board may spend interest earned on the principal only for purposes related to the improvement of natural resources. To the extent money received from the sale is attributable to tax-forfeited land from another county, the money must be deposited in an environmental trust fund established under this section by that county board.

(b) Notwithstanding paragraph (a), St. Louis County may use up to 50 percent of the principal in an environmental trust fund established under this section for economic development and environmental projects within the county that protect the environment or create clean economy jobs and manufacturing.

Sec. 11. **[473.5491] METROPOLITAN CITIES INFLOW AND INFILTRATION GRANTS.**

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

(b) "Affordability criteria" means an inflow and infiltration project service area that is located, in whole or in part, in a census tract where at least three of the following apply as determined using the most recently published data from the United States Census Bureau or United States Centers for Disease Control and Prevention:

(1) 20 percent or more of the residents have income below the federal poverty thresholds;

(2) the tract has a United States Centers for Disease Control and Prevention Social Vulnerability Index greater than 0.80;

(3) the upper limit of the lowest quintile of household income is less than the state upper limit of the lowest quintile;

(4) the housing vacancy rate is greater than the state average; or

(5) the percent of the population receiving Supplemental Nutrition Assistance Program (SNAP) benefits is greater than the state average.

(c) "City" means a statutory or home rule charter city located within the metropolitan area.

Subd. 2. **Grants.** (a) The council shall make grants to cities for capital improvements in municipal wastewater collection systems to reduce the amount of inflow and infiltration to the council's metropolitan sanitary sewer disposal system.

(b) A grant under this section may be made in an amount up to 50 percent of the cost to mitigate inflow and infiltration in the publicly owned municipal wastewater collection system. The council may award a grant up to 100 percent of the cost to mitigate inflow and infiltration in the publicly owned municipal wastewater collection system if the project meets affordability criteria.

Subd. 3. **Eligibility.** To be eligible for a grant under this section, a city must be identified by the council as a contributor of excessive inflow and infiltration in the metropolitan disposal system or have a measured flow rate within 20 percent of its allowable council-determined inflow and infiltration limits.

Subd. 4. **Application.** The council must award grants based on applications from cities that identify eligible capital costs and include a timeline for inflow and infiltration mitigation construction, pursuant to guidelines established by the council. The council must prioritize applications that meet affordability criteria.

Subd. 5. **Cancellation.** If a grant is awarded to a city and funds are not encumbered for the grant within four years after the award date, the grant must be canceled.

Sec. 12. **[473.5492] COMMUNITY WASTEWATER COSTS; ANNUAL REPORT.**

By February 15 each year, the council must submit a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over capital investment and environment and natural resources that provides a summary of the average monthly wastewater costs for communities in the metropolitan area for the previous calendar year.

Sec. 13. **50-YEAR CLEAN WATER PLAN SCOPE OF WORK.**

(a) The Board of Regents of the University of Minnesota, through the University of Minnesota Water Council, is requested to develop a scope of work, timeline, and budget for a plan to promote and protect clean water in Minnesota for the next 50 years. The 50-year clean water plan must:

(1) provide a literature-based assessment of the current status and trends regarding the quality and quantity of all Minnesota waters, both surface and subsurface;

(2) identify gaps in the data or understanding and provide recommended action steps to address gaps;

(3) identify existing and potential future threats to Minnesota's waters; and

(4) propose a road map of scenarios and policy recommendations to allow the state to proactively protect, remediate, and conserve clean water for human use and biodiversity for the next 50 years.

(b) The scope of work must outline the steps and resources necessary to develop the plan, including but not limited to:

(1) the data sets that are required and how the University of Minnesota will obtain access;

(2) the suite of proposed analysis methods;

(3) the roles and responsibilities of project leaders, key personnel, and stakeholders;

(4) the project timeline with milestones; and

(5) a budget with expected costs for tasks and milestones.

(c) By December 1, 2023, the Board of Regents of the University of Minnesota is requested to submit the scope of work to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources.

ARTICLE 8
GRANTS MANAGEMENT

Section 1. **FINANCIAL REVIEW OF NONPROFIT GRANT RECIPIENTS REQUIRED.**

Subdivision 1. **Financial review required.** (a) Before awarding a competitive, legislatively named, single-source, or sole-source grant to a nonprofit organization under this act, the grantor must require the applicant to submit financial information sufficient for the grantor to document and assess the applicant's current financial standing and management. Items of significant concern must be addressed with the applicant and resolved to the satisfaction of the grantor before a grant is awarded. The grantor must document the material requested and reviewed; whether the applicant had a significant operating deficit, a deficit in unrestricted net assets, or insufficient internal controls; whether and how the applicant resolved the grantor's concerns; and the grantor's final decision. This documentation must be maintained in the grantor's files.

(b) At a minimum, the grantor must require each applicant to provide the following information:

(1) the applicant's most recent Form 990, Form 990-EZ, or Form 990-N filed with the Internal Revenue Service. If the applicant has not been in existence long enough or is not required to file Form 990, Form 990-EZ, or Form 990-N, the applicant must demonstrate to the grantor that the applicant is exempt and must instead submit

documentation of internal controls and the applicant's most recent financial statement prepared in accordance with generally accepted accounting principles and approved by the applicant's board of directors or trustees or, if there is no such board, by the applicant's managing group;

(2) evidence of registration and good standing with the secretary of state under Minnesota Statutes, chapter 317A, or other applicable law;

(3) unless exempt under Minnesota Statutes, section 309.515, evidence of registration and good standing with the attorney general under Minnesota Statutes, chapter 309; and

(4) if required under Minnesota Statutes, section 309.53, subdivision 3, the applicant's most recent audited financial statement prepared in accordance with generally accepted accounting principles.

Subd. 2. **Authority to postpone or forgo.** Notwithstanding any contrary provision in this act, a grantor that identifies an area of significant concern regarding the financial standing or management of a legislatively named applicant may postpone or forgo awarding the grant.

Subd. 3. **Authority to award subject to additional assistance and oversight.** A grantor that identifies an area of significant concern regarding an applicant's financial standing or management may award a grant to the applicant if the grantor provides or the grantee otherwise obtains additional technical assistance, as needed, and the grantor imposes additional requirements in the grant agreement. Additional requirements may include but are not limited to enhanced monitoring, additional reporting, or other reasonable requirements imposed by the grantor to protect the interests of the state.

Subd. 4. **Relation to other law and policy.** The requirements in this section are in addition to any other requirements imposed by law; the commissioner of administration under Minnesota Statutes, sections 16B.97 and 16B.98; or agency policy.

ARTICLE 9
CLIMATE AND ENERGY FINANCE

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2024" and "2025" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium" is fiscal years 2024 and 2025. If an appropriation in this article is enacted more than once in the 2023 legislative session, the appropriation must be given effect only once.

	APPROPRIATIONS Available for the Year Ending June 30	
	2024	**2025**
Sec. 2. **DEPARTMENT OF COMMERCE**		
Subdivision 1. **Total Appropriation**	**$117,355,000**	**$33,060,000**
Appropriations by Fund		
	2024	2025
General	116,279,000	31,963,000
Petroleum Tank	1,076,000	1,097,000

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

Subd. 2. **Energy Resources**	116,279,000	31,693,000

(a) $4,417,000 each year is to the division of energy resources for operating expenses.

(b) $150,000 the first year and $150,000 the second year are to remediate vermiculite insulation from households that are eligible for weatherization assistance under Minnesota's weatherization assistance program state plan under Minnesota Statutes, section 216C.264. Remediation must be done in conjunction with federal weatherization assistance program services.

(c) $1,138,000 the first year is to provide financial assistance to state colleges and universities to purchase and install solar energy generating systems under Minnesota Statutes, section 216C.375. This appropriation must be expended on schools located outside the electric service territory of the public utility that is subject to Minnesota Statutes, section 116C.779. This is a onetime appropriation and is available until June 30, 2031.

(d) $189,000 the first year and $189,000 the second year are for activities associated with a utility's implementation of a natural gas innovation plan under Minnesota Statutes, section 216B.2427.

(e) $1,444,000 the first year and $1,621,000 the second year are to maintain the current level of service delivery in the division of energy resources. The base in fiscal year 2026 and beyond is $1,621,000.

(f) $20,000,000 in the first year is transferred to the solar for schools program account established under Minnesota Statutes, section 216C.375, to provide financial assistance to schools to purchase and install solar energy generating systems under Minnesota Statutes, section 216C.375. The appropriations under this section must be expended on schools located outside the electric service territory of the public utility that is subject to Minnesota Statutes, section 116C.779. This is a onetime appropriation.

(g) $6,239,000 the first year and $1,239,000 the second year are for transfer to the strengthen Minnesota homes program account established under Minnesota Statutes, section 65A.299, subdivision 4. The base in fiscal year 2026 and beyond is $1,239,000.

(h) $22,461,000 the first year and $22,672,000 the second year are for transfer to the state supplementary weatherization grants account established under Minnesota Statutes, section 216C.264, to

provide grants to community action agencies and other agencies that weatherize residences to install preweatherization measures in residential buildings occupied by eligible low-income households, as provided under Minnesota Statutes, sections 216B.2403, subdivision 5; 216B.241, subdivision 7; and 216C.264.

Of the amount appropriated under this paragraph:

(1) up to ten percent may be used to supplement utility spending on preweatherization measures as part of a low-income conservation program; and

(2) up to ten percent may be used to:

(i) recruit and train energy auditors and installers of weatherization services; and

(ii) provide financial incentives to contractors and workers to install weatherization services.

The base in fiscal year 2026 is $720,000 and the base in fiscal year 2027 is $3,000,000.

(i) $5,000,000 the first year is to award rebates to purchase or lease eligible electric vehicles under Minnesota Statutes, section 216C.401. Rebates must be awarded under this paragraph only to eligible persons located outside the retail electric service area of the public utility that is subject to Minnesota Statutes, section 116C.779. This is a onetime appropriation and is available until June 30, 2027.

(j) $500,000 the first year is to award grants under Minnesota Statutes, section 216C.402, to automobile dealers seeking certification to sell electric vehicles. Grants must only be awarded under this paragraph to eligible dealers located outside the retail electric service area of the public utility that is subject to Minnesota Statutes, section 116C.779. This is a onetime appropriation and is available until June 30, 2025.

(k) $164,000 the second year is for activities associated with a public utility's filing a transportation electrification plan under Minnesota Statutes, section 216B.1615. The base in fiscal year 2026 and beyond is $164,000.

(l) $5,000,000 the first year is for transfer to the solar on public buildings grant program account established under Minnesota Statutes, section 216C.377. The appropriation in this paragraph must be used only to provide grants to public buildings located outside the electric service area of the electric utility subject to Minnesota Statutes, section 116C.779. This is a onetime appropriation.

(m) $2,500,000 the first year is for transfer to the residential electric panel upgrade grant program account established under Minnesota Statutes, section 216C.45, to award electric panel upgrade grants and to reimburse the reasonable costs incurred by the department to administer the program. Grants must be awarded under this paragraph only to owners of single-family homes or multifamily buildings located outside the electric service area of the public utility subject to Minnesota Statutes, section 116C.779. This is a onetime appropriation and is available until June 30, 2027.

(n) $3,000,000 the first year is for grants to install on-site energy storage systems, as defined in Minnesota Statutes, section 216B.2422, subdivision 1, paragraph (f), with a capacity of 50 kilowatt hours or less and that are located outside the electric service area of the electric utility subject to Minnesota Statutes, section 116C.779. To receive a grant under this subdivision, an owner of the energy storage system must be operating or have filed an application with a utility to interconnect a solar energy generating system at the same site as the energy storage system. The grant amount must be based on the number of watt-hours that reflects the duration of the energy storage system at the system's rated capacity, up to a maximum of $5,000. This is a onetime appropriation and is available until June 30, 2027.

(o) $164,000 each year is for activities required under Minnesota Statutes, sections 216B.1616 and 216B.1697, to review energy storage proposals made by utilities and to establish a docket to develop an energy storage peak shaving tariff.

(p) $3,000,000 the first year is for grants to the clean energy resource teams partnerships under Minnesota Statutes, section 216C.385, subdivision 2, to provide additional capacity to perform the duties specified under Minnesota Statutes, section 216C.385, subdivision 3. This appropriation is onetime and is available until June 30, 2029.

(q) $2,500,000 the first year and $1,000,000 the second year are to implement energy benchmarking under Minnesota Statutes, section 216C.331. The base in fiscal year 2026 is $226,000 and the base in fiscal year 2027 is $742,000.

Of the amount appropriated under this paragraph, $750,000 the first year is to award grants to qualifying utilities that are not investor-owned utilities to support the development of technology for implementing energy benchmarking under Minnesota Statutes, section 216C.331. This is a onetime appropriation.

(r) $7,000,000 the first year is for transfer to the electric school bus program account established under Minnesota Statutes, section 216C.374, to award grants to school districts, and to transportation

service providers and electric utilities on behalf of school districts, to purchase electric school buses and related infrastructure. This is a onetime appropriation and is available until June 30, 2027. Any unencumbered money remaining after that date cancels to the general fund.

(s) $10,000,000 the first year is for transfer to the heat pump rebate program account established under Minnesota Statutes, section 216C.46, to implement the heat pump rebate program and to reimburse the reasonable costs incurred by the department to administer the program. Of this amount:

(1) up to $1,400,000 the first year is to contract with an energy coordinator under Minnesota Statutes, section 216C.46, subdivision 5; and

(2) up to $1,400,000 the first year is to conduct contractor training and support under Minnesota Statutes, section 216C.46, subdivision 6.

(t) $1,000,000 the first year is to award air ventilation pilot program grants under Minnesota Statutes, section 123B.663, for assessments, testing, and equipment upgrades in schools, and for the department's costs to administer the program. This is a onetime appropriation.

(u) $77,000 each year is for activities associated with appeals of consumer complaints to the commission under Minnesota Statutes, section 216B.172.

(v) $500,000 the first year is for a grant to the city of Anoka for feasibility studies and design, engineering, and environmental analysis related to the repair and reconstruction of the Rum River Dam. Findings from the feasibility studies must be incorporated into the design and engineering funded by the appropriation under this paragraph. This appropriation is onetime and is available until June 30, 2027.

The appropriation under this paragraph includes money for the following feasibility studies:

(1) to assess the feasibility of adding a lock or other means for boats to traverse the dam to navigate between the lower Rum River and upper Rum River;

(2) to assess the feasibility of constructing the dam in a manner that would facilitate recreational river surfing at the dam site; and

(3) to assess the feasibility of constructing the dam in a manner to generate hydroelectric power.

Subd. 3. **Petroleum Tank Release Compensation Board** 1,076,000 1,097,000

This appropriation is from the petroleum tank fund.

Sec. 3. **PUBLIC UTILITIES COMMISSION** **$10,331,000** **$10,689,000**

(a) $8,202,000 each year is to the Public Utilities Commission for operating expenses.

(b) $112,000 each year is for activities associated with a utility's implementation of a natural gas innovation plan under Minnesota Statutes, section 216B.2427.

(c) $96,000 the second year is for activities associated with a public utility's filing a transportation electrification plan under Minnesota Statutes, section 216B.1615. The base in fiscal year 2026 and beyond is $96,000.

(d) $32,000 each year is for activities associated with determining compensation for participants in commission proceedings under Minnesota Statutes, section 216B.631.

(e) $236,000 the first year and $229,000 the second year are for activities associated with appeals of consumer complaints to the commission under Minnesota Statutes, section 216B.172.

(f) $1,522,000 the first year and $1,791,000 the second year are to maintain the current level of service delivery in the Public Utilities Commission. The base in fiscal year 2026 and beyond is $1,791,000.

(g) $227,000 each year is for activities required under Minnesota Statutes, sections 216B.1616 and 216B.1697, to review energy storage proposals made by utilities and to establish a docket to develop an energy storage peak shaving tariff.

Sec. 4. **POLLUTION CONTROL AGENCY** **$2,000,000** **$-0-**

$2,000,000 is for transfer to the local climate action grant program account established in the special revenue fund to:

(1) award grants to eligible applicants;

(2) provide technical assistance to applicants;

(3) pay a contractor to provide greenhouse gas emissions data to grantees; and

(4) reimburse the reasonable costs of the agency to administer the program.

Of this amount, 65 percent is available the first year, of which half is reserved for applicants located outside the counties of Hennepin, Ramsey, Anoka, Dakota, Scott, Carver, and Washington. In the second year, any unencumbered first year money and the balance of the appropriation are available to all eligible applicants, and remain available until June 30, 2025. The base in fiscal year 2026 is $0.

Sec. 5. **HIGHER EDUCATION** **$750,000** **$-0-**

Of the amount appropriated in the first year under section 2, subdivision 2, paragraph (q), $750,000 the first year is for a grant to Building Owners and Managers Association Greater Minneapolis to establish partnerships with three technical colleges and high school career counselors with a goal of increasing the number of building engineers across Minnesota. This is a onetime appropriation and is available until June 30, 2028. The grant recipient must provide a detailed report describing how the grant funds were used to the chairs and ranking minority members of the legislative committees having jurisdiction over higher education by January 15 of each year until 2028. The report must describe the progress made toward the goal of increasing the number of building engineers and strategies used.

Sec. 6. **CLIMATE INNOVATION FINANCE AUTHORITY** **$20,000,000** **$-0-**

$20,000,000 the first year is for transfer to the climate innovation finance authority account for purposes of Minnesota Statutes, section 216C.441. This is a onetime appropriation.

Of this amount, the commissioner of management and budget may make up to $500,000 available to the commissioner of commerce, at the request of the commissioner of commerce, to conduct necessary start-up activities before the authority has sufficient staff resources to do so.

Sec. 7. **UNIVERSITY OF MINNESOTA** **$1,000,000** **$1,000,000**

$1,000,000 the first year and $1,000,000 the second year are for a program in the University of Minnesota Extension Service that enhances the capacity of the state's agricultural sector, land and resource managers, and communities to plan for and adapt to weather extremes, including but not limited to droughts and floods. This is a onetime appropriation and is available until June 30, 2030. The base in fiscal year 2026 and beyond is $1,000,000.

The appropriation under this section must be used to support existing extension service staff members and to hire additional staff members for a program with broad geographic reach throughout the state. The program must:

(1) identify, develop, implement, and evaluate educational programs that increase the capacity of Minnesota's agricultural sector, land and resource managers, and communities to be prepared for and adapt to projected physical changes in temperature, precipitation, and other weather parameters that affect crops, lands, horticulture, pests, and wildlife in ways that present challenges to the state's agricultural sector and the communities that depend on the agricultural sector; and

(2) communicate and interpret the latest research on critical weather trends and the scientific basis for critical weather trends to further prepare extension service staff throughout the state to educate and provide technical assistance to the agricultural sector, land and resource managers, and community members at the local level regarding technical information on water resource management, agriculture and forestry, engineering and infrastructure design, and emergency management that is necessary to develop strategies to mitigate the effects of extreme weather change.

Sec. 8. **DEPARTMENT OF ADMINISTRATION** **$1,712,000** **$367,000**

(a) $1,022,000 the first year and $367,000 the second year are for activities regarding environmental analysis of construction materials under Minnesota Statutes, section 16B.312. Of the first year amount, $200,000 is to provide grants to assist manufacturers to obtain environmental product declarations for certain materials used in public buildings. Of this amount, up to ten percent may be used by the commissioner of administration to administer this section. This appropriation is available until June 30, 2027.

(b) $690,000 the first year is to develop, oversee, and administer the sustainable building guidelines under Minnesota Statutes, section 16B.325, in consultation with the commissioner of commerce and the Center for Sustainable Building Research at the University of Minnesota. The appropriation under this paragraph includes money for the commissioner of administration to contract with the Center for Sustainable Building Research at the University of Minnesota to administer the guidelines. This is a onetime appropriation.

Sec. 9. **DEPARTMENT OF TRANSPORTATION** **$310,000** **$-0-**

$310,000 the first year is for awarding grants to assist manufacturers to obtain environmental product declarations for certain construction materials used to build roads and other transportation infrastructure under Minnesota Statutes, section 16B.312. Of this amount, up to $10,000 is for the reasonable costs of the department to administer that section. This appropriation is available until June 30, 2027.

ARTICLE 10
RENEWABLE DEVELOPMENT ACCOUNT APPROPRIATIONS

Section 1. **RENEWABLE DEVELOPMENT FINANCE.**

(a) The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), the appropriations are from the renewable development account in the special revenue fund established in Minnesota Statutes, section 116C.779, subdivision 1, and are available for the fiscal years indicated for each purpose. The figures "2024" and "2025" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium" is fiscal years 2024 and 2025.

(b) If an appropriation in this article is enacted more than once in the 2023 regular or special legislative session, the appropriation must be given effect only once.

	APPROPRIATIONS Available for the Year Ending June 30	
	2024	2025
Sec. 2. **DEPARTMENT OF COMMERCE**	**$67,614,000**	**$18,829,000**

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

(b) $100,000 the first year and $100,000 the second year are to administer the "Made in Minnesota" solar energy production incentive program under Minnesota Statutes, section 216C.417. Any unspent amount remaining on June 30, 2025, cancels to the renewable development account.

(c) $1,000,000 the first year and $400,000 the second year are for grants to the University of St. Thomas Center for Microgrid Research. The base in fiscal year 2026 is $400,000 and the base in fiscal year 2027 is $0. These appropriations are available until June 30, 2027.

The appropriations in this paragraph must be used by the University of St. Thomas Center for Microgrid Research to:

(1) increase the center's capacity to provide industry partners opportunities to test near-commercial microgrid products on a real world scale and to multiply opportunities for innovative research;

(2) procure advanced equipment and controls to enable the extension of the university's microgrid to additional buildings; and

(3) expand (i) hands-on educational opportunities for undergraduate and graduate electrical engineering students to increase understanding of microgrid operations, and (ii) partnerships with community colleges.

(d) $9,126,000 the first year and $3,329,000 the second year are for transfer to the electric vehicle rebate program account established under Minnesota Statutes, section 216C.401, to award rebates to purchase or lease eligible electric vehicles. Rebates must be awarded under this paragraph only to eligible persons located within the retail electric service area of the public utility that is subject to Minnesota Statutes, section 116C.779. The base in fiscal year 2026 is $0. These appropriations are available until June 30, 2027.

(e) $500,000 the first year is to award grants under Minnesota Statutes, section 216C.402, to automobile dealers seeking certification from an electric vehicle manufacturer to sell electric vehicles. Grants must only be awarded under this paragraph to eligible dealers located within the retail electric service area of the public utility that is subject to Minnesota Statutes, section 116C.779. This is a onetime appropriation and is available until June 30, 2025.

(f) $7,000,000 the first year is for transfer to the electric school bus program account established under Minnesota Statutes, section 216C.374, to provide grants to (1) accelerate the deployment of electric school buses and related electric vehicle infrastructure, and (2) to pay the commissioner's costs to administer Minnesota Statutes, section 216C.374. This is a onetime appropriation and is available until June 30, 2027.

(g) $5,000,000 the first year is for transfer to the solar on public buildings grant program account established under Minnesota Statutes, section 216C.377, to award grants for the installation of solar energy generating systems on public buildings. The appropriation in this paragraph must be used only to award grants for solar installations on public buildings located within the electric service area of the electric utility subject to Minnesota Statutes, section 116C.779. This is a onetime appropriation and is available until June 30, 2027.

(h) $2,500,000 the first year is to award grants for upgrades to residential electric panels under Minnesota Statutes, section 216C.45, and pay the reasonable costs incurred by the department to administer that section. Appropriations made under this paragraph must be used only for grants to owners of residences that are located within the electric service area of the public utility that is subject to Minnesota Statutes, section 116C.779. This is a onetime appropriation and is available until June 30, 2025.

(i) $3,000,000 the first year is to award grants to install energy storage systems under Minnesota Statutes, section 216C.378, and to pay the reasonable costs incurred by the department to administer that section. This is a onetime appropriation and is available until June 30, 2027.

(j) $3,000,000 in fiscal year 2024 is for deposit in the Area C contingency account established under Minnesota Statutes, section 116C.7793, for disbursement to the owner of a solar energy generating system installed on land on the former Ford Motor Company site in St. Paul known as Area C. This appropriation is available until five years after the Pollution Control Agency issues a corrective action determination regarding the remediation of Area C. Any unexpended money remaining in the account as of that date cancels to the renewable development account.

(k) $5,000,000 the first year and $5,000,000 the second year are for transfer to the distributed energy resources system upgrade program account established under Minnesota Statutes, section 216C.379, to provide grants to upgrade the distribution system of the public utility that is subject to Minnesota Statutes, section 116C.7792, in order to allow for the interconnection of distributed energy resources. The base in fiscal year 2026 is $0.

(l) $250,000 in fiscal year 2024 is for transfer to the distributed energy resources system upgrade program account established under Minnesota Statutes, section 216C.379, for grants to the utility subject to Minnesota Statutes, section 116C.779, to implement the small interconnection cost-sharing program ordered by the Public Utilities Commission on December 19, 2022, in docket No. E-002/M-18-714, to pay the costs of certain distribution upgrades for customers of the utility subject to Minnesota Statutes, section 116C.779, seeking interconnection of distributed generation. This is a onetime appropriation.

(m) $20,000,000 the first year is for transfer to the solar for schools program account established under Minnesota Statutes, section 216C.375, to provide financial assistance to schools to purchase and install solar energy generating systems under Minnesota Statutes, section 216C.375. The appropriations under this paragraph must be expended on schools located within the electric service territory of the public utility that is subject to Minnesota Statutes, section 116C.779. This is a onetime appropriation.

(n) $2,500,000 the first year and $2,500,000 the second year are for transfer to the state supplementary weatherization grants account established under Minnesota Statutes, section 216C.264, to provide grants to community action agencies and other agencies that weatherize residences to install preweatherization measures in residential buildings occupied by eligible low-income households, as provided under Minnesota Statutes, sections 216B.2403, subdivision 5; 216B.241, subdivision 7; and 216C.264. The base in fiscal year 2026 is $0.

Sec. 3. **MINNESOTA AMATEUR SPORTS COMMISSION** **$-0-** **$4,200,000**

$4,200,000 the second year is to install solar arrays on an ice rink and a maintenance facility at the National Sports Center in Blaine. This is a onetime appropriation.

Sec. 4. **DEPARTMENT OF ADMINISTRATION** **$780,000** **$92,000**

$690,000 the first year is to contract with the Board of Regents of the University of Minnesota for a grant to the Institute on the Environment to conduct research examining how projections of future weather trends may exacerbate conditions, including but not limited to drought, elevated temperatures, and flooding, that:

(1) can be integrated into the design and evaluation of buildings constructed by the state of Minnesota and local units of government, in order to:

(i) reduce energy costs by deploying cost-effective energy efficiency measures, innovative construction materials and techniques, and renewable energy sources; and

(ii) prevent and minimize damage to buildings caused by extreme weather conditions, including but not limited to increased frequency of intense precipitation events and tornadoes, flooding, and elevated temperatures; and

(2) may weaken the ability of natural systems to mitigate the conditions to the point where human intervention in the form of building or redesigning the scale and operation of infrastructure is required to address those conditions in order to:

(i) maintain and increase the amount and quality of food and wood production;

(ii) reduce fire risk on forested land;

(iii) maintain and enhance water quality; and

(iv) maintain and enhance natural habitats.

The contract must provide that no later than February 1, 2025, the director of the Institute on the Environment or the director's designee must submit a written report to the chairs and ranking minority members of the legislative committees with primary jurisdiction over environment policy and capital investment summarizing the findings and recommendations of the research, including any recommendations for policy changes or other legislation. This is a onetime appropriation.

Sec. 5. **POLLUTION CONTROL AGENCY** **$2,000,000** **$-0-**

$2,000,000 is for transfer to the local climate action grant program account established in the special revenue fund to:

(1) award grants to eligible applicants;

(2) provide technical assistance to applicants;

(3) pay a contractor to provide greenhouse gas emissions data to grantees; and

(4) reimburse the reasonable costs of the agency to administer the program.

Of this amount, 65 percent is available the first year, of which half is reserved for applicants located outside the counties of Hennepin, Ramsey, Anoka, Dakota, Scott, Carver, and Washington. In the

second year, any unencumbered first year money and the balance of the appropriation are available to all eligible applicants, and remains available until June 30, 2025. The base in fiscal year 2026 is $0.

ARTICLE 11
ELECTRIFICATION

Section 1. Minnesota Statutes 2022, section 16B.58, is amended by adding a subdivision to read:

Subd. 9. **Electric vehicle charging.** A person that charges a privately owned electric vehicle at a charging station located within the Capitol Area, as defined in section 15B.02, must pay an electric service fee established by the commissioner.

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

Sec. 2. Minnesota Statutes 2022, section 16C.135, subdivision 3, is amended to read:

Subd. 3. **Vehicle purchases.** (a) Consistent with section 16C.137, subdivision 1, when purchasing a motor vehicle for the enterprise fleet or for use by an agency, the commissioner or the agency shall purchase ~~a motor vehicle that is capable of being powered by cleaner fuels, or a motor vehicle powered by electricity or by a combination of electricity and liquid fuel, if the total life-cycle cost of ownership is less than or comparable to that of other vehicles and if the vehicle is capable~~ the motor vehicle according to the following vehicle preference order:

(1) an electric vehicle;

(2) a hybrid electric vehicle;

(3) a vehicle capable of being powered by cleaner fuels; and

(4) a vehicle powered by gasoline or diesel fuel.

(b) The commissioner may only reject a vehicle that is higher on the vehicle preference order if:

(1) the vehicle type is incapable of carrying out the purpose for which it is purchased~~.~~; or

(2) the total life-cycle cost of ownership of a preferred vehicle type is more than ten percent higher than the next vehicle type on the vehicle preference order.

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

Sec. 3. Minnesota Statutes 2022, section 16C.137, subdivision 1, is amended to read:

Subdivision 1. **Goals and actions.** Each state department must, whenever legally, technically, and economically feasible, subject to the specific needs of the department and responsible management of agency finances:

(1) ensure that all new on-road vehicles ~~purchased~~, excluding emergency and law enforcement vehicles~~:~~, are purchased in conformity with the vehicle preference order established in section 16C.135, subdivision 3;

~~(i) use "cleaner fuels" as that term is defined in section 16C.135, subdivision 1;~~

~~(ii) have fuel efficiency ratings that exceed 30 miles per gallon for city usage or 35 miles per gallon for highway usage, including but not limited to hybrid electric cars and hydrogen-powered vehicles; or~~

~~(iii) are powered solely by electricity;~~

(2) increase its use of renewable transportation fuels, including ethanol, biodiesel, and hydrogen from agricultural products; and

(3) increase its use of web-based Internet applications and other electronic information technologies to enhance the access to and delivery of government information and services to the public, and reduce the reliance on the department's fleet for the delivery of such information and services.

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

Sec. 4. Minnesota Statutes 2022, section 168.27, is amended by adding a subdivision to read:

Subd. 2a. **Dealer training; electric vehicles.** (a) A new motor vehicle dealer licensed under this chapter that operates under an agreement or franchise from a manufacturer and sells electric vehicles must maintain at least one employee who is certified as having completed a training course offered by a Minnesota motor vehicle dealership association that addresses at least the following elements:

(1) fundamentals of electric vehicles;

(2) electric vehicle charging options and costs;

(3) publicly available electric vehicle incentives;

(4) projected maintenance and fueling costs for electric vehicles;

(5) reduced tailpipe emissions, including greenhouse gas emissions, produced by electric vehicles;

(6) the impacts of Minnesota's cold climate on electric vehicle operation; and

(7) best practices to sell electric vehicles.

(b) For the purposes of this section, "electric vehicle" has the meaning given in section 169.011, subdivision 26a, paragraphs (a) and (b), clause (3).

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

Sec. 5. **[216B.1615] ELECTRIC VEHICLE DEPLOYMENT PROGRAM.**

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

(b) "Battery exchange station" means a physical location deploying equipment that enables a used electric vehicle battery to be removed and exchanged for a fresh electric vehicle battery.

(c) "Electric drive mine truck" means a truck that carries mined rock from a mine pit for crushing operations and whose wheels are powered by electric drive motors.

(d) "Electric drive mine truck trolley system" means an electric trolley system that helps propel an electric drive mine truck out of a mine pit.

(e) "Electric vehicle" means any device or contrivance that transports persons or property and is capable of being powered by an electric motor drawing current from rechargeable storage batteries, fuel cells, or other portable sources of electricity. Electric vehicle includes but is not limited to:

(1) an electric vehicle, as defined in section 169.011, subdivision 26a;

(2) an electric-assisted bicycle, as defined in section 169.011, subdivision 27;

(3) an off-road vehicle, as defined in section 84.797, subdivision 7;

(4) a motorboat, as defined in section 86B.005, subdivision 9;

(5) an aircraft, as defined in section 360.013, subdivision 37; or

(6) an electric drive mine truck.

(f) "Electric vehicle charging station" means a physical location deploying equipment that:

(1) transfers electricity to an electric vehicle battery;

(2) dispenses hydrogen into an electric vehicle powered by a fuel cell;

(3) exchanges electric vehicle batteries; or

(4) provides other equipment used to charge or fuel electric vehicles.

(g) "Electric vehicle infrastructure" means electric vehicle charging stations and any associated machinery, equipment, and infrastructure necessary for a public utility to supply electricity or hydrogen to an electric vehicle charging station and to support electric vehicle operation. Electric vehicle infrastructure includes an electric drive mine truck trolley system.

(h) "Fuel cell" means a cell that converts the chemical energy of hydrogen directly into electricity through electrochemical reactions.

(i) "Government entity" means the state, a state agency, or a political subdivision, as defined in section 13.02, subdivision 11.

(j) "Public utility" has the meaning given in section 216B.02, subdivision 4.

Subd. 2. **Transportation electrification plan; contents.** (a) By June 1, 2024, and on a schedule determined by the commission thereafter, a public utility must file a transportation electrification plan with the commission that is designed to:

(1) maximize the overall benefits of electric vehicles and other electrified transportation while minimizing overall costs; and

(2) promote the:

(i) purchase of electric vehicles by the public utility's customers; and

(ii) deployment of electric vehicle infrastructure in the public utility's service territory.

(b) A transportation electrification plan may include but is not limited to the following elements:

(1) programs to educate and increase the awareness and benefits of electric vehicles and electric vehicle charging equipment among individuals, electric vehicle dealers, single-family and multifamily housing developers and property management companies, building owners and tenants, vehicle service stations, vehicle fleet owners and managers, and other potential users of electric vehicles;

(2) utility investments and customer incentives the utility provides and offers to support transportation electrification across all customer classes, including but not limited to investments and customer incentives to facilitate:

(i) the deployment of: electric vehicles for personal and commercial use; customer- and utility-owned electric vehicle charging stations; electric vehicle infrastructure to support light-duty, medium-duty, and heavy-duty vehicle electrification; and other electric utility infrastructure;

(ii) widespread access to publicly available electric vehicle charging stations; and

(iii) the electrification of public transit and vehicle fleets owned or operated by a government entity;

(3) research and demonstration projects to increase access to electricity as a transportation fuel, minimize the system costs of electric transportation, and inform future transportation electrification plans;

(4) rate structures or programs that encourage electric vehicle charging that optimizes electric grid operation, including time-varying rates and charging optimization programs;

(5) programs to increase access to the benefits of electricity as a transportation fuel (i) for low- or moderate-income customers and communities, and (ii) in neighborhoods most affected by transportation-related air emissions; and

(6) proposals to expedite commission consideration of program adjustments requested during the term of an approved transportation electrification plan.

(c) A transportation electrification plan must include planned upgrades to and investments in a utility's distribution system that are necessary to accommodate future growth in transportation electrification and support the plan's proposed programs and activities.

Subd. 3. **Transportation electrification plan; review and implementation.** The commission may approve, modify, or reject a transportation electrification plan. When reviewing a transportation electrification plan, the commission must consider whether the programs, investments, and expenditures as a whole are reasonably expected to:

(1) improve the operation of the electric grid;

(2) increase access to the use of electricity as a transportation fuel for all customers, including customers in low-or moderate-income communities, rural communities, and communities most affected by emissions from the transportation sector;

(3) increase access to publicly available electric vehicle charging for all types of electric vehicles;

(4) support the electrification of medium-duty and heavy-duty vehicles and associated charging infrastructure;

(5) reduce statewide greenhouse gas emissions, as defined in section 216H.01, and emissions of other air pollutants that impair the environment and public health;

(6) stimulate private capital investment and the creation of skilled jobs;

(7) educate the public about the benefits of electric vehicles and related infrastructure; and

(8) be transparent and incorporate reasonable public reporting of program activities, consistent with existing technology and data capabilities, to inform program design and commission policy with respect to electric vehicles.

Subd. 4. **Cost recovery.** (a) Notwithstanding any other provision of this chapter, the commission may approve, with respect to any prudent and reasonable investments made or expenses incurred by a public utility to administer and implement an approved transportation electrification plan, including expenditures on information technology systems necessary to track activities and spending and to administer and implement transportation electrification plan programs, and investments made in a public utility's distribution system to support transportation electrification:

(1) a rider or other tariff mechanism to automatically adjust charges annually;

(2) performance-based incentives; or

(3) placing the investment, including (i) rebates for electric vehicle infrastructure and electric buses, and (ii) other costs reasonably incurred to support transportation electrification, in the public utility's rate base and allowing the public utility to earn a rate of return on the investment at the level approved by the commission in the public utility's most recent general rate case, unless the commission finds a different rate of return is in the public interest.

(b) Notwithstanding section 216B.16, subdivision 8, paragraph (a), clause (3), the commission must approve recovery costs for expenses reasonably incurred by a public utility to provide public advertisement as part of a transportation electrification plan approved by the commission under subdivision 3.

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

Sec. 6. **[216C.374] ELECTRIC SCHOOL BUS DEPLOYMENT PROGRAM.**

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

(b) "Battery exchange station" means a physical location deploying equipment that enables a used electric vehicle battery to be removed and exchanged for a fully charged electric vehicle battery.

(c) "Electric school bus" means an electric vehicle: (1) designed to carry a driver and more than ten passengers; and (2) primarily used to transport preprimary, primary, and secondary students.

(d) "Electric utility" means any utility that provides wholesale or retail electric service to customers in Minnesota.

(e) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a.

(f) "Electric vehicle charging station" means a physical location deploying equipment that provides electricity to charge a battery in an electric vehicle.

(g) "Electric vehicle infrastructure" means electric vehicle charging stations and any associated electric panels, machinery, equipment, and infrastructure necessary for an electric utility to supply electricity to an electric vehicle charging station and to support electric vehicle operation.

(h) "Electric vehicle service provider" means an organization that installs, maintains, or otherwise services a battery exchange station, electric vehicle infrastructure, or electric vehicle charging stations.

(i) "Eligible applicant" means a school district or an electric utility, electric vehicle service provider, or transportation service provider applying for a grant under this section on behalf of a school district.

(j) "Federal vehicle electrification grants" means grants that fund electric school buses or electric vehicle infrastructure under the federal Infrastructure Investment and Jobs Act, Public Law 117-58, or the Inflation Reduction Act of 2022, Public Law 117-169.

(k) "Poor air quality" means:

(1) ambient air levels that air monitoring data reveals approach or exceed state or federal air quality standards or chronic health inhalation risk benchmarks for total suspended particulates, particulate matter less than ten microns wide (PM-10), particulate matter less than 2.5 microns wide (PM-2.5), sulfur dioxide, or nitrogen dioxide; or

(2) areas in which levels of asthma among children significantly exceed the statewide average.

(l) "Prioritized school district" means:

(1) a school district listed in the Small Area Income and Poverty Estimates School District Estimates as having 7.5 percent or more students living in poverty based on the most recent decennial U.S. census;

(2) a school district identified with locale codes "43-Rural: Remote" and "42-Rural: Distant" by the National Center for Education Statistics;

(3) a school district funded by the Bureau of Indian Affairs; or

(4) a school district that receives basic support payments under United States Code, title 20, section 7703(b)(1), for children who reside on Indian land.

(m) "School" means a school that operates as part of an independent or special school district.

(n) "School bus" has the meaning given in section 169.011, subdivision 71.

(o) "School district" means:

(1) an independent school district, as defined in section 120A.05, subdivision 10; or

(2) a special school district, as defined in section 120A.05, subdivision 14.

(p) "Transportation service provider" means a person that has a contract with a school district to transport students to and from school.

Subd. 2. **Establishment; purpose.** An electric school bus deployment program is established in the department. The purpose of the program is to provide grants to accelerate the deployment of electric school buses by school districts and to encourage schools to use vehicle electrification as a teaching tool that can be integrated into the school's curriculum.

Subd. 3. **Establishment of account.** An electric school bus program account is established as a separate account in the special revenue fund in the state treasury. The commissioner shall credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money in the account at the end of a fiscal year does not cancel to the general fund but remains available in the account until expended. The commissioner shall manage the account.

Subd. 4. **Appropriation; expenditures.** Money in the account is appropriated to the commissioner and must be used only:

(1) for grant awards made under this section; and

(2) to pay the reasonable costs incurred by the department to administer this section, including the cost of providing technical assistance to eligible applicants, including but not limited to grant writing assistance for applications for federal vehicle electrification grants under subdivision 6, paragraph (c).

Subd. 5. **Eligible grant expenditures.** A grant awarded under this section may be used only to pay:

(1) a school district or transportation service provider to purchase one or more electric school buses, or convert or repower fossil-fuel-powered school buses to be powered by electricity;

(2) up to 75 percent of the cost a school district or transportation service provider incurs to purchase one or more electric school buses, or to convert or repower fossil-fuel-powered school buses to be powered by electricity;

(3) for prioritized school districts, up to 95 percent of the cost a school district or transportation service provider incurs to purchase one or more electric school buses, or to convert or repower fossil-fuel-powered school buses to be powered by electricity;

(4) up to 75 percent of the cost of deploying, on the school district or transportation service provider's real property, infrastructure required to operate electric school buses, including but not limited to battery exchange stations, electric vehicle infrastructure, or electric vehicle charging stations;

(5) for prioritized school districts, up to 95 percent of the cost of deploying, on the school district or transportation service provider's real property, infrastructure required to operate electric school buses, including but not limited to battery exchange stations, electric vehicle infrastructure, or electric vehicle charging stations; and

(6) the reasonable costs of technical assistance related to electric school bus deployment program planning and to prepare grant applications for federal vehicle electrification grants.

Subd. 6. **Application process.** (a) The commissioner must develop administrative procedures governing the application and grant award process.

(b) The commissioner must issue a request for proposals to eligible applicants who may wish to apply for a grant under this section on behalf of a school.

(c) An eligible applicant must submit an application for an electric school bus deployment grant to the commissioner on a form prescribed by the commissioner. The form must require an applicant to supply, at a minimum, the following information:

(1) the number of and a description of the electric school buses the school district or transportation service provider intends to purchase;

(2) the total cost to purchase the electric school buses and the incremental cost, if any, of the electric school buses when compared with fossil-fuel-powered school buses;

(3) a copy of the proposed contract agreement between the school district, the electric utility, the electric vehicle service provider, or the transportation service provider that includes provisions addressing responsibility for maintenance of the electric school buses and related electric vehicle infrastructure and battery exchange stations;

(4) whether the school district is a prioritized school district;

(5) areas of the school district that serve significant numbers of students eligible for free and reduced-price school meals, and areas that disproportionately experience poor air quality, as measured by indicators such as the Minnesota Pollution Control Agency's air quality monitoring network, the Minnesota Department of Health's air quality and health monitoring, or other relevant indicators;

(6) the school district's plan to prioritize the deployment of electric school buses in areas of the school district that:

(i) serve students eligible for free and reduced-price school meals;

(ii) experience disproportionately poor air quality; or

(iii) are located within environmental justice areas, as defined in section 216B.1691, subdivision 1, paragraph (e);

(7) areas of the school district that are located within environmental justice areas, as defined in section 216B.1691, subdivision 1, paragraph (e);

(8) the school district's plan, if any, to make the electric school buses serve as a visible learning tool for students, teachers, and visitors to the school, including how vehicle electrification may be integrated into the school district's curriculum;

(9) information that demonstrates the school district's level of need for financial assistance available under this section;

(10) any federal vehicle electrification grants awarded to or applied for by the eligible applicant for the same electric school buses or electric vehicle infrastructure proposed by the eligible applicant in a grant application made under this section;

(11) information that demonstrates the school district's readiness to implement the project and to operate the electric school buses for no less than five years;

(12) with respect to the installation and operation of the infrastructure required to operate electric school buses, the willingness and ability of the electric vehicle service provider or the electric utility to:

(i) pay employees and contractors a prevailing wage rate, as defined in section 177.42, subdivision 6; and

(ii) comply with section 177.43; and

(13) any other information deemed relevant by the commissioner.

(d) An eligible applicant may seek a technical assistance grant under this section to assist the eligible applicant apply for federal vehicle electrification grants. An eligible applicant seeking a technical assistance grant under this section must submit an application to the commissioner on behalf of a school district on a form prescribed by the commissioner. The form must include, at a minimum, the following information:

(1) the names of the federal programs to which the applicant intends to apply;

(2) a description of the technical assistance the applicants need in order to complete the federal application; and

(3) any other information deemed relevant by the commissioner.

(e) In awarding grants under this section, the commissioner must give priority to applications from or on behalf of prioritized school districts, and must endeavor to award no less than 40 percent of the total amount of grants awarded under this section to prioritized school districts.

(f) The commissioner must administer an open application process under this section at least twice annually.

Subd. 7. **Technical assistance.** The department must provide technical assistance to school districts to develop and execute projects applied for or funded by grants awarded under this section.

Subd. 8. **Grant amounts.** (a) In making grant awards under this section, the amount of the grant must be based on the commissioner's assessment of the school district's need for financial assistance.

(b) A grant awarded under this section, when combined with any federal vehicle electrification grants obtained by an eligible applicant for the same electric school buses or electric vehicle infrastructure as proposed by the eligible applicant in a grant application made under this section, must not exceed the total cost of the electric school buses or electric vehicle infrastructure funded by the grant.

Subd. 9. **Application deadline.** No application may be submitted under this section after December 31, 2032.

Subd. 10. **Reporting.** Beginning January 15, 2024, and each year thereafter until January 15, 2034, the commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy regarding:

(1) grants and amounts awarded to school districts under this section during the previous year; and

(2) any remaining balance available in the electric school bus program account.

Subd. 11. **Cost recovery.** (a) A prudent and reasonable investment on electric vehicle infrastructure installed on a school district's real property that is made by a public utility may be placed in the public utility's rate base and earn a rate of return determined by the commission.

(b) Notwithstanding any other provision of this chapter, the commission may approve a tariff mechanism to automatically adjust annual charges for prudent and reasonable investments made by a public utility on electric vehicle infrastructure installed on a school district's real property.

Sec. 7. **[216C.401] ELECTRIC VEHICLE REBATES.**

Subdivision 1. **Definitions.** (a) For purposes of this section and section 216C.402, the terms in this subdivision have the meanings given.

(b) "Dealer" means a person, firm, or corporation that:

(1) possesses a new motor vehicle license under chapter 168;

(2) regularly engages in the business of manufacturing or selling, purchasing, and generally dealing in new and unused motor vehicles;

(3) has an established place of business to sell, trade, and display new and unused motor vehicles; and

(4) possesses new and unused motor vehicles to sell or trade the motor vehicles.

(c) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a, paragraphs (a) and (b), clause (3).

(d) "Eligible new electric vehicle" means an electric vehicle that meets the requirements of subdivision 2, paragraph (a).

(e) "Eligible used electric vehicle" means an electric vehicle that meets the requirements of subdivision 2, paragraph (b).

(f) "Lease" means a business transaction under which a dealer furnishes an eligible electric vehicle to a person for a fee under a bailor-bailee relationship where no incidences of ownership transferred other than the right to use the vehicle for a term of at least 24 months.

(g) "Lessee" means a person who leases an eligible electric vehicle from a dealer.

(h) "New eligible electric vehicle" means an eligible electric vehicle that has not been registered in any state.

Subd. 2. **Eligible vehicle.** (a) A new electric vehicle is eligible for a rebate under this section if the electric vehicle:

(1) has not been previously owned;

(2) is used by a dealer as a floor model or test drive vehicle and has not been previously registered in Minnesota or any other state;

(3) is returned to a dealer by a purchaser or lessee:

(i) within two weeks of purchase or leasing or when a purchaser's or lessee's financing for the electric vehicle has been disapproved; or

(ii) before the purchaser or lessee takes delivery, even if the electric vehicle is registered in Minnesota;

(4) has not been modified from the original manufacturer's specifications;

(5) has a base manufacturer's suggested retail price that does not exceed $55,000;

(6) is purchased or leased from a dealer or directly from an original equipment manufacturer that does not have licensed franchised dealers in Minnesota; and

(7) is purchased or leased after the effective date of this act for use by the purchaser and not for resale.

(b) A used electric vehicle is eligible for an electric vehicle rebate under this section if the electric vehicle has previously been owned in Minnesota or another state and has not been modified from the original manufacturer's specifications.

Subd. 3. **Eligible purchaser or lessee.** A person who purchases or leases an eligible new or used electric vehicle is eligible for a rebate under this section if the purchaser or lessee:

(1) is one of the following:

(i) a resident of Minnesota, as defined in section 290.01, subdivision 7, paragraph (a), when the electric vehicle is purchased or leased;

(ii) a business that has a valid address in Minnesota from which business is conducted;

(iii) a nonprofit corporation incorporated under chapter 317A; or

(iv) a political subdivision of the state;

(2) has not received a rebate or tax credit for the purchase or lease of an electric vehicle from the state of Minnesota; and

(3) registers the electric vehicle in Minnesota.

Subd. 4. **Rebate amounts.** (a) A $2,500 rebate may be issued under this section to an eligible purchaser to purchase or lease an eligible new electric vehicle.

(b) A $500 rebate may be issued under this section to an eligible purchaser or lessee of an eligible used electric vehicle.

(c) A purchaser or lessee whose household income at the time the eligible electric vehicle is purchased or leased is less than 150 percent of the current federal poverty guidelines established by the United States Department of Health and Human Services is eligible for a rebate of $500 to purchase or lease an eligible new electric vehicle and $100 to purchase or lease an eligible used electric vehicle. The rebate under this paragraph is in addition to the rebate under paragraph (a) or (b), as applicable.

Subd. 5. **Limits.** The number of rebates allowed under this section is limited to:

(1) no more than one rebate per resident per household; and

(2) no more than one rebate per business entity per year.

Subd. 6. **Program administration.** (a) A rebate application under this section must be filed with the commissioner on a form developed by the commissioner.

(b) The commissioner must develop administrative procedures governing the application and rebate award process. Applications must be reviewed and rebates awarded by the commissioner on a first-come, first-served basis.

(c) The commissioner must, in coordination with dealers and other state agencies as applicable, develop a procedure to allow a rebate to be used by an eligible purchaser or lessee at the point of sale so that the rebate amount may be subtracted from the selling price of the eligible electric vehicle.

(d) The commissioner may reduce the rebate amounts provided under subdivision 4 or restrict program eligibility based on the availability of money to award rebates or other factors.

Subd. 7. **Account established.** (a) The electric vehicle rebate account is established as a separate account in the special revenue fund in the state treasury. The commissioner shall credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund, but remains in the account until expended. The commissioner shall manage the account.

(b) Money in the account is appropriated to the commissioner to award rebates for electric vehicles and to reimburse the reasonable costs of the department to administer this section.

Subd. 8. **Expiration.** This section expires June 30, 2027.

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

Sec. 8. **[216C.402] GRANT PROGRAM; MANUFACTURERS' CERTIFICATION OF AUTO DEALERS TO SELL ELECTRIC VEHICLES.**

Subdivision 1. **Establishment.** A grant program is established in the department to award grants to dealers to offset the costs of obtaining the necessary training and equipment that is required by electric vehicle manufacturers in order to certify a dealer to sell electric vehicles produced by the manufacturer.

Subd. 2. **Application.** An application for a grant under this section must be made to the commissioner on a form developed by the commissioner. The commissioner must develop administrative procedures and processes to review applications and award grants under this section.

Subd. 3. **Eligible applicants.** An applicant for a grant awarded under this section must be a dealer of new motor vehicles licensed under chapter 168 operating under a franchise from a manufacturer of electric vehicles.

Subd. 4. **Eligible expenditures.** Appropriations made to support the activities of this section must be used only to reimburse:

(1) a dealer for the reasonable costs to obtain training and certification for the dealer's employees from the electric vehicle manufacturer that awarded the franchise to the dealer;

(2) a dealer for the reasonable costs to purchase and install equipment to service and repair electric vehicles, as required by the electric vehicle manufacturer that awarded the franchise to the dealer; and

(3) the department for the reasonable costs to administer this section.

Subd. 5. **Limitation.** A grant awarded under this section to a single dealer must not exceed $40,000.

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

Sec. 9. **[216C.45] RESIDENTIAL ELECTRIC PANEL UPGRADE GRANT PROGRAM.**

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

(b) "Area median income" means the median income of the geographic area in which a single-family or multifamily building whose owner is applying for a grant under this section is located, as reported by the United States Department of Housing and Urban Development.

(c) "Automatic overcurrent protection device" means a device that protects against excess current by interrupting the flow of current.

(d) "Bus" means a metallic strip or bar that carries current.

(e) "Electric panel" means an enclosed box or cabinet containing a building's electric panels, including subpanels, that consists of buses, automatic overcurrent protection devices, and equipment, with or without switches to control light, heat, and power circuits. Electric panel includes a smart panel.

(f) "Electrical work" has the meaning given in section 326B.31, subdivision 17.

(g) "Eligible applicant" means:

(1) an owner of a single-family building whose occupants have an annual household income no greater than 150 percent of the area median income; or

(2) an owner of a multifamily building in which at least 50 percent of the units are occupied by households whose annual income is no greater than 150 percent of the area median income.

(h) "Multifamily building" means a building containing two or more units.

(i) "Smart panel" means an electrical panel that may be electronically programmed to manage electricity use in a building automatically.

(j) "Unit" means a residential living space in a multifamily building occupied by an individual or a household.

(k) "Upgrade" means:

(1) for a single-family residence:

(i) the installation of equipment, devices, and wiring necessary to increase an electrical panel's capacity to a total rating:

(A) of not less than 200 amperes; or

(B) that allows all the building's energy needs to be provided solely by electricity, as calculated using the National Electrical Code adopted in Minnesota; or

(ii) the installation of a smart panel with or without additional equipment, devices, or wiring; and

(2) for a multifamily building, the installation of equipment, devices, and wiring necessary to increase the capacity of an electric panel, including feeder panels, to a total rating that allows all the building's energy needs to be provided solely by electricity, as calculated using the National Electrical Code adopted in Minnesota.

Subd. 2. **Program establishment.** A residential electric panel upgrade grant program is established in the department to provide financial assistance to owners of single-family residences and multifamily buildings to upgrade residential electric panels.

Subd. 3. **Account established.** (a) The residential electric panel upgrade grant account is established as a separate account in the special revenue fund in the state treasury. The commissioner shall credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund, but remains in the account until expended. The commissioner shall manage the account.

(b) Money in the account is appropriated to the commissioner to award electric panel upgrade grants and to reimburse the reasonable costs of the department to administer this section.

Subd. 4. **Application process.** An applicant seeking a grant under this section must submit an application to the commissioner on a form developed by the commissioner. The commissioner must develop administrative procedures to govern the application and grant award process. The commissioner may contract with a third party to conduct some or all of the program's operations.

Subd. 5. **Grant awards.** A grant may be awarded under this section to:

(1) an eligible applicant; or

(2) with the written permission of an eligible applicant submitted to the commissioner, a contractor performing an upgrade or a third party on behalf of the eligible applicant.

Subd. 6. **Grant amount.** (a) Subject to the limits of paragraphs (b) to (e), a grant awarded under this section may be used to pay 100 percent of the equipment and installation costs of an upgrade.

(b) The commissioner may not award a grant to an eligible applicant under this section which, in combination with a federal grant awarded to the eligible applicant under the federal Inflation Reduction Act of 2022, Public Law 117-189, for the same electric panel upgrade, exceeds 100 percent of the equipment and installation costs of the upgrade.

(c) The maximum grant amount under this section that may be awarded to an eligible applicant who owns a single-family residence is:

(1) $3,000 for an owner whose annual household income is less than 80 percent of area median income; and

(2) $2,000 for an owner whose annual household income exceeds 80 percent but is not greater than 150 percent of area median income.

(d) The maximum grant amount that may be awarded under this section to an eligible applicant who owns a multifamily building is the sum of $5,000, plus $500 multiplied by the number of units containing a separate electric panel receiving an upgrade in the multifamily building, not to exceed $50,000 per multifamily building.

(e) The commissioner may approve a grant amount that exceeds the maximum grant amount in paragraph (c) or (d), up to 100 percent of the equipment and installation costs of the upgrade, if the commissioner determines that a larger grant amount is necessary in order to complete the upgrade.

Subd. 7. **Limitation.** No more than one grant may be awarded to an owner under this section for work conducted at the same single-family residence or multifamily building.

Subd. 8. **Outreach.** The department must publicize the availability of grants under this section to, at a minimum:

(1) income-eligible households;

(2) community action agencies and other public and private nonprofit organizations that provide weatherization and other energy services to income-eligible households; and

(3) multifamily property owners and property managers.

Subd. 9. **Contractor or subcontractor requirements.** Contractors and subcontractors performing electrical work under a grant awarded under this section:

(1) must comply with the provisions of sections 326B.31 to 326B.399;

(2) must certify that the electrical work is performed by a licensed journeyworker electrician or a registered unlicensed individual under the direct supervision of a licensed journeyworker electrician or master electrician employed by the same licensed electrical contractor; and

(3) must pay workers the prevailing wage rate, as defined in section 177.42, and are subject to the requirements and enforcement provisions in sections 177.27, 177.30, 177.32, 177.41 to 177.435, and 177.45.

Subd. 10. **Report.** Beginning January 1, 2025, and each January 1 through 2033, the department must submit a report to the chairs and ranking minority members of the legislative committees with primary jurisdiction over climate and energy policy describing the activities and expenditures under the program established in this section. The report must include, at a minimum:

(1) the number of units in multifamily buildings and the number of single-family residences whose owners received grants;

(2) the geographic distribution of grant recipients; and

(3) the average amount of grants awarded per building in multifamily buildings and in single-family residences.

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

Sec. 10. **TRANSPORTATION ELECTRIFICATION FACILITY UPGRADES; TARIFF FILING.**

No later than November 1, 2023, each public utility must file with the Public Utilities Commission revised tariffs for charges related to the extension, enlargement, or other modifications to the public utility's distribution system that are necessary to support transportation electrification.

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

Sec. 11. **REPEALER.**

Minnesota Statutes 2022, section 16B.24, subdivision 13, is repealed.

ARTICLE 12
ENERGY CONSERVATION AND STORAGE

Section 1. Minnesota Statutes 2022, section 16B.325, is amended to read:

16B.325 SUSTAINABLE BUILDING GUIDELINES.

Subdivision 1. **Development of sustainable building guidelines.** The Department of Administration and the Department of Commerce, with the assistance of other agencies, shall develop sustainable building design guidelines for all new state buildings by January 15, 2003, and for all major renovations of state buildings by February 1, 2009. ~~The primary objectives of these guidelines are to ensure that all new state buildings, and major renovations of state buildings, initially exceed the state energy code, as established in Minnesota Rules, chapter 7676, by at least 30 percent.~~

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

(b) "Capital project" or "project" means the acquisition or betterment of buildings or other fixed assets and other improvements of a capital nature.

(c) "CSBR" means the Center for Sustainable Building Research at the University of Minnesota.

(d) "Guidelines" means the sustainable building design guidelines developed under this section.

(e) "Major renovation" means a project that:

(1) has a renovated area that is at least 10,000 square feet; or

(2) includes, at a minimum, the replacement of the mechanical, ventilation, or cooling system of a building or a section of a building.

(f) "New building" means a newly constructed structure and additions to existing buildings that meet both of the following criteria:

(1) the addition is heated, whether or not the addition's source of energy is from an adjacent building or district heating system; and

(2) the addition is cooled, whether or not the addition's source of energy is from an adjacent building or district cooling system.

(g) "State agency" means a state agency that is appropriated money from the bond proceeds fund or general fund for a project that is subject to the guidelines under this section.

~~Subd. 2. **Lowest possible cost; energy conservation.** The guidelines must focus on achieving the lowest possible lifetime cost for new buildings and major renovations, and allow for changes in the guidelines that encourage continual energy conservation improvements in new buildings and major renovations. The guidelines shall define "major renovations" for purposes of this section. The definition may not allow "major renovations" to encompass less than 10,000 square feet or to encompass less than the replacement of the mechanical, ventilation, or cooling system of the building or a section of the building. The design guidelines must establish sustainability guidelines that include air quality and lighting standards and that create and maintain a healthy environment and facilitate productivity improvements; specify ways to reduce material costs; and must consider the long term operating costs of the building, including the use of renewable energy sources and distributed electric energy generation that uses a renewable source or natural gas or a fuel that is as clean or cleaner than natural gas.~~

Subd. 2a. **Guidelines; purpose.** (a) The primary objectives of the guidelines are to:

(1) reduce energy consumption and statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2;

(2) improve the quality of the environment;

(3) achieve the lowest possible lifetime cost for new buildings and major renovations; and

(4) encourage design of resilient buildings to adapt to and accommodate projected climate-related changes that are reflected in both acute events and chronic trends, including but not limited to changes in temperature and precipitation levels.

(b) The guidelines must consider the following to meet the objectives in paragraph (a):

(1) the health, well-being, and productivity of building occupants;

(2) material costs and sustainability;

(3) construction and operating costs;

(4) the use of renewable energy sources;

(5) water usage;

(6) diversion of waste from landfills;

(7) air quality and lighting standards;

(8) site design; and

(9) any other factors the commissioner deems relevant.

(c) The guidelines may be revised to encourage continual energy conservation improvements in new buildings and major renovations.

Subd. 3. **Development of guidelines; applicability.** (a) In developing the guidelines, the departments shall use an open process, including providing the opportunity for public comment. The guidelines established under this section are mandatory for all new buildings receiving funding from the bond proceeds fund after January 1, 2004, and for all major renovations receiving funding from the bond proceeds fund after January 1, 2009. The guidelines are also mandatory for all new buildings and major renovations receiving funding from the general fund after January 1, 2023.

(b) The guidelines do not apply to projects that have:

(1) already completed design at the time money is received from the bond proceeds fund or general fund; and

(2) not received an appropriation from the bond proceeds fund before January 1, 2023.

~~Subd. 4. **Guideline revisions.** The commissioners of administration and commerce shall review the guidelines periodically and as soon as practicable revise the guidelines to incorporate performance standards developed under section 216B.241, subdivision 9.~~

Subd. 4a. **Guidelines; annual review.** On or before February 1, 2024, and each year thereafter, the commissioner of administration must review and amend the guidelines to better meet the goals under subdivision 6. The review must be conducted with the commissioner of commerce and in consultation with other stakeholders.

Subd. 5. **Guideline administration and oversight.** (a) The commissioner of administration, in consultation with the commissioner of commerce, shall contract with CSBR to administer the guidelines. At a minimum, CSBR must:

(1) offer training on an annual basis to state agencies, project team members, and other entities involved in designing projects subject to the guidelines on how projects may meet the guideline requirements;

(2) develop procedures for compliance with the guidelines, in accordance with the criteria under subdivision 7;

(3) periodically conduct postconstruction performance evaluations on projects to evaluate the effectiveness of the guidelines in meeting the goals under subdivision 6;

(4) determine whether project designs comply with the guidelines;

(5) administer a tracking system for all projects subject to the guidelines;

(6) develop measurable goals for the guidelines based in accordance with subdivision 6;

(7) offer technical assistance to state agencies, project team members, and other entities with responsibility for managing and designing projects subject to the guidelines;

(8) provide a report on or before December 1 annually to the commissioner of administration on the following:

(i) the current status of all projects subject to the guidelines and the projects' compliance with the guidelines; and

(ii) an analysis of the effects of the guidelines on the goals under subdivision 6; and

(9) perform any other duties required by the commissioner of administration to administer the guidelines.

(b) State agencies, project team members, and other entities that are responsible for managing or designing projects subject to the guidelines must provide any compliance data requested by CSBR that CSBR deems necessary to fulfill the duties described under this subdivision.

(c) The commissioner of administration is responsible for ensuring that the oversight duties under this subdivision are fulfilled.

Subd. 6. **Measurable goals.** CSBR, in collaboration with the commissioner of administration and the commissioner of commerce, must develop measurable goals for the guidelines based on the objectives and considerations described in subdivision 2a. The commissioner of administration must provide final approval of the goals under this subdivision.

Subd. 7. **Procedures.** (a) The commissioner of administration must develop procedures to administer the guidelines. The commissioner of administration may delegate guideline administration responsibilities to state agencies. The procedures under this subdivision must specify the administrative activities for which state agencies are responsible.

(b) The procedures must include:

(1) criteria to identify whether a project is subject to the guidelines;

(2) information on project team member roles and guideline administration requirements for each role;

(3) a process to notify projects subject to the guidelines of the guideline requirements;

(4) a guideline-related data submission process coordinated by the commissioner of administration;

(5) activities and a timeline to monitor project compliance with the guidelines; and

(6) record-keeping requirements and related retention schedules for materials related to guideline compliance.

Subd. 8. **Guidelines waivers.** (a) The commissioner of administration, in consultation with the commissioner of commerce and other stakeholders, must develop a process to review and approve waivers to the guidelines.

(b) A waiver under this subdivision is only permitted due to technological limitations or when the project's intended use conflicts with the guidelines.

(c) A waiver request for a project owned by a state agency must be reviewed and approved by the commissioner of administration. If the waiver request is for a project owned by the Department of Administration, the waiver request must be approved by the commissioner of management and budget.

Subd. 9. **Report.** The commissioner of administration must report to the legislature by February 1 of each year. The report must include:

(1) information on the current status of all projects subject to the guidelines and the projects' compliance with the guidelines;

(2) an analysis of the effects of the guidelines on the measurable goals under subdivision 6; and

(3) any other information the commissioner of administration deems relevant.

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

Sec. 2. Minnesota Statutes 2022, section 216B.1611, is amended by adding a subdivision to read:

Subd. 5. **Distributed generation capacity; treatment.** (a) No later than November 1, 2023, the commission must issue an order clarifying that for the purpose of interconnecting an on-site customer-owned distributed generation facility, the capacity of the facility must be measured and expressed as:

(1) export capacity rather than nameplate capacity; and

(2) alternating current capacity.

(b) For the purposes of this subdivision, "export capacity" means a distributed generation facility's nameplate capacity net of any limitations on the amount of power the distributed generating facility is capable of exporting to a utility's distribution system resulting from physical equipment that is part of or connected to the generating facility, including but not limited to an inverter, relay, or energy storage system, as defined in section 216B.2422, subdivision 1, paragraph (f), as reported to the utility by the owner of the distributed generation facility.

(c) The owner of a distributed generation facility interconnected to a utility's distribution system may not increase the export capacity of the distributed generation facility beyond the level that was first interconnected to the utility's distribution system without the utility's written approval. The utility must respond in writing to an owner's notice of intent to increase export capacity within 90 days of the date the notice of interest is received, and may reject the request only upon determining that approving the request would reduce safety or the reliability of electric service.

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

Sec. 3. **[216B.1616] ENERGY STORAGE; PEAK SHAVING TARIFF.**

(a) No later than September 15, 2023, the commission must initiate a docket designed to result in a commission order requiring public utilities providing electric service to file a tariff with the commission, based on guidelines established in the order, to compensate customer-owners of on-site energy storage systems, as defined in section 216B.2422, subdivision 1, paragraph (f), for the discharge of stored energy that is net input to the utility during periods of peak electricity demand by utility customers.

(b) Within 90 days of the date the commission issues an order under this subdivision, each public utility must file with the commission for commission approval, disapproval, or modification a tariff that is consistent with the order.

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

Sec. 4. **[216B.1697] ENERGY STORAGE SYSTEMS; DEPLOYMENT TARGETS.**

Subdivision 1. **Definition.** For the purposes of this section, "energy storage system" has the meaning given in section 216B.2422, subdivision 1.

Subd. 2. **Deployment targets.** (a) Each utility required to file a resource plan under section 216B.2422 must deploy energy storage systems of a capacity determined by the commission under paragraph (b). No later than December 31, 2033, the aggregate statewide capacity of energy storage systems deployed by all utilities subject to this section must be at least 3,000 megawatts.

(b) No later than October 1, 2023, the commission must issue an order specifying the amount of energy storage capacity required of each utility subject to this section in order to meet the statewide capacity target and schedule in paragraph (a). The amount of energy storage capacity required of an individual utility must be calculated by dividing each utility's total electric retail sales to Minnesota customers in 2022 by total electric retail sales to Minnesota customers in 2022 of all utilities subject to this section, and multiplying that quotient by 3,000 megawatts. The commission may establish interim energy storage capacity targets that utilities are required to meet before the 2033 target date.

Subd. 3. **Application.** (a) A utility must file an application with the commission prior to installing each proposed energy storage system contributing to the energy storage target assigned to the utility under subdivision 2. Each application must contain:

(1) the energy storage system's technical specifications, including but not limited to:

(i) the maximum amount of electric output that the energy storage system can provide;

(ii) the length of time the energy storage system can sustain maximum output;

(iii) the location of the project within the utility's distribution system and a description of the analysis conducted to determine the location;

(iv) a description of the utility's electric system needs that the proposed energy storage system addresses;

(v) a description of the types of services the energy storage system is expected to provide; and

(vi) a description of the technology required to construct, operate, and maintain the energy storage system, including any data or communication system necessary to operate the energy storage system;

(2) the estimated cost of the project, including:

(i) capital costs;

(ii) the estimated cost per unit of energy delivered by the energy storage system; and

(iii) an evaluation of the cost-effectiveness of the energy storage system;

(3) the estimated benefits of the energy storage system to the utility's electric system, including but not limited to:

(i) deferred investments in generation, transmission, or distribution capacity;

(ii) reduced need for electricity during times of peak demand;

(iii) improved reliability of the utility's transmission or distribution system; and

(iv) improved integration of the utility's renewable energy resources;

(4) a description indicating how the addition of an energy storage system complements the utility's proposed actions described in the most recent integrated resource plan submitted under section 216B.2422 to meet expected demand with the least expensive combination of resources; and

(5) any additional information required by the commission.

(b) A utility must include in the application an evaluation of the potential to store energy throughout the utility's electric system and must identify geographic areas in the utility's service area where the deployment of energy storage systems has the greatest potential to achieve the economic benefits identified in paragraph (a), clause (3).

Subd. 4. **Commission review.** The commission must review each proposal submitted under this section and may approve, reject, or modify the proposal. The commission must approve a proposal the commission determines: (1) is in the public interest; and (2) reasonably balances the value derived from the deployment of an energy storage system for ratepayers and the utility's operations with the cost to procure, construct, operate, and maintain the energy storage system.

Subd. 5. **Cost recovery.** A public utility may recover from ratepayers all costs prudently incurred by the public utility to deploy an energy storage system approved by the commission under this section, net of any revenues generated by the operation of the energy storage system.

Subd. 6. **Reporting; compliance.** The commission must establish reporting procedures for utilities that are sufficient in content and frequency to keep the commission informed regarding compliance with this section.

Subd. 7. **Commission authority; orders.** The commission may issue orders and conduct proceedings necessary to implement and administer this section.

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

Sec. 5. Minnesota Statutes 2022, section 216B.2402, subdivision 16, is amended to read:

Subd. 16. **Low-income household.** "Low-income household" means a household whose household income:

(1) is ~~60~~ 80 percent or less of the ~~state~~ area median household income~~.~~ for the geographic area in which the low-income household is located, as calculated by the United States Department of Housing and Urban Development; or

(2) meets the income eligibility standards, as determined by the commissioner, required for a household to receive financial assistance from a federal, state, municipal, or utility program administered or approved by the department.

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

Sec. 6. Minnesota Statutes 2022, section 216B.2422, subdivision 7, is amended to read:

Subd. 7. **Energy storage systems assessment.** (a) Each ~~public~~ utility required to file a resource plan under subdivision 2 must incorporate in the utility's resource planning the energy storage targets the utility is required to meet under section 216B.1697 and must include in the filing an assessment of energy storage systems that analyzes how the deployment of energy storage systems contributes to:

(1) meeting identified generation and capacity needs; ~~and~~

(2) the factors identified in section 216B.1697, subdivision 3, paragraph (a), clause (3); and

~~(2)~~ (3) evaluating ancillary services.

(b) The assessment must employ appropriate modeling methods to enable the analysis required in paragraph (a).

Sec. 7. Minnesota Statutes 2022, section 216C.05, subdivision 2, is amended to read:

Subd. 2. **Energy policy goals.** It is the energy policy of the state of Minnesota that:

(1) annual energy savings equal to at least 1.5 percent of annual retail energy sales of electricity and natural gas ~~be~~ is achieved through cost-effective energy efficiency;

(2) the per capita use of fossil fuel as an energy input ~~be~~ is reduced by 15 percent by the year 2015, through increased reliance on energy efficiency and renewable energy alternatives;

(3) 25 percent of the total energy used in ~~the state be~~ Minnesota is derived from renewable energy resources by the year 2025; ~~and~~

(4) energy use in existing commercial and residential buildings is reduced by 50 percent by 2035, and is achieved by: (i) using the most effective current energy-saving incentive programs, evaluated by participation and efficacy; and (ii) developing and implementing new programs, prioritizing solutions that achieve the highest overall carbon reduction; and

~~(4)~~ (5) retail electricity rates for each customer class ~~be~~ are at least five percent below the national average.

Sec. 8. Minnesota Statutes 2022, section 216C.264, is amended by adding a subdivision to read:

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

(b) "Low-income conservation program" means a utility program that offers energy conservation services to low-income households under sections 216B.2403, subdivision 5, and 216B.241, subdivision 7.

(c) "Preweatherization measure" has the meaning given in section 216B.2402, subdivision 20.

(d) "Weatherization assistance program" means the federal program described in Code of Federal Regulations, title 10, part 440 et seq., designed to assist low-income households reduce energy use in a cost-effective manner.

(e) "Weatherization services" means the energy conservation preweatherization measures installed in households under the weatherization assistance program and low-income conservation program.

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

Sec. 9. Minnesota Statutes 2022, section 216C.264, is amended by adding a subdivision to read:

Subd. 1b. **State supplementary weatherization grants account.** (a) A state supplementary weatherization grants account is established as a separate account in the special revenue fund in the state treasury. The commissioner must credit appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund but remains in the account until expended. The commissioner must manage the account.

(b) Money in the account is appropriated to the commissioner for the purposes of subdivision 5.

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

Sec. 10. Minnesota Statutes 2022, section 216C.264, subdivision 5, is amended to read:

Subd. 5. **Grant allocation.** (a) The commissioner must distribute supplementary state grants in a manner consistent with the goal of producing the maximum number of weatherized units. Supplementary state grants ~~are provided primarily for the payment of~~ may be used:

(1) to address physical deficiencies in a residence that increase heat loss, including deficiencies that prohibit the residence from being eligible to receive federal weatherization assistance;

(2) to install preweatherization measures established by the commissioner under section 216B.241, subdivision 7, paragraph (g);

(3) to increase the number of weatherized residences;

(4) to conduct outreach activities to make income-eligible households aware of the weatherization services available to income-eligible households, to assist applicants to fill out applications for weatherization assistance, and to provide translation services where necessary;

(5) to enable a project in a multifamily building to proceed even if the project cannot comply with the federal requirement that the project must be completed within the same federal fiscal year in which a project begins;

(6) to address shortages of workers trained to provide weatherization services, including expanding training opportunities in existing and new training programs;

(7) to support the operation of the weatherization training program under section 216C.2641;

(8) to pay additional labor costs for the federal weatherization program~~,~~; and

(9) as an incentive for the increased production of weatherized units.

(b) Criteria for the allocation of state grants to local agencies include existing local agency production levels, emergency needs, and the potential for maintaining or increasing acceptable levels of production in the area.

(c) An eligible local agency may receive advance funding for 90 days' production, but thereafter must receive grants solely on the basis of program criteria.

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

Sec. 11. **[216C.2641] WEATHERIZATION TRAINING GRANT PROGRAM.**

Subdivision 1. **Establishment.** The commissioner of commerce must establish a weatherization training grant program to award grants to train workers for careers in the weatherization industry.

Subd. 2. **Grants.** (a) The commissioner must award grants through a competitive grant process.

(b) An eligible entity under paragraph (c) seeking a grant under this section must submit a written application to the commissioner using a form developed by the commissioner.

(c) The commissioner may award grants under this section only to:

(1) a nonprofit organization exempt from taxation under section 501(c)(3) of the United States Internal Revenue Code;

(2) a labor organization, as defined in section 179.01, subdivision 6; or

(3) a job training center or educational institution that the commissioner of commerce determines has the ability to train workers for weatherization careers.

(d) Grant funds must be used to pay costs associated with training workers for careers in the weatherization industry, including related supplies, materials, instruction, and infrastructure.

(e) When awarding grants under this section, the commissioner must give priority to applications that provide the highest quality training to prepare trainees for weatherization employment opportunities that meet technical standards and certifications developed by the Building Performance Institute, Inc., or the Standard Work Specifications developed by the United States Department of Energy for the federal Weatherization Assistance Program.

Subd. 3. **Reports.** By January 15, 2025, and each January 15 thereafter, the commissioner must submit a report to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over energy policy. The report must detail the use of grant funds under this section, including data on the number of trainees trained and the career progress of trainees supported by prior grants.

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

Sec. 12. **[216C.331] ENERGY BENCHMARKING.**

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

(b) "Aggregated customer energy use data" means customer energy use data, which is combined into one collective data point per time interval. Aggregated customer energy use data is data with any unique identifiers or other personal information removed that a qualifying utility collects and aggregates in at least monthly intervals for an entire building on a covered property.

(c) "Benchmark" means to electronically input into a benchmarking tool the total energy use data and other descriptive information about a building that is required by a benchmarking tool.

(d) "Benchmarking information" means data related to a building's energy use generated by a benchmarking tool, and other information about the building's physical and operational characteristics. Benchmarking information includes but is not limited to the building's:

(1) address;

(2) owner and, if applicable, the building manager responsible for operating the building's physical systems;

(3) total floor area, expressed in square feet;

(4) energy use intensity;

(5) greenhouse gas emissions; and

(6) energy performance score comparing the building's energy use with that of similar buildings.

(e) "Benchmarking tool" means the United States Environmental Protection Agency's Energy Star Portfolio Manager tool or an equivalent tool determined by the commissioner.

(f) "Customer energy use data" refers to data collected from the utility customer meters that reflect the quantity, quality, or timing of customers' usage.

(g) "Covered property" means any property that is served by an investor-owned utility in the metropolitan area as defined in section 473.121, subdivision 2, or by a municipal energy utility or investor-owned utility in any city outside the metropolitan area with a population of over 50,000 residents, and that has one or more buildings containing in sum 50,000 gross square feet or greater. Covered property does not include:

(1) a residential property containing fewer than five dwelling units;

(2) a property that is: (i) classified as manufacturing under the North American Industrial Classification System (NAICS); (ii) an energy-intensive trade-exposed customer, as defined in section 216B.1696; (iii) an electric power generation facility; or (iv) otherwise an industrial building incompatible with benchmarking in the benchmarking tool;

(3) an agricultural building; or

(4) a multitenant building that is served by a utility that cannot supply aggregated customer usage data, and other property types that do not meet the purposes of this section, as determined by the commissioner.

(h) "Energy" means electricity, natural gas, steam, or another product used to: (1) provide heating, cooling, lighting, or water heating; or (2) power other end uses in a building.

(i) "Energy use intensity" means the total annual energy consumed in a building divided by the building's total floor area.

(j) "Energy performance score" means a numerical value from one to 100 that the Energy Star Portfolio Manager tool calculates to rate a building's energy efficiency against that of comparable buildings nationwide.

(k) "Energy Star Portfolio Manager" means an interactive resource management tool developed by the United States Environmental Protection Agency that (1) enables the periodic entry of a building's energy use data and other descriptive information about a building, and (2) rates a building's energy efficiency against that of comparable buildings nationwide.

(l) "Financial distress" means a covered property that, at the time benchmarking is conducted:

(1) is the subject of a qualified tax lien sale or public auction due to property tax arrearages;

(2) is controlled by a court-appointed receiver based on financial distress;

(3) is owned by a financial institution through default by the borrower;

(4) has been acquired by deed in lieu of foreclosure; or

(5) has a senior mortgage that is subject to a notice of default.

(m) "Local government" means a statutory or home rule municipality or county.

(n) "Owner" means:

(1) an individual or entity that possesses title to a covered property; or

(2) an agent authorized to act on behalf of the covered property owner.

(o) "Qualifying utility" means a utility serving the covered property, including:

(1) an electric or gas utility, including:

(i) an investor-owned electric or gas utility; or

(ii) a municipally owned electric or gas utility;

(2) a natural gas supplier with five or more active commercial connections, accounts, or customers in the state; or

(3) a district stream, hot water, or chilled water provider.

(p) "Tenant" means a person that occupies or holds possession of a building or part of a building or premises pursuant to a rental or lease agreement.

(q) "Total floor area" means the sum of gross square footage inside a building's envelope, measured between the outside exterior walls of the building. Total floor area includes covered parking structures.

(r) "Utility customer" means the building owner or tenant listed on the utility's records as the customer liable for payment of the utility service or additional charges assessed on the utility account.

Subd. 2. **Establishment.** The commissioner must establish and maintain a building energy benchmarking program. The purpose of the program is to:

(1) make a building's owners, tenants, and potential tenants aware of (i) the building's energy consumption levels and patterns, and (ii) how the building's energy use compares with that of similar buildings nationwide; and

(2) enhance the likelihood that an owner adopts energy conservation measures in the owner's building as a way to reduce energy use, operating costs, and greenhouse gas emissions.

Subd. 3. **Classification of covered properties.** For the purposes of this section, a covered property is classified as follows:

Class	Total Floor Area (square feet)
1	100,000 or more
2	50,000 to 99,999

Subd. 4. **Benchmarking requirement.** (a) An owner must annually benchmark all covered property owned as of December 31 in conformity with the schedule in subdivision 7. Energy use data must be compiled by:

(1) obtaining the data from the utility providing the energy; or

(2) reading a master meter.

(b) Before entering information in a benchmarking tool, an owner must run all automated data quality assurance functions available within the benchmarking tool and must correct all data identified as missing or incorrect.

(c) An owner who becomes aware that any information entered into a benchmarking tool is inaccurate or incomplete must amend the information in the benchmarking tool within 30 days of the date the owner learned of the inaccuracy.

(d) Nothing in this subdivision prohibits an owner of property that is not a covered property from voluntarily benchmarking a property under this section.

Subd. 5. **Exemption by individual building.** (a) The commissioner may exempt an owner of a covered property from the requirements of subdivision 4 if the owner provides evidence satisfactory to the commissioner that the covered property:

(1) is presently experiencing financial distress;

(2) has been less than 50 percent occupied during the previous calendar year;

(3) does not have a certificate of occupancy or temporary certificate of occupancy for the full previous calendar year;

(4) was issued a demolition permit during the previous calendar year that remains current; or

(5) received no energy services for at least 30 days during the previous calendar year.

(b) An exemption granted under this subdivision applies only to a single calendar year. An owner must reapply to the commissioner each year an extension is sought.

(c) Within 30 days of the date an owner makes a request under this paragraph, a tenant of a covered property subject to this section must provide the owner with any information regarding energy use of the tenant's rental unit that the property owner cannot otherwise obtain and that is needed by the owner to comply with this section. The tenant must provide the information required under this paragraph in a format approved by the commissioner.

Subd. 6. **Exemption by other government benchmarking program.** An owner is exempt from the requirements of subdivision 4 for a covered property if the property is subject to a benchmarking requirement by the state, a city, or other political subdivision with a benchmarking requirement that the commissioner determines is equivalent or more stringent, as determined under subdivision 11, paragraph (b), than the benchmarking requirement established in this section. The exemption under this subdivision applies in perpetuity unless or until the benchmarking requirement is changed or revoked and the commissioner determines the benchmarking requirement is no longer equivalent nor more stringent.

Subd. 7. **Benchmarking schedule.** (a) An owner must annually benchmark each covered property for the previous calendar year according to the following schedule:

(1) all Class 1 properties by June 1, 2025, and by every June 1 thereafter; and

(2) all Class 2 properties by June 1, 2026, and by every June 1 thereafter.

(b) Beginning June 1, 2025, for Class 1 properties, and June 1, 2026, for Class 2 properties, an owner who is selling a covered property must provide the following to the new owner at the time of sale:

(1) benchmarking information for the most recent 12-month period, including monthly energy use by source; or

(2) ownership of the digital property record in the benchmarking tool through an online transfer.

Subd. 8. **Utility data requirements.** (a) In implementing this section, a qualifying utility shall implement the data aggregation standards established by the commission in docket number 19-505, including changes to the standards adopted in an order issued after the effective date of this section. A municipal energy utility serving a covered property under this section shall adopt data aggregation standards that are substantially similar to the standards included in the commission's order in that docket and subsequent relevant orders.

(b) Customer energy use data that a qualifying utility provides an owner pursuant to this subdivision must be:

(1) available on, or able to be requested through, an easily navigable web portal or online request form using up-to-date standards for digital authentication;

(2) provided to the owner within 30 days after receiving the owner's valid written or electronic request;

(3) provided for at least 24 consecutive months of energy consumption or as many months of consumption data that are available if the owner has owned the building for less than 24 months;

(4) directly uploaded to the owner's benchmarking tool account, delivered in the spreadsheet template specified by the benchmarking tool, or delivered in another format approved by the commissioner;

(5) provided to the owner on at least an annual basis until the owner revokes the request for energy use data or sells the covered property; and

(6) provided in monthly intervals, or the shortest available intervals based in billing.

(c) Data necessary to establish, utilize, or maintain information in the benchmarking tool under this section may be collected or shared as provided by this section and are considered public data whether or not the data have been aggregated.

Subd. 9. **Data collection and management.** (a) The commissioner must:

(1) collect benchmarking information generated by a benchmarking tool and other related information for each covered property;

(2) provide technical assistance to owners entering data into a benchmarking tool;

(3) collaborate with the Department of Revenue to collect the data necessary for establishing the covered property list annually; and

(4) provide technical guidance to utilities in the establishment of data aggregation and access tools.

(b) Upon request of the commissioner, a county assessor shall provide readily available property data necessary for the development of the covered property list, including but not limited to gross floor area, property type, and owner information by January 15 annually.

(c) The commissioner must:

(1) rank benchmarked covered properties in each property class from highest to lowest performance score or, if a performance score is unavailable for a covered property, from lowest to highest energy use intensity;

(2) divide covered properties in each property class into four quartiles based on the applicable measure in clause (1);

(3) assign four stars to each covered property in the quartile of each property class with the highest performance scores or lowest energy use intensities, as applicable;

(4) assign three stars to each covered property in the quartile of each property class with the second highest performance scores or second lowest energy use intensities, as applicable;

(5) assign two stars to each covered property in the quartile of each property class with the third highest performance scores or third lowest energy use intensities, as applicable;

(6) assign one star to each covered property in the quartile of each property class with the lowest performance scores or highest energy use intensities, as applicable; and

(7) serve notice in writing to each owner identifying the number of stars assigned by the commissioner to each of the owner's covered properties.

Subd. 10. **Data disclosure to public.** (a) The commissioner must post on the department's website and update by December 1 annually the following information for the previous calendar year:

(1) annual summary statistics on energy use for all covered properties;

(2) annual summary statistics on energy use for all covered properties, aggregated by covered property class, as defined in subdivision 3, city, and county;

(3) the percentage of covered properties in each building class listed in subdivision 3 that are in compliance with the benchmarking requirements under subdivisions 4 to 7; and

(4) for each covered property, at a minimum, the address, total energy use, energy use intensity, annual greenhouse gas emissions, and energy performance score, if available.

(b) The commissioner must post the information required under this subdivision for:

(1) all Class 1 properties by November 1, 2025, and by every November 1 thereafter; and

(2) all Class 2 properties by November 1, 2026, and by every November 1 thereafter.

Subd. 11. **Coordination with other benchmarking programs.** (a) The commissioner shall coordinate with any state agency or local government that implements an energy benchmarking program, including the coordination of reporting requirements.

(b) This section does not restrict a local government from adopting or implementing an ordinance or resolution that imposes more stringent benchmarking requirements. For purposes of this section, a local government benchmarking program is more stringent if the program requires:

(1) buildings to be benchmarked that are not required to be benchmarked under this section; or

(2) benchmarking of information that is not required to be benchmarked under this section.

(c) Benchmarking program requirements of local governments must:

(1) be at least as comprehensive in scope and application as the program operated under this section; and

(2) include annual enforcement of a penalty on covered properties that do not comply with the local government's benchmarking ordinance.

(d) Local governments must notify the commissioner of the local government's existing benchmarking ordinance requirements. Local governments must notify the commissioner of new, changed, or revoked ordinance requirements, which when made by December 31 would apply to the benchmarking schedule for the following year.

(e) The commissioner shall make available for local governments upon request all benchmarking data for covered properties within the local government's jurisdiction by December 1, annually.

Subd. 12. **Building performance disclosure to occupants.** The commissioner must provide disclosure materials for public display within a building to building owners, so that building owners can prominently display the performance of the building. The materials must include the number of stars assigned to the building by the commissioner under subdivision 9, paragraph (c), and a relevant explanation of the rating.

Subd. 13. **Notifications.** By March 1 each year, the commissioner must notify the owner of each covered property required to benchmark for the previous calendar year of the requirement to benchmark by June 1 of the current year.

Subd. 14. **Program implementation.** The commissioner may contract with an independent third party to implement any or all of the commissioner's duties required under this section. To implement the benchmarking program, the commissioner shall assist building owners to increase energy efficiency and reduce greenhouse gas emissions from the owners' buildings, including by providing outreach, training, and technical assistance to building owners to help the owners' buildings come into compliance with the benchmarking program.

Subd. 15. **Enforcement.** By June 15 each year, the commissioner must notify the owner of each covered property required to comply with this section that has failed to comply that the owner has until July 15 to come into compliance, unless the owner requests an extension, in which case the owner has until August 15 to come into compliance. If an owner fails to comply with the requirements of this section by July 15 and fails to request an extension by that date, or is given an extension and fails to comply by August 15, the commissioner may impose a civil fine of $1,000 on the owner. The commissioner may by rule increase the civil fine to adjust for inflation.

Subd. 16. **Recovery of expenses.** The commission shall allow a public utility to recover reasonable and prudent expenses of implementing this section under section 216B.16, subdivision 6b. The costs and benefits associated with implementing this section may, at the discretion of the utility, be excluded from the calculation of net economic benefits for purposes of calculating the financial incentive to the public utility under section 216B.16, subdivision 6c. The energy and demand savings may, at the discretion of the public utility, be applied toward the calculation of overall portfolio energy and demand savings for purposes of determining progress toward annual goals under section 216B.241, subdivision 1c, and in the financial incentive mechanism under section 216B.16, subdivision 6c.

EFFECTIVE DATE. This section is effective the day following final enactment, except that subdivision 15 is effective June 15, 2026.

Sec. 13. **[216C.378] ENERGY STORAGE INCENTIVE PROGRAM.**

(a) The public utility subject to section 116C.779 must develop and operate a program to provide a grant to customers to reduce the cost to purchase and install an on-site energy storage system, as defined in section 216B.2422, subdivision 1, paragraph (f). The public utility subject to this section must file a plan with the commissioner to operate the program no later than November 1, 2023. The public utility must not operate the program until the program is approved by the commissioner. Any change to an operating program must be approved by the commissioner.

(b) In order to be eligible to receive a grant under this section, an energy storage system must:

(1) have a capacity no greater than 50 kilowatt hours; and

(2) be located within the electric service area of the public utility subject to this section.

(c) An owner of an energy storage system is eligible to receive a grant under this section if:

(1) a solar energy generating system is operating at the same site as the proposed energy storage system; or

(2) the owner has filed an application with the public utility subject to this section to interconnect a solar energy generating system at the same site as the proposed energy storage system.

(d) The amount of a grant awarded under this section must be based on the number of watt-hours that reflects the duration of the energy storage system at the system's rated capacity, up to a maximum of $5,000.

(e) The commissioner must annually review and may adjust the amount of grants awarded under this section, but must not increase the amount over that awarded in previous years unless the commissioner demonstrates in writing that an upward adjustment is warranted by market conditions.

(f) A customer who receives a grant under this section is eligible to receive financial assistance under programs operated by the state or the utility for the solar energy generating system operating in conjunction with the energy storage system.

(g) For the purposes of this section, "solar energy generating system" has the meaning given in section 216E.01, subdivision 9a.

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

Sec. 14. **[216C.46] RESIDENTIAL HEAT PUMP REBATE PROGRAM.**

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

(b) "Eligible applicant" means a person who provides evidence to the commissioner's satisfaction demonstrating that the person has received or has applied for a heat pump rebate available from the federal Department of Energy under the Inflation Reduction Act of 2022, Public Law 117-189.

(c) "Heat pump" means a cold climate rated air-source heat pump composed of (1) a mechanism that heats and cools indoor air by transferring heat from outdoor or indoor air using a fan, (2) a refrigerant-filled heat exchanger, and (3) an inverter-driven compressor that varies the pressure of the refrigerant to warm or cool the refrigerant vapor.

Subd. 2. **Establishment.** A residential heat pump rebate program is established in the department to provide financial assistance to eligible applicants that purchase and install a heat pump in the applicant's Minnesota residence.

Subd. 3. **Application.** (a) An application for a rebate under this section must be made to the commissioner on a form developed by the commissioner. The application must be accompanied by documentation, as required by the commissioner, demonstrating that:

(1) the applicant is an eligible applicant;

(2) the applicant owns the Minnesota residence in which the heat pump is to be installed;

(3) the applicant has had an energy audit conducted of the residence in which the heat pump is to be installed within the last 18 months by a person with a Building Analyst Technician certification issued by the Building Performance Institute, Inc., or an equivalent certification, as determined by the commissioner;

(4) either:

(i) the applicant has installed in the applicant's residence, by a contractor with an Air Leakage Control Installer certification issued by the Building Performance Institute, Inc., or an equivalent certification, as determined by the commissioner, the amount of insulation and the air sealing measures recommended by the auditor; or

(ii) the auditor has otherwise determined that the amount of insulation and air sealing measures in the residence are sufficient to enable effective heat pump performance;

(5) the applicant has purchased a heat pump of the capacity recommended by the auditor or contractor, and has had the heat pump installed by a contractor with sufficient training and experience in installing heat pumps, as determined by the commissioner; and

(6) the total cost to purchase and install the heat pump in the applicant's residence.

(b) The commissioner must develop administrative procedures governing the application and rebate award processes.

(c) The commissioner may modify program requirements under this section when necessary to align with comparable federal programs administered by the department under the federal Inflation Reduction Act of 2022, Public Law 117-189.

Subd. 4. **Rebate amount.** A rebate awarded under this section must not exceed the lesser of:

(1) $4,000; or

(2) the total cost to purchase and install the heat pump in an eligible applicant's residence net of the rebate amount received for the heat pump from the federal Department of Energy under the Inflation Reduction Act of 2022, Public Law 117-189.

Subd. 5. **Assisting applicants.** The commissioner may issue a request for proposal seeking an entity to serve as an energy coordinator to interact directly with applicants and potential applicants to:

(1) explain the technical aspects of heat pumps, energy audits, and energy conservation measures, and the energy and financial savings that can result from implementing each;

(2) identify federal, state, and utility programs available to homeowners to reduce the costs of energy audits, energy conservation, and heat pumps;

(3) explain the requirements and scheduling of the application process;

(4) provide access to certified contractors who can perform energy audits, install insulation and air sealing measures, and install heat pumps; and

(5) conduct outreach to make potential applicants aware of the program.

Subd. 6. **Contractor training and support.** The commissioner may issue a request for proposals seeking an entity to develop and organize programs to train contractors with respect to the technical aspects and installation of heat pumps in residences. The training curriculum must be at a level sufficient to provide contractors who complete training with the knowledge and skills necessary to install heat pumps to industry best practice standards, as determined by the commissioner. Training programs must: (1) be accessible in all regions of the state; and (2) provide mentoring and ongoing support, including continuing education and financial assistance, to trainees.

Subd. 7. **Account established.** (a) The residential heat pump rebate account is established as a separate account in the special revenue fund in the state treasury. The commissioner shall credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund, but remains in the account until expended. The commissioner shall manage the account.

(b) Money in the account is appropriated to the commissioner for the purposes of this section and to reimburse the reasonable costs of the department to administer this section.

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

Sec. 15. Minnesota Statutes 2022, section 216E.01, is amended by adding a subdivision to read:

Subd. 3a. **Energy storage system.** "Energy storage system" means equipment and associated facilities designed with a nameplate capacity of 5,000 kilowatts or more that is capable of storing generated electricity for a period of time and delivering the electricity for use after storage.

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

Sec. 16. Minnesota Statutes 2022, section 216E.01, subdivision 6, is amended to read:

Subd. 6. **Large electric power facilities.** "Large electric power facilities" means high voltage transmission lines ~~and~~, large electric power generating plants, and energy storage systems.

Sec. 17. Minnesota Statutes 2022, section 216E.03, subdivision 1, is amended to read:

Subdivision 1. **Site permit.** No person may construct a large electric generating plant or an energy storage system without a site permit from the commission. A large electric generating plant or an energy storage system may be constructed only on a site approved by the commission. The commission must incorporate into one proceeding the route selection for a high-voltage transmission line that is directly associated with and necessary to interconnect the large electric generating plant to the transmission system and whose need is certified under section 216B.243.

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

Sec. 18. Minnesota Statutes 2022, section 216E.03, subdivision 3, is amended to read:

Subd. 3. **Application.** Any person seeking to construct a large electric power ~~generating plant or a high voltage transmission line~~ facility must apply to the commission for a site or route permit, as applicable. The application shall contain such information as the commission may require. The applicant shall propose at least two sites for a large electric power ~~generating plant~~ facility and two routes for a high-voltage transmission line. Neither of the two

proposed routes may be designated as a preferred route and all proposed routes must be numbered and designated as alternatives. The commission shall determine whether an application is complete and advise the applicant of any deficiencies within ten days of receipt. An application is not incomplete if information not in the application can be obtained from the applicant during the first phase of the process and that information is not essential for notice and initial public meetings.

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

Sec. 19. Minnesota Statutes 2022, section 216E.03, subdivision 5, as amended by Laws 2023, chapter 7, section 25, is amended to read:

Subd. 5. **Environmental review.** (a) The commissioner of the Department of Commerce shall prepare for the commission an environmental impact statement on each proposed large electric power ~~generating plant or high voltage transmission line~~ facility for which a complete application has been submitted. The commissioner shall not consider whether or not the project is needed. No other state environmental review documents shall be required. The commissioner shall study and evaluate any site or route proposed by an applicant and any other site or route the commission deems necessary that was proposed in a manner consistent with rules concerning the form, content, and timeliness of proposals for alternate sites or routes, excluding any alternate site for a solar energy generating system that was not proposed by an applicant.

(b) For a cogeneration facility as defined in section 216H.01, subdivision 1a, that is a large electric power generating plant and is not proposed by a utility, the commissioner must make a finding in the environmental impact statement whether the project is likely to result in a net reduction of carbon dioxide emissions, considering both the utility providing electric service to the proposed cogeneration facility and any reduction in carbon dioxide emissions as a result of increased efficiency from the production of thermal energy on the part of the customer operating or owning the proposed cogeneration facility.

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

Sec. 20. Minnesota Statutes 2022, section 216E.03, subdivision 6, is amended to read:

Subd. 6. **Public hearing.** The commission shall hold a public hearing on an application for a site or route permit for a large electric power ~~generating plant or a route permit for a high voltage transmission line~~ facility. All hearings held for designating a site or route shall be conducted by an administrative law judge from the Office of Administrative Hearings pursuant to the contested case procedures of chapter 14. Notice of the hearing shall be given by the commission at least ten days in advance but no earlier than 45 days prior to the commencement of the hearing. Notice shall be by publication in a legal newspaper of general circulation in the county in which the public hearing is to be held and by certified mail to chief executives of the regional development commissions, counties, organized towns, townships, and the incorporated municipalities in which a site or route is proposed. Any person may appear at the hearings and offer testimony and exhibits without the necessity of intervening as a formal party to the proceedings. The administrative law judge may allow any person to ask questions of other witnesses. The administrative law judge shall hold a portion of the hearing in the area where the power plant or transmission line is proposed to be located.

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

Sec. 21. Minnesota Statutes 2022, section 216E.03, subdivision 7, as amended by Laws 2023, chapter 7, section 26, is amended to read:

Subd. 7. **Considerations in designating sites and routes.** (a) The commission's site and route permit determinations must be guided by the state's goals to conserve resources, minimize environmental impacts, minimize human settlement and other land use conflicts, and ensure the state's electric energy security through efficient, cost-effective power supply and electric transmission infrastructure.

(b) To facilitate the study, research, evaluation, and designation of sites and routes, the commission shall be guided by, but not limited to, the following considerations:

(1) evaluation of research and investigations relating to the effects on land, water and air resources of large electric power ~~generating plants and high voltage transmission lines~~ facilities and the effects of water and air discharges and electric and magnetic fields resulting from such facilities on public health and welfare, vegetation, animals, materials and aesthetic values, including baseline studies, predictive modeling, and evaluation of new or improved methods for minimizing adverse impacts of water and air discharges and other matters pertaining to the effects of power plants on the water and air environment;

(2) environmental evaluation of sites and routes proposed for future development and expansion and their relationship to the land, water, air and human resources of the state;

(3) evaluation of the effects of new electric power generation and transmission technologies and systems related to power plants designed to minimize adverse environmental effects;

(4) evaluation of the potential for beneficial uses of waste energy from proposed large electric power generating plants;

(5) analysis of the direct and indirect economic impact of proposed sites and routes including, but not limited to, productive agricultural land lost or impaired;

(6) evaluation of adverse direct and indirect environmental effects that cannot be avoided should the proposed site and route be accepted;

(7) evaluation of alternatives to the applicant's proposed site or route proposed pursuant to subdivisions 1 and 2;

(8) evaluation of potential routes that would use or parallel existing railroad and highway rights-of-way;

(9) evaluation of governmental survey lines and other natural division lines of agricultural land so as to minimize interference with agricultural operations;

(10) evaluation of the future needs for additional high-voltage transmission lines in the same general area as any proposed route, and the advisability of ordering the construction of structures capable of expansion in transmission capacity through multiple circuiting or design modifications;

(11) evaluation of irreversible and irretrievable commitments of resources should the proposed site or route be approved;

(12) when appropriate, consideration of problems raised by other state and federal agencies and local entities;

(13) evaluation of the benefits of the proposed facility with respect to (i) the protection and enhancement of environmental quality, and (ii) the reliability of state and regional energy supplies;

(14) evaluation of the proposed facility's impact on socioeconomic factors; and

(15) evaluation of the proposed facility's employment and economic impacts in the vicinity of the facility site and throughout Minnesota, including the quantity and quality of construction and permanent jobs and their compensation levels. The commission must consider a facility's local employment and economic impacts, and may reject or place conditions on a site or route permit based on the local employment and economic impacts.

(c) If the commission's rules are substantially similar to existing regulations of a federal agency to which the utility in the state is subject, the federal regulations must be applied by the commission.

(d) No site or route shall be designated which violates state agency rules.

(e) The commission must make specific findings that it has considered locating a route for a high-voltage transmission line on an existing high-voltage transmission route and the use of parallel existing highway right-of-way and, to the extent those are not used for the route, the commission must state the reasons.

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

Sec. 22. Minnesota Statutes 2022, section 216E.04, subdivision 2, as amended by Laws 2023, chapter 7, section 29, is amended to read:

Subd. 2. **Applicable projects.** The requirements and procedures in this section apply to the following projects:

(1) large electric power generating plants with a capacity of less than 80 megawatts;

(2) large electric power generating plants that are fueled by natural gas;

(3) high-voltage transmission lines of between 100 and 200 kilovolts;

(4) high-voltage transmission lines in excess of 200 kilovolts and less than 30 miles in length in Minnesota;

(5) high-voltage transmission lines in excess of 200 kilovolts if at least 80 percent of the distance of the line in Minnesota will be located along existing high-voltage transmission line right-of-way;

(6) a high-voltage transmission line service extension to a single customer between 200 and 300 kilovolts and less than ten miles in length;

(7) a high-voltage transmission line rerouting to serve the demand of a single customer when the rerouted line will be located at least 80 percent on property owned or controlled by the customer or the owner of the transmission line; ~~and~~

(8) large electric power generating plants that are powered by solar energy~~.~~; and

(9) energy storage systems.

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

Sec. 23. Minnesota Statutes 2022, section 216E.05, subdivision 2, is amended to read:

Subd. 2. **Applicable projects.** Applicants may seek approval from local units of government to construct the following projects:

(1) large electric power generating plants with a capacity of less than 80 megawatts;

(2) large electric power generating plants of any size that burn natural gas and are intended to be a peaking plant;

(3) high-voltage transmission lines of between 100 and 200 kilovolts;

(4) substations with a voltage designed for and capable of operation at a nominal voltage of 100 kilovolts or more;

(5) a high-voltage transmission line service extension to a single customer between 200 and 300 kilovolts and less than ten miles in length; ~~and~~

(6) a high-voltage transmission line rerouting to serve the demand of a single customer when the rerouted line will be located at least 80 percent on property owned or controlled by the customer or the owner of the transmission line; and

(7) energy storage systems.

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

Sec. 24. Minnesota Statutes 2022, section 216E.06, is amended to read:

216E.06 EMERGENCY PERMIT.

(a) Any utility whose electric power system requires the immediate construction of a large electric power ~~generating plant or high voltage transmission line~~ facility due to a major unforeseen event may apply to the commission for an emergency permit. The application shall provide notice in writing of the major unforeseen event and the need for immediate construction. The permit must be issued in a timely manner, no later than 195 days after the commission's acceptance of the application and upon a finding by the commission that (1) a demonstrable emergency exists, (2) the emergency requires immediate construction, and (3) adherence to the procedures and time schedules specified in section 216E.03 would jeopardize the utility's electric power system or would jeopardize the utility's ability to meet the electric needs of its customers in an orderly and timely manner.

(b) A public hearing to determine if an emergency exists must be held within 90 days of the application. The commission, after notice and hearing, shall adopt rules specifying the criteria for emergency certification.

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

Sec. 25. Minnesota Statutes 2022, section 216E.07, is amended to read:

216E.07 ANNUAL HEARING.

The commission shall hold an annual public hearing at a time and place prescribed by rule in order to afford interested persons an opportunity to be heard regarding any matters relating to the siting and routing of large electric ~~generating~~ power ~~plants and routing of high voltage transmission lines~~ facilities. At the meeting, the commission shall advise the public of the permits issued by the commission in the past year. The commission shall provide at least ten days but no more than 45 days' notice of the annual meeting by mailing or serving electronically, as provided in section 216.17, a notice to those persons who have requested notice and by publication in the EQB Monitor and the commission's weekly calendar.

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

Sec. 26. Minnesota Statutes 2022, section 216E.10, is amended to read:

216E.10 APPLICATION TO LOCAL REGULATION AND OTHER STATE PERMITS.

Subdivision 1. **Site or route permit prevails over local provisions.** To assure the paramount and controlling effect of the provisions herein over other state agencies, regional, county, and local governments, and special purpose government districts, the issuance of a site permit or route permit and subsequent purchase and use of such site or route locations for large electric power ~~generating plant and high voltage transmission line~~ facility purposes shall be the sole site or route approval required to be obtained by the utility. Such permit shall supersede and preempt all zoning, building, or land use rules, regulations, or ordinances promulgated by regional, county, local and special purpose government.

Subd. 2. **Other state permits.** Notwithstanding anything herein to the contrary, utilities shall obtain state permits that may be required to construct and operate large electric power ~~generating plants and high voltage transmission lines~~ facilities. A state agency in processing a utility's facility permit application shall be bound to the decisions of the commission, with respect to the site or route designation, and with respect to other matters for which authority has been granted to the commission by this chapter.

Subd. 3. **State agency participation.** (a) State agencies authorized to issue permits required for construction or operation of large electric power generating plants or high-voltage transmission lines shall participate during routing and siting at public hearings and all other activities of the commission on specific site or route designations and design considerations of the commission, and shall clearly state whether the site or route being considered for designation or permit and other design matters under consideration for approval will be in compliance with state agency standards, rules, or policies.

(b) An applicant for a permit under this section or under chapter 216G shall notify the commissioner of agriculture if the proposed project will impact cultivated agricultural land, as that term is defined in section 216G.01, subdivision 4. The commissioner may participate and advise the commission as to whether to grant a permit for the project and the best options for mitigating adverse impacts to agricultural lands if the permit is granted. The Department of Agriculture shall be the lead agency on the development of any agricultural mitigation plan required for the project.

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

Sec. 27. Minnesota Statutes 2022, section 326B.106, subdivision 1, is amended to read:

Subdivision 1. **Adoption of code.** (a) Subject to paragraphs (c) and (d) and sections 326B.101 to 326B.194, the commissioner shall by rule and in consultation with the Construction Codes Advisory Council establish a code of standards for the construction, reconstruction, alteration, and repair of buildings, governing matters of structural materials, design and construction, fire protection, health, sanitation, and safety, including design and construction standards regarding heat loss control, illumination, and climate control. The code must also include duties and responsibilities for code administration, including procedures for administrative action, penalties, and suspension and revocation of certification. The code must conform insofar as practicable to model building codes generally accepted and in use throughout the United States, including a code for building conservation. In the preparation of the code, consideration must be given to the existing statewide specialty codes presently in use in the state. Model codes with necessary modifications and statewide specialty codes may be adopted by reference. The code must be based on the application of scientific principles, approved tests, and professional judgment. To the extent possible, the code must be adopted in terms of desired results instead of the means of achieving those results, avoiding wherever possible the incorporation of specifications of particular methods or materials. To that end the code must encourage the use of new methods and new materials. Except as otherwise provided in sections 326B.101 to 326B.194, the commissioner shall administer and enforce the provisions of those sections.

(b) The commissioner shall develop rules addressing the plan review fee assessed to similar buildings without significant modifications including provisions for use of building systems as specified in the industrial/modular program specified in section 326B.194. Additional plan review fees associated with similar plans must be based on costs commensurate with the direct and indirect costs of the service.

(c) Beginning with the 2018 edition of the model building codes and every six years thereafter, the commissioner shall review the new model building codes and adopt the model codes as amended for use in Minnesota, within two years of the published edition date. The commissioner may adopt amendments to the building codes prior to the adoption of the new building codes to advance construction methods, technology, or materials, or, where necessary to protect the health, safety, and welfare of the public, or to improve the efficiency or the use of a building.

(d) Notwithstanding paragraph (c), the commissioner shall act on each new model residential energy code and the new model commercial energy code in accordance with federal law for which the United States Department of Energy has issued an affirmative determination in compliance with United States Code, title 42, section 6833. The commissioner shall consider amendments to the model energy codes that mitigate the impact of climate change and reduce greenhouse gas emissions by increasing and optimizing energy efficiency and improving resiliency of new buildings and existing buildings undergoing additions, alterations, and changes of use. The commissioner may adopt amendments prior to adoption of the new energy codes, as amended for use in Minnesota, to advance construction methods, technology, or materials, or, where necessary to protect the health, safety, and welfare of the public, or to improve the efficiency or use of a building.

(e) Beginning in 2024, the commissioner shall act on the new model commercial energy code by adopting each new published edition of ASHRAE 90.1 or a more efficient standard. The commercial energy code in effect in 2036 and thereafter must achieve an 80 percent reduction in annual net energy consumption or greater, using the ASHRAE 90.1-2004 as a baseline. The commissioner shall adopt commercial energy codes from 2024 to 2036 that incrementally move toward achieving the 80 percent reduction in annual net energy consumption. By January 15 of the year following each new code adoption, the commissioner shall report on the progress made under this section to the legislative committees with jurisdiction over the energy code.

(f) Nothing in this section limits the ability of a public utility to offer code support programs, or to claim energy savings resulting from code support programs, through the public utility's energy conservation and optimization plans approved by the commissioner of commerce under section 216B.241.

Sec. 28. **RULEMAKING AUTHORIZED.**

(a) The commission is authorized to develop and adopt rules for siting energy storage systems and to reflect the provisions of this act.

(b) Until the commission adopts rules under this section, the commission shall utilize applicable provisions of Minnesota Rules, chapter 7850, to site energy storage systems, except that Minnesota Rules, part 7850.4400, subpart 4, does not apply to energy storage systems.

(c) For the purposes of this section, "energy storage system" has the meaning given in Minnesota Statutes, section 216E.01, subdivision 3a.

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

Sec. 29. **REVISOR INSTRUCTION.**

The revisor of statutes shall make any necessary changes in Minnesota Rules resulting from the changes made to Minnesota Statutes, chapter 216E, in this act.

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

ARTICLE 13
PUBLIC UTILITIES COMMISSION PROCEDURES

Section 1. Minnesota Statutes 2022, section 216B.17, subdivision 1, is amended to read:

Subdivision 1. **Investigation.** On ~~its~~ the commission's own motion or upon a complaint made against any public utility~~,~~ by the governing body of any political subdivision, by another public utility, by the department, ~~or~~ by any 50 consumers of ~~the~~ a particular utility, or by a complainant under section 216B.172 that any of the rates, tolls, tariffs, charges, or schedules or any joint rate or any regulation, measurement, practice, act, or omission affecting or

relating to the production, transmission, delivery, or furnishing of natural gas or electricity or any service in connection therewith is in any respect unreasonable, insufficient, or unjustly discriminatory, or that any service is inadequate or cannot be obtained, the commission shall proceed, with notice, to make such investigation as it may deem necessary. The commission may dismiss any complaint without a hearing if in its opinion a hearing is not in the public interest.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any complaint filed with the commission on or after that date.

Sec. 2. **[216B.172] CONSUMER DISPUTES.**

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

(b) "Appeal" means a request a complainant files with the commission to review and make a final decision regarding the resolution of the complainant's complaint by the consumer affairs office.

(c) "Complainant" means an individual residential customer who files with the consumer affairs office a complaint against a public utility.

(d) "Complaint" means an allegation submitted to the consumer affairs office by a complainant that a public utility's action or practice regarding billing or terms and conditions of service:

(1) violates a statute, rule, tariff, service contract, or other provision of law;

(2) is unreasonable; or

(3) has harmed or, if not addressed, harms a complainant.

Complaint does not include an objection to or a request to modify any natural gas or electricity rate contained in a tariff that has been approved by the commission. A complaint under this section is an informal complaint under Minnesota Rules, chapter 7829.

(e) "Consumer affairs office" means the staff unit of the commission that is organized to receive and respond to complaints.

(f) "Informal proceeding" has the meaning given in Minnesota Rules, part 7829.0100, subpart 8.

(g) "Public assistance" has the meaning given in section 550.37, subdivision 14.

(h) "Public utility" has the meaning given in section 216B.02, subdivision 4.

Subd. 2. **Complaint resolution procedure.** A complainant must first attempt to resolve a dispute with a public utility by filing a complaint with the consumer affairs office. The consumer affairs office must: (1) notify the complainant of the resolution of the complaint; and (2) provide written notice of (i) the complainant's right to appeal the resolution to the commission, and (ii) the steps the complainant may take to appeal the resolution. Upon request, the consumer affairs office must provide to the complainant a written notice containing the substance of and basis for the resolution. Nothing in this section affects any other rights existing under this chapter or other law.

Subd. 3. **Appeal; final commission decision.** (a) If a complainant is not satisfied with the resolution of a complaint by the consumer affairs office, the complainant may file an appeal with the commission requesting that the commission make a final decision on the complaint. The commission's response to an appeal filed under this subdivision must comply with the notice requirements under section 216B.17, subdivisions 2 to 5.

(b) Upon the commission's receipt of an appeal filed under paragraph (a), the chair of the commission or a subcommittee delegated under section 216A.03, subdivision 8, to review the resolution of the complaint must decide whether the complaint be:

(1) dismissed because there is no reasonable basis on which to proceed;

(2) resolved through an informal commission proceeding; or

(3) referred to the Office of Administrative Hearings for a contested case proceeding under chapter 14.

A decision made under this paragraph must be provided in writing to the complainant and the public utility.

(c) If the commission decides that the complaint be resolved through an informal proceeding before the commission or referred to the Office of Administrative Hearings for a contested case proceeding, the executive secretary must issue any procedural schedules, notices, or orders required to initiate an informal proceeding or a contested case.

(d) The commission's dismissal of an appeal request or a decision rendered after conducting an informal proceeding is a final decision constituting an order or determination of the commission.

Subd. 4. **Judicial review.** Notwithstanding section 216B.27, a complainant may seek judicial review in district court of an adverse final decision under subdivision 3, paragraph (b), clause (1) or (2). Judicial review of the commission's decision in a contested case referred under subdivision 3, paragraph (b), clause (3), is governed by chapter 14.

Subd. 5. **Right to service during pendency of dispute.** A public utility must continue or promptly restore service to a complainant during the pendency of an administrative or judicial procedure pursued by a complainant under this section, provided that the complainant:

(1) agrees to enter into a payment agreement under section 216B.098, subdivision 3;

(2) posts the full disputed payment in escrow;

(3) demonstrates receipt of public assistance or eligibility for legal aid services; or

(4) demonstrates the complainant's household income is at or below 50 percent of the median income in Minnesota.

Subd. 6. **Rulemaking authority.** The commission may adopt rules to carry out the purposes of this section.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any complaint filed with the commission on or after that date.

Sec. 3. **[216B.631] COMPENSATION FOR PARTICIPANTS IN PROCEEDINGS.**

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

(b) "Participant" means a person who files comments or appears in a commission proceeding concerning one or more public utilities, excluding public hearings held in contested cases and commission proceedings conducted to receive general public comments.

(c) "Party" means a person by or against whom a proceeding before the commission is commenced or a person permitted to intervene in a proceeding, other than public hearings, concerning one or more public utilities.

(d) "Proceeding" means a process or procedural means the commission engages in under this chapter to attempt to resolve an issue affecting one or more public utilities and that results in a commission order.

(e) "Public utility" has the meaning given in section 216B.02, subdivision 4.

Subd. 2. **Participants; eligibility.** Any of the following participants is eligible to receive compensation under this section:

(1) a nonprofit organization that:

(i) is exempt from taxation under section 501(c)(3) of the Internal Revenue Code;

(ii) is incorporated or organized in Minnesota;

(iii) is governed under chapter 317A or section 322C.1101; and

(iv) the commission determines under subdivision 3, paragraph (c), would suffer financial hardship if not compensated for the nonprofit organization's participation in the applicable proceeding;

(2) a Tribal government of a federally recognized Indian Tribe that is located in Minnesota; or

(3) a Minnesota resident, except that an individual who owns a for-profit business that has earned revenue from a Minnesota utility in the past two years is not eligible for compensation.

Subd. 3. **Compensation; conditions.** (a) The commission may order a public utility to compensate all or part of a participant's reasonable costs incurred to participate in a proceeding before the commission if the participant is eligible under subdivision 2 and the commission finds:

(1) that the participant has materially assisted the commission's deliberation; and

(2) if the participant is a nonprofit organization, that the participant would suffer financial hardship if the nonprofit organization's participation in the proceeding was not compensated.

(b) In determining whether a participant has materially assisted the commission's deliberation, the commission must find that:

(1) the participant made a unique contribution to the record and represented an interest that would not otherwise have been adequately represented;

(2) the evidence or arguments presented or the positions taken by the participant were an important factor in producing a fair decision;

(3) the participant's position promoted a public purpose or policy;

(4) the evidence presented, arguments made, issues raised, or positions taken by the participant would not otherwise have been part of the record;

(5) the participant was active in any stakeholder process included in the proceeding; and

(6) the proceeding resulted in a commission order that adopted, in whole or in part, a position advocated by the participant.

(c) In determining whether a nonprofit participant has demonstrated that a lack of compensation would present financial hardship, the commission must find that the nonprofit participant:

(1) incorporated or organized within three years of the beginning of the applicable proceeding;

(2) has payroll expenses less than $750,000; or

(3) has secured less than $100,000 in current year funding dedicated to participation in commission proceedings, not including any participant compensation awarded under this section.

(d) In reviewing a compensation request, the commission must consider whether the costs presented in the participant's claim are reasonable. If the commission determines that an eligible participant materially assisted the commission's deliberation, the commission shall award all or part of the requested compensation, up to the maximum amounts provided under subdivision 4.

Subd. 4. **Compensation; amount.** (a) Compensation must not exceed $50,000 for a single participant in any proceeding, except that:

(1) if a proceeding extends longer than 12 months, a participant may request and be awarded compensation of up to $50,000 for costs incurred in each calendar year; and

(2) in an integrated resource plan proceeding under section 216B.2422 or a proceeding that has been referred to the Office of Administrative Hearings for a contested case proceeding, a participant may request and be awarded up to $75,000.

(b) No single participant may be awarded more than $200,000 under this section in a single calendar year.

(c) Compensation requests from joint participants must be presented as a single request.

(d) Notwithstanding paragraphs (a) and (b), the commission must not, in any calendar year, require a single public utility to pay aggregate compensation under this section that exceeds the following amounts:

(1) $100,000, for a public utility with up to $300,000,000 annual gross operating revenue in Minnesota;

(2) $275,000, for a public utility with at least $300,000,000 but less than $900,000,000 annual gross operating revenue in Minnesota;

(3) $375,000, for a public utility with at least $900,000,000 but less than $2,000,000,000 annual gross operating revenue in Minnesota; and

(4) $1,250,000, for a public utility with $2,000,000,000 or more annual gross operating revenue in Minnesota.

(e) When requests for compensation from any public utility approach the limits established in paragraph (d), the commission may give priority to requests from participants that received less than $150,000 in total compensation during the previous two years and from participants who represent residential ratepayers, particularly those residential ratepayers who the participant can demonstrate have been underrepresented in past commission proceedings.

Subd. 5. **Compensation; process.** (a) A participant seeking compensation must file a request and an affidavit of service with the commission, and serve a copy of the request on each party to the proceeding. The request must be filed no more than 30 days after the later of:

(1) the expiration of the period within which a petition for rehearing, amendment, vacation, reconsideration, or reargument must be filed; or

(2) the date the commission issues an order following rehearing, amendment, vacation, reconsideration, or reargument.

(b) A compensation request must include:

(1) the name and address of the participant or nonprofit organization the participant is representing;

(2) evidence of the organization's nonprofit, tax-exempt status, if applicable;

(3) the name and docket number of the proceeding for which compensation is requested;

(4) for a nonprofit participant, evidence supporting the nonprofit organization's eligibility for compensation under the financial hardship test under subdivision 3, paragraph (c);

(5) amounts of compensation awarded to the participant under this section during the current year and any pending requests for compensation, itemized by docket;

(6) an itemization of the participant's costs, not including overhead costs;

(7) participant revenues dedicated for the proceeding;

(8) the total compensation request; and

(9) a narrative describing the unique contribution made to the proceeding by the participant.

(c) A participant must comply with reasonable requests for information by the commission and other parties or participants. A participant must reply to information requests within ten calendar days of the date the request is received, unless doing so would place an extreme hardship upon the replying participant. The replying participant must provide a copy of the information to any other participant or interested person upon request. Disputes regarding information requests may be resolved by the commission.

(d) A party or participant objecting to a request for compensation must, within 30 days after service of the request for compensation, file a response and an affidavit of service with the commission. A copy of the response must be served on the requesting participant and all other parties to the proceeding.

(e) The requesting participant may file a reply with the commission within 15 days after a response is filed under paragraph (d). A copy of the reply and an affidavit of service must be served on all other parties to the proceeding.

(f) If additional costs are incurred by a participant as a result of additional proceedings following the commission's initial order, the participant may file an amended request within 30 days after the commission issues an amended order. Paragraphs (b) to (e) apply to an amended request.

(g) The commission must issue a decision on participant compensation within 120 days of the date a request for compensation is filed by a participant.

(h) The commission may extend the deadlines in paragraphs (d), (e), and (g) for up to 30 days upon the request of a participant or on the commission's own initiative.

(i) A participant may request reconsideration of the commission's compensation decision within 30 days of the decision date.

Subd. 6. **Compensation; orders.** (a) If the commission issues an order requiring payment of participant compensation, the public utility that was the subject of the proceeding must pay the full compensation to the participant and file proof of payment with the commission within 30 days after the later of:

(1) the expiration of the period within which a petition for reconsideration of the commission's compensation decision must be filed; or

(2) the date the commission issues an order following reconsideration of the commission's order on participant compensation.

(b) If the commission issues an order requiring payment of participant compensation in a proceeding involving multiple public utilities, the commission must apportion costs among the public utilities in proportion to each public utility's annual revenue.

(c) The commission may issue orders necessary to allow a public utility to recover the costs of participant compensation on a timely basis.

Subd. 7. **Report.** By July 1, 2026, the commission must report to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over energy policy on the operation of this section. The report must include but is not limited to:

(1) the amount of compensation paid each year by each utility;

(2) each recipient of compensation, the commission dockets in which compensation was awarded, and the compensation amounts; and

(3) the impact of the participation of compensated participants.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any proceeding in which the commission has not issued a final order as of that date.

Sec. 4. **REPEALER.**

Minnesota Statutes 2022, section 216B.16, subdivision 10, is repealed.

ARTICLE 14
CLIMATE

Section 1. **[16B.312] CONSTRUCTION MATERIALS; ENVIRONMENTAL ANALYSIS.**

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

(b) "Carbon steel" means steel in which the main alloying element is carbon and whose properties are chiefly dependent on the percentage of carbon present.

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

(d) "Electric arc furnace" means a furnace that produces molten alloy metal and heats the charge materials with electric arcs from carbon electrodes.

(e) "Eligible material" means:

(1) carbon steel rebar;

(2) structural steel;

(3) concrete; or

(4) asphalt paving mixtures.

(f) "Eligible project" means:

(1) new construction of a state building larger than 50,000 gross square feet of occupied or conditioned space;

(2) renovation of more than 50,000 gross square feet of occupied or conditioned space in a state building whose renovation cost exceeds 50 percent of the building's assessed value; or

(3) new construction or reconstruction of two or more lane-miles of a trunk highway.

(g) "Environmental product declaration" means a supply chain specific type III environmental product declaration that:

(1) contains a material production life cycle assessment of the environmental impacts of manufacturing a specific product by a specific firm, including the impacts of extracting and producing the raw materials and components that compose the product;

(2) is verified by a third party; and

(3) meets the ISO 14025 standard developed and maintained by the International Organization for Standardization (ISO).

(h) "Global warming potential" has the meaning given in section 216H.10, subdivision 6.

(i) "Greenhouse gas" has the meaning given to "statewide greenhouse gas emissions" in section 216H.01, subdivision 2.

(j) "Integrated steel production" means the production of iron and subsequently steel primarily from iron ore or iron ore pellets.

(k) "Material production life cycle" means an analysis that includes the environmental impacts of all stages of a specific product's production, from mining and processing the product's raw materials to the process of manufacturing the product.

(l) "Rebar" means a steel reinforcing bar or rod encased in concrete.

(m) "Secondary steel production" means the production of steel from primarily ferrous scrap and other metallic inputs that are melted and refined in an electric arc furnace.

(n) "State building" means a building owned by the state of Minnesota or a Minnesota state agency.

(o) "Structural steel" means steel that is used in structural applications in accordance with industry standard definitions.

(p) "Supply chain specific" means an environmental product declaration that includes specific data for the production processes of the materials and components composing a product that contribute at least 80 percent of the product's material production life cycle global warming potential, as defined in ISO standard 21930.

Subd. 2. **Standard; maximum global warming potential.** (a) The commissioner shall, after reviewing the recommendations from the Environmental Standards Procurement Task Force made under subdivision 5, paragraph (c), establish and publish a maximum acceptable global warming potential for each eligible material used in an eligible project, in accordance with the following schedule:

(1) for concrete used in buildings, no later than January 15, 2026; and

(2) for carbon steel rebar and structural steel and, after conferring with the commissioner of transportation, for asphalt paving mixtures and concrete pavement, no later than January 15, 2028.

(b) The commissioner shall, after considering nationally or internationally recognized databases of environmental product declarations for an eligible material, establish the maximum acceptable global warming potential for the eligible material.

(c) The commissioner may set different maximum global warming potentials for different specific products and subproduct categories that are examples of the same eligible material based on distinctions between eligible material production and manufacturing processes, such as integrated versus secondary steel production.

(d) The commissioner must establish maximum global warming potentials that are consistent with criteria in an environmental product declaration.

(e) Not later than three years after establishing the maximum global warming potential for an eligible material under paragraph (a) and not longer than every three years thereafter the commissioner, after conferring with the commissioner of transportation with respect to asphalt paving mixtures and concrete pavement, shall review the maximum acceptable global warming potential for each eligible material and for specific eligible material products. The commissioner may adjust any of the values downward to reflect industry improvements if, based on the process described in paragraph (b), the commissioner determines the industry average has declined.

Subd. 3. **Procurement process.** The Department of Administration and the Department of Transportation shall, after reviewing the recommendations of the Environmental Standards Procurement Task Force made under subdivision 5, paragraph (c), establish processes for incorporating the maximum allowable global warming potential of eligible materials into bidding processes by the effective dates listed in subdivision 2.

Subd. 4. **Pilot program.** (a) No later than July 1, 2024, the Department of Administration must establish a pilot program that seeks to obtain from vendors an estimate of the material production life cycle greenhouse gas emissions of products selected by the departments from among those procured. The pilot program must encourage, but may not require, a vendor to submit the following data for each selected product that represents at least 90 percent of the total cost of the materials or components composing the selected product:

(1) the quantity of the product purchased by the department;

(2) a current environmental product declaration for the product;

(3) the name and location of the product's manufacturer;

(4) a copy of the vendor's Supplier Code of Conduct, if any;

(5) the names and locations of the product's actual production facilities; and

(6) an assessment of employee working conditions at the product's production facilities.

(b) The Department of Administration must construct or provide access to a publicly accessible database, which shall be posted on the department's website and contain the data reported to the department under this subdivision.

Subd. 5. **Environmental Standards Procurement Task Force.** (a) No later than October 1, 2023, the commissioners of administration and transportation must establish an Environmental Standards Procurement Task Force to examine issues surrounding the implementation of a program requiring vendors of certain construction materials purchased by the state to:

(1) submit environmental product declarations that assess the material production life cycle environmental impacts of the materials to state officials as part of the procurement process; and

(2) meet standards established by the commissioner of administration that limit greenhouse gas emissions impacts of the materials.

(b) The task force must examine, at a minimum, the following:

(1) which construction materials should be subject to the program requirements and which construction materials should be considered to be added, including lumber, mass timber, aluminum, glass, and insulation;

(2) what factors should be considered in establishing greenhouse gas emissions standards, including distinctions between eligible material production and manufacturing processes, such as integrated versus secondary steel production;

(3) a schedule for the development of standards for specific materials and for incorporating the standards into the purchasing process, including distinctions between eligible material production and manufacturing processes;

(4) the development and use of financial incentives to reward vendors for developing products whose greenhouse gas emissions are below the standards;

(5) the provision of grants to defer a vendor's cost to obtain environmental product declarations;

(6) how to ensure that lowering environmental product declaration values does not negatively impact the durability or longevity of construction materials or built structures;

(7) how to create and manage a database for environmental product declaration data that is consistent with data governance procedures of the state and is compatible for data sharing with other states and federal agencies;

(8) how to account for differences among geographical regions with respect to the availability of covered materials, fuel, and other necessary resources, and the quantity of covered materials that the department uses or plans to use;

(9) coordinating with the federal Buy Clean Task Force established under Executive Order 14057 and representatives of the United States Departments of Commerce, Energy, Housing and Urban Development, and Transportation; Environmental Protection Agency; General Services Administration; White House Office of Management and Budget; and the White House Domestic Climate Policy Council;

(10) how the issues in clauses (1) to (9) are addressed by existing programs in other states and countries; and

(11) any other issues the task force deems relevant.

(c) The task force shall make recommendations to the commissioners of administration and transportation regarding:

(1) how to implement requirements that maximum global warming impacts for eligible materials be integrated into the bidding process for eligible projects;

(2) incentive structures that can be included in bidding processes to encourage the use of materials whose global warming potential is below the maximum established under subdivision 2;

(3) how a successful bidder for a contract notifies the commissioner of the specific environmental product declaration for a material used on a project;

(4) a process for waiving the requirements to procure materials below the maximum global warming potential resulting from product supply problems, geographic impracticability, or financial hardship;

(5) a system for awarding grants to manufacturers of eligible materials located in Minnesota to offset the cost of obtaining environmental product declarations or otherwise collect environmental product declaration data from manufacturers based in Minnesota;

(6) whether to use an industry average or a different method to set the maximum allowable global warming potential, or whether that average could be used for some materials but not others; and

(7) any other items the task force deems necessary in order to implement this section.

(d) Members of the task force must include but are not limited to representatives of:

(1) the Departments of Administration and Transportation;

(2) the Center for Sustainable Building Research at the University of Minnesota;

(3) the Aggregate and Ready Mix Association of Minnesota;

(4) the Concrete Paving Association of Minnesota;

(5) the Minnesota Asphalt Pavement Association;

(6) the Minnesota Board of Engineering;

(7) the Minnesota iron mining industry;

(8) building and transportation construction firms;

(9) the American Institute of Steel Construction;

(10) suppliers of eligible materials;

(11) organized labor in the construction trades;

(12) organized labor in the manufacturing or industrial sectors;

(13) environmental advocacy organizations; and

(14) environmental justice organizations.

(e) The Department of Administration must provide meeting space and serve as staff to the task force.

(f) The commissioner of administration or the commissioner's designee shall serve as chair of the task force. The task force must meet at least four times annually and may convene additional meetings at the call of the chair.

(g) The commissioner of administration shall summarize the findings and recommendations of the task force in a report submitted to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over state government, transportation, and energy no later than December 1, 2025, and annually thereafter for as long as the task force continues its operations.

(h) The task force is subject to section 15.059, subdivision 6.

(i) Meetings of the task force are subject to chapter 13D.

(j) The task force expires on January 1, 2029.

Subd. 6. **Environmental product declarations; grant program.** A grant program is established in the Department of Administration to award grants to assist manufacturers to obtain environmental product declarations. The commissioner of administration shall develop procedures for processing grant applications and making grant awards. Grant applicants must submit an application to the commissioner on a form prescribed by the commissioner. The commissioner shall act as fiscal agent for the grant program and is responsible for receiving and reviewing grant applications and awarding grants under this subdivision.

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

Sec. 2. **[216C.441] MINNESOTA CLIMATE INNOVATION FINANCE AUTHORITY.**

Subdivision 1. **Establishment; purpose.** (a) There is created a public body corporate and politic to be known as the "Minnesota Climate Innovation Finance Authority," whose purpose is to accelerate the deployment of clean energy projects, greenhouse gas emissions reduction projects, and other qualified projects through the strategic deployment of public funds in the form of grants, loans, credit enhancements, and other financing mechanisms in order to leverage existing public and private sources of capital to reduce the upfront and total cost of qualified projects and to overcome financial barriers to project adoption, especially in low-income communities.

(b) The goals of the authority include but are not limited to:

(1) reducing Minnesota's contributions to climate change by accelerating the deployment of clean energy projects;

(2) ensuring that all Minnesotans share the benefits of clean and renewable energy and the opportunity to fully participate in the clean energy economy by promoting:

(i) the creation of clean energy jobs for Minnesota workers, particularly in environmental justice communities and communities in which fossil fuel electric generating plants are retiring; and

(ii) the principles of environmental justice in the authority's operations and funding decisions; and

(3) maintaining energy reliability while reducing the economic burden of energy costs, especially on low-income households.

Subd. 2. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

(b) "Authority" means the Minnesota Climate Innovation Finance Authority.

(c) "Board" means the Minnesota Climate Innovation Finance Authority's board of directors established in subdivision 10.

(d) "Clean energy project" has the meaning given to "qualified project" in paragraph (n), clauses (1) to (7).

(e) "Community navigator" means an organization that works to facilitate access to clean energy project financing by community groups.

(f) "Credit enhancement" means a pool of capital set aside to cover potential losses on loans and other investments made by financing entities. Credit enhancement includes but is not limited to loan loss reserves and loan guarantees.

(g) "Energy storage system" has the meaning given in section 216B.2422, subdivision 1, paragraph (f).

(h) "Environmental justice" means that:

(1) communities of color, Indigenous communities, and low-income communities have a healthy environment and are treated fairly when environmental statutes, rules, and policies are developed, adopted, implemented, and enforced; and

(2) in all decisions that have the potential to affect the environment of an environmental justice community or the public health of an environmental justice community's residents, due consideration is given to the history of the area's and the area's residents' cumulative exposure to pollutants and to any current socioeconomic conditions that increase the physical sensitivity of the area's residents to additional exposure to pollutants.

(i) "Environmental justice community" means a community in Minnesota that, based on the most recent data published by the United States Census Bureau, meets one or more of the following criteria:

(1) 40 percent or more of the community's total population is nonwhite;

(2) 35 percent or more of households in the community have an income that is at or below 200 percent of the federal poverty level;

(3) 40 percent or more of the community's residents over the age of five have limited English proficiency; or

(4) the community is located within Indian country, as defined in United States Code, title 18, section 1151.

(j) "Greenhouse gas emissions" means emissions of carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride emitted by anthropogenic sources.

(k) "Loan loss reserve" means a pool of capital set aside to reimburse a private lender if a customer defaults on a loan, up to an agreed-upon percentage of loans originated by the private lender.

(l) "Microgrid system" means an electrical grid that:

(1) serves a discrete geographical area from distributed energy resources; and

(2) can operate independently from the central electric grid on a temporary basis.

(m) "Project labor agreement" means a prehire collective bargaining agreement with a council of building and construction trades labor organizations (1) prohibiting strikes, lockouts, and similar disruptions, and (2) providing for a binding procedure to resolve labor disputes on the project.

(n) "Qualified project" means a project, technology, product, service, or measure promoting energy efficiency, clean energy, electrification, or water conservation and quality that:

(1) substantially reduces greenhouse gas emissions;

(2) reduces energy use without diminishing the level of service;

(3) increases the deployment of renewable energy projects, energy storage systems, district heating, smart grid technologies, or microgrid systems;

(4) replaces existing fossil-fuel-based technology with an end-use electric technology;

(5) supports the development and deployment of electric vehicle charging stations and associated infrastructure, electric buses, and electric fleet vehicles;

(6) reduces water use or protects, restores, or preserves the quality of surface waters; or

(7) incentivizes customers to shift demand in response to changes in the price of electricity or when system reliability is not jeopardized.

(o) "Renewable energy" has the meaning given in section 216B.1691, subdivision 1, paragraph (c), clauses (1), (2), and (4), and includes fuel cells generated from renewable energy.

(p) "Securitization" means the conversion of an asset composed of individual loans into marketable securities.

(q) "Smart grid" means a digital technology that:

(1) allows for two-way communication between a utility and the utility's customers; and

(2) enables the utility to control power flow and load in real time.

Subd. 3. **General powers.** (a) For the purpose of exercising the specific powers granted in this section, the authority has the general powers granted in this subdivision.

(b) The authority may:

(1) hire an executive director and staff to conduct the authority's operations;

(2) sue and be sued;

(3) have a seal and alter the seal;

(4) acquire, hold, lease, manage, and dispose of real or personal property for the authority's corporate purposes;

(5) enter into agreements, including cooperative financing agreements, contracts, or other transactions, with any federal or state agency, county, local unit of government, regional development commission, person, domestic or foreign partnership, corporation, association, or organization;

(6) acquire by purchase real property, or an interest therein, in the authority's own name where acquisition is necessary or appropriate;

(7) provide general technical and consultative services related to the authority's purpose;

(8) promote research and development in matters related to the authority's purpose;

(9) analyze greenhouse gas emissions reduction project financing needs in the state and recommend measures to alleviate any shortage of financing capacity;

(10) contract with any governmental or private agency or organization, legal counsel, financial advisor, investment banker, or others to assist in the exercise of the authority's powers;

(11) enter into agreements with qualified lenders or others insuring or guaranteeing to the state the payment of qualified loans or other financing instruments; and

(12) accept on behalf of the state any gift, grant, or interest in money or personal property tendered to the state for any purpose pertaining to the authority's activities.

Subd. 4. **Authority duties.** (a) The authority must:

(1) serve as a financial resource to reduce the upfront and total costs of implementing qualified projects;

(2) ensure that all financed projects reduce greenhouse gas emissions;

(3) ensure that financing terms and conditions offered are well-suited to qualified projects;

(4) strategically prioritize the use of the authority's funds to leverage private investment in qualified projects, with the aim of achieving a high ratio of private to public money invested through funding mechanisms that support, enhance, and complement private lending and investment;

(5) coordinate with existing federal, state, local, utility, and other programs to ensure that the authority's resources are being used most effectively to add to and complement those programs;

(6) stimulate demand for qualified projects by:

(i) contracting with the department's Energy Information Center and community navigators to provide information to project participants about federal, state, local, utility, and other authority financial assistance for qualifying projects, and technical information on energy conservation and renewable energy measures;

(ii) forming partnerships with contractors and informing contractors about the authority's financing programs;

(iii) developing innovative marketing strategies to stimulate project owner interest, especially in underserved communities; and

(iv) incentivizing financing entities to increase activity in underserved markets;

(7) finance projects in all regions of the state;

(8) develop participant eligibility standards and other terms and conditions for financial support provided by the authority;

(9) develop and administer:

(i) policies to collect reasonable fees for authority services; and

(ii) risk management activities to support ongoing authority activities;

(10) develop consumer protection standards governing the authority's investments to ensure that financial support is provided responsibly and transparently, and is in the financial interest of participating project owners;

(11) develop methods to accurately measure the impact of the authority's activities, particularly on low-income communities and on greenhouse gas emissions reductions;

(12) hire an executive director and sufficient staff with the appropriate skills and qualifications to carry out the authority's programs, making an affirmative effort to recruit and hire a director and staff who are from, or share the interests of, the communities the authority must serve;

(13) apply for, either as a direct or subgrantee applicant, and accept Greenhouse Gas Reduction Fund grants authorized by the federal Clean Air Act, United States Code, title 42, section 7434, paragraph (a), clauses (2) and (3). If the application deadlines for these grants are earlier than is practical for the authority to meet, the commissioner shall apply on behalf of the authority. In all cases, applications for these funds by or on behalf of the authority must be coordinated with all known Minnesota applicants; and

(14) ensure that authority contracts with all third-party administrators, contractors, and subcontractors contain required covenants, representations, and warranties specifying that contracted third parties are agents of the authority, and that all acts of contracted third parties are considered acts of the authority, provided that the act is within the contracted scope of work.

(b) The authority may:

(1) employ credit enhancement mechanisms that reduce financial risk for financing entities by providing assurance that a limited portion of a loan or other financial instrument is assumed by the authority via a loan loss reserve, loan guarantee, or other mechanism;

(2) co-invest in a qualified project by providing senior or subordinated debt, equity, or other mechanisms in conjunction with other investment, co-lending, or financing;

(3) aggregate small and geographically dispersed qualified projects in order to diversify risk or secure additional private investment through securitization or similar resale of the authority's interest in a completed qualified project;

(4) expend up to 25 percent of money appropriated to the authority for start-up purposes, which may be used for financing programs and project investments authorized under this section prior to adoption of the strategic plan required under subdivision 7 and the investment strategy under subdivision 8; and

(5) require a specific project to agree to implement a project labor agreement as a condition of receiving financing from the authority.

Subd. 5. **Underserved market analysis.** (a) Before developing a financing program, the authority must conduct an analysis of the financial market the authority is considering entering in order to determine the extent to which the market is underserved and to ensure that the authority's activities supplement, and do not duplicate or supplant, the efforts of financing entities currently serving the market. The analysis must address the nature and extent of any barriers or gaps that may be preventing financing entities from adequately serving the market, and must examine present and projected future efforts of existing financing entities, federal, state, and local governments, and of utilities and others to serve the market.

(b) In determining whether the authority should enter a market, the authority must consider:

(1) whether serving the market advances the authority's policy goals;

(2) the extent to which the market is currently underserved;

(3) the unique tools the authority would deploy to overcome existing market barriers or gaps;

(4) how the authority would market the program to potential participants; and

(5) potential financing partners and the role financing partners would play in complementing the authority's activities.

(c) Before providing any direct loans to residential borrowers, the authority must issue a request for information to existing known financing entities, specifying the market need and the authority's goals in meeting the underserved market segment, and soliciting each financing entity's:

(1) current financing offerings for that specific market;

(2) prior efforts to meet that specific market; and

(3) plans and capabilities to serve that specific market.

(d) The authority may only provide direct loans to residential borrowers if the authority certifies that no financing entity is currently able to meet the specific underserved market need and the authority's goals, and that the authority's entry into the market does not supplant or duplicate any existing financing activities in that specific market.

Subd. 6. **Authority lending practices; labor and consumer protection standards.** (a) In determining the projects in which the authority will participate, the authority must give preference to projects that:

(1) maximize the creation of high-quality employment and apprenticeship opportunities for local workers, consistent with the public interest, especially workers from environmental justice communities, labor organizations, and Minnesota communities hosting retired or retiring electric generation facilities, including workers previously employed at retiring facilities;

(2) utilize energy technologies produced domestically that received an advanced manufacturing tax credit under section 45X of the Internal Revenue Code, as allowed under the federal Inflation Reduction Act of 2022, Public Law 117-169;

(3) certify, for all contractors and subcontractors, that the rights of workers to organize and unionize are recognized; and

(4) agree to implement a project labor agreement.

(b) The authority must require, for all projects for which the authority provides financing, that:

(1) if the budget is $100,000 or more, all contractors and subcontractors:

(i) must pay no less than the prevailing wage rate, as defined in section 177.42, subdivision 6; and

(ii) are subject to the requirements and enforcement provisions under sections 177.27, 177.30, 177.32, 177.41 to 177.43, and 177.45, including the posting of prevailing wage rates, prevailing hours of labor, and hourly basic rates of pay for all trades on the project in at least one conspicuous location at the project site;

(2) financing is not offered without first ensuring that the participants meet the authority's underwriting criteria; and

(3) any loan made to a homeowner for a project on the homeowner's residence complies with section 47.59 and the following federal laws:

(i) the Truth in Lending Act, United States Code, title 15, section 1601 et seq.;

(ii) the Fair Credit Reporting Act, United States Code, title 15, section 1681;

(iii) the Equal Credit Opportunity Act, United States Code, title 15, section 1691 et seq.; and

(iv) the Fair Debt Collection Practices Act, United States Code, title 15, section 1692.

(c) The authority and any third-party administrator, contractor, subcontractor, or agent that conducts lending, financing, investment, marketing, administration, servicing, or installation of measures in connection with a qualified project financed in whole or in part with authority funds is subject to sections 325D.43 to 325D.48; 325F.67 to 325F.71; 325G.06 to 325G.14; 325G.29 to 325G.37; and 332.37.

(d) For the purposes of this section, "local workers" means Minnesota residents who permanently reside within 150 miles of the location of a proposed project in which the authority is considering to participate.

Subd. 7. **Strategic plan.** (a) By December 15, 2024, and each December 15 in even-numbered years thereafter, the authority must develop and adopt a strategic plan that prioritizes the authority's activities over the next two years. A strategic plan must:

(1) identify targeted underserved markets for qualified projects in Minnesota;

(2) develop specific programs to overcome market impediments through access to authority financing and technical assistance; and

(3) develop outreach and marketing strategies designed to make potential project developers, participants, and communities aware of financing and technical assistance available from the authority, including the deployment of community navigators.

(b) Elements of the strategic plan must be informed by the authority's analysis of the market for qualified projects and by the authority's experience under the previous strategic plan, including the degree to which performance targets were or were not achieved by each financing program. In addition, the authority must actively seek input regarding activities that should be included in the strategic plan from stakeholders, environmental justice communities, the general public, and participants, including via meetings required under subdivision 9.

(c) The authority must establish annual targets in a strategic plan for each financing program regarding the number of projects, level of authority investments, greenhouse gas emissions reductions, and installed generating capacity or energy savings the authority hopes to achieve, including separate targets for authority activities undertaken in environmental justice communities.

(d) The authority's targets and strategies must be designed to ensure that no less than 40 percent of the direct benefits of authority activities flow to environmental justice communities as defined under subdivision 2, by the United States Department of Energy, or as modified by the department.

Subd. 8. **Investment strategy; content; process.** (a) No later than December 15, 2024, and every four years thereafter, the authority must adopt a long-term investment strategy to ensure the authority's paramount goal to reduce greenhouse gas emissions is reflected in all of the authority's operations. The investment strategy must address:

(1) the types of qualified projects the authority should focus on;

(2) gaps in current qualified project financing that present the greatest opportunities for successful action by the authority;

(3) how the authority can best position itself to maximize the authority's impact without displacing, subsidizing, or assuming risk that should be shared with financing entities;

(4) financing tools that will be most effective in achieving the authority's goals;

(5) partnerships the authority should establish with other organizations to increase the likelihood of success; and

(6) how values of equity, environmental justice, and geographic balance can be integrated into all investment operations of the authority.

(b) In developing an investment strategy, the authority must consult, at a minimum, with similar organizations in other states, lending authorities, state agencies, utilities, environmental and energy policy nonprofits, labor organizations, and other organizations that can provide valuable advice on the authority's activities.

(c) The long-term investment strategy must contain provisions ensuring that:

(1) authority investments are not made solely to reduce private risk; and

(2) private financing entities do not unilaterally control the terms of investments to which the authority is a party.

(d) The board must submit a draft long-term investment strategy for comment to each of the groups and individuals the board consults under paragraph (b) and to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over energy finance and policy, and must post the draft strategy on the authority's website. The authority must accept written comments on the draft strategy for at least 30 days and must consider the comments in preparing the final long-term investment strategy.

Subd. 9. **Public communications and outreach.** The authority must:

(1) maintain a public website that provides information about the authority's operations, current financing programs, and practices, including rates, terms, and conditions; the number and amount of investments by project type; the number of jobs created; the financing application process; and other information;

(2) periodically issue an electronic newsletter to stakeholders and the public containing information on the authority's products, programs, and services and key authority events and decisions; and

(3) hold quarterly meetings accessible online to update the general public on the authority's activities, report progress being made in regard to the authority's strategic plan and long-term investment strategy, and invite audience questions regarding authority programs.

Subd. 10. **Board of directors.** (a) The Minnesota Climate Innovation Finance Authority board of directors shall consist of the following 13 members:

(1) the commissioner of commerce, or the commissioner's designee;

(2) the commissioner of labor and industry, or the commissioner's designee;

(3) the commissioner of the Minnesota Pollution Control Agency, or the commissioner's designee;

(4) the commissioner of employment and economic development, or the commissioner's designee;

(5) the commissioner of the Minnesota Housing Finance Agency, or the commissioner's designee;

(6) the chair of the Minnesota Indian Affairs Council, or the chair's designee; and

(7) seven additional members appointed by the governor, as follows:

(i) one member representing either a municipal electric utility or a cooperative electric association;

(ii) one member, appointed after the governor consults with labor organizations in the state, must be a representative of a labor union with experience working on clean energy projects;

(iii) one member with expertise in the impact of climate change on Minnesota communities, particularly low-income communities;

(iv) one member with expertise in financing projects at a community bank, credit union, community development institution, or local government;

(v) one member with expertise in sustainable development and energy conservation;

(vi) one member with expertise in environmental justice; and

(vii) one member with expertise in investment fund management or financing and deploying clean energy technologies.

(b) At least two members appointed to the board must permanently reside outside the metropolitan area, as defined in section 473.121, subdivision 2. The board must collectively reflect the geographic and ethnic diversity of the state.

(c) Board members appointed under paragraph (a), clause (6), shall serve a term of four years, except that the initial appointments made under clause (6), items (i) to (iii), shall be for two-year terms, and the initial appointments made under clause (6), items (iv) to (vi), shall be for three-year terms.

(d) Members appointed to the board must:

(1) provide evidence of a commitment to the authority's purposes and goals; and

(2) not hold any personal or professional conflicts of interest related to the authority's activities, including with respect to the member's financial investments and employment or the financial investments and employment of the member's immediate family members.

(e) The governor must make the appointments required under this section no later than October 1, 2023.

(f) The initial meeting of the board of directors must be held no later than November 17, 2023. At the initial meeting, the board shall elect a chair and vice-chair by majority vote of the members present.

(g) The authority shall contract with the department to provide administrative and technical services to the board and to prospective borrowers, especially those serving or located in environmental justice communities.

(h) Compensation of board members, removal of members, and filling of vacancies are governed by section 15.0575.

(i) Board members may be reappointed for up to two full terms.

(j) A majority of board members, excluding vacancies, constitutes a quorum for the purpose of conducting business and exercising powers, and for all other purposes. Action may be taken by the authority upon a vote of a majority of the quorum present.

(k) Board members and officers are not personally liable, either jointly or severally, for any debt or obligation created or incurred by the authority.

Subd. 11. **Account established.** (a) The Minnesota climate innovation authority account is established as a separate account in the special revenue fund in the state treasury. The authority's board of directors shall credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund, but remains in the account until expended. The authority's board of directors shall manage the account.

(b) Money in the account is appropriated to the board of directors of the Minnesota Climate Innovation Finance Authority for the purposes of this section and to reimburse the reasonable costs of the authority to administer this section.

Subd. 12. **Report; audit.** Beginning February 1, 2024, the authority must annually submit a comprehensive report on the authority's activities during the previous year to the governor and the chairs and ranking minority members of the legislative committees with primary jurisdiction over energy policy. The report must contain, at a minimum, information on:

(1) the amount of authority capital invested, by project type;

(2) the amount of private and public capital leveraged by authority investments, by project type;

(3) the number of qualified projects supported, by project type and location within Minnesota, including in environmental justice communities;

(4) the estimated number of jobs created for local workers and nonlocal workers, the ratio of projects subject to and exempt from prevailing wage requirements under subdivision 6, paragraph (b), and tax revenue generated as a result of the authority's activities;

(5) estimated reductions in greenhouse gas emissions resulting from the authority's activities;

(6) the number of clean energy projects financed in low- and moderate-income households;

(7) a narrative describing the progress made toward the authority's equity, social, and labor standards goals; and

(8) a financial audit conducted by an independent party.

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

Sec. 3. Minnesota Statutes 2022, section 216H.02, subdivision 1, is amended to read:

Subdivision 1. **Greenhouse gas emissions-reduction goal.** (a) It is the goal of the state to reduce statewide greenhouse gas emissions across all sectors producing ~~those~~ greenhouse gas emissions ~~to a level at least 15 percent below 2005 levels by 2015, to a level at least 30 percent below 2005 levels by 2025, and to a level at least 80 percent below 2005 levels by 2050.~~ by at least the following amounts, compared with the level of emissions in 2005:

(1) 15 percent by 2015;

(2) 30 percent by 2025;

(3) 50 percent by 2030; and

(4) to net zero by 2050.

(b) To the maximum extent practicable, actions taken to achieve these goals must avoid causing disproportionate adverse impacts to residents of communities that are or have been incommensurately exposed to pollution affecting human health and environmental quality.

(c) The ~~levels shall~~ targets must be reviewed ~~based on the climate change action plan study~~ annually by the commissioner of the Pollution Control Agency, taking into account the latest scientific research on the impacts of climate change and strategies to reduce greenhouse gas emissions published by the Intergovernmental Panel on Climate Change. The commissioner must forward any recommended changes to the targets to the chairs and ranking minority members of legislative committees with primary jurisdiction over climate change and environmental policy.

(d) For the purposes of the subdivision, "net zero" means:

(1) statewide greenhouse gas emissions equal to zero; or

(2) the balance of annual statewide greenhouse gas emissions, minus any terrestrial sequestration of statewide greenhouse gas emissions, equals zero or less.

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

Sec. 4. **LOCAL CLIMATE ACTION GRANT PROGRAM.**

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

(1) "climate change" means a change in global or regional climate patterns associated with increased levels of greenhouse gas emissions entering the atmosphere largely as a result of human activity;

(2) "commissioner" means the commissioner of the Pollution Control Agency;

(3) "eligible applicant" means a political subdivision, an organization exempt from taxation under section 501(c)(3) of the Internal Revenue Code, or an educational institution;

(4) "greenhouse gas emission" means an emission of carbon dioxide, methane, nitrous oxide, chlorofluorocarbons, hydrofluorocarbons, sulfur hexafluoride, and other gases that trap heat in the atmosphere;

(5) "local jurisdiction" means the geographic area in which grant activities take place; and

(6) "political subdivision" means:

(i) a county; home rule charter or statutory city or town; regional development commission established under Minnesota Statutes, section 462.387; or any other local political subdivision; or

(ii) a Tribal government, as defined in Minnesota Statutes, section 116J.64, subdivision 4.

Subd. 2. **Establishment.** The commissioner must establish a local climate action grant program in the Pollution Control Agency. The purpose of the program is to provide grants to support local jurisdictions to address climate change by developing and implementing plans of action or creating new organizations and institutions to devise policies and programs that:

(1) enable local jurisdictions to adapt to extreme weather events and a changing climate; or

(2) reduce the local jurisdiction's contributions to the causes of climate change.

Subd. 3. **Account established.** (a) The local climate action grant account is established as a separate account in the special revenue fund in the state treasury. The commissioner shall credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund, but remains in the account until expended. The commissioner shall manage the account.

(b) Money in the account is appropriated to the agency for the purposes of this section and to reimburse the reasonable costs of the department to administer this section.

Subd. 4. **Application.** (a) Application for a grant under this section must be made to the commissioner on a form developed by the commissioner. The commissioner must develop procedures for soliciting and reviewing applications and for awarding grants under this section.

(b) Eligible applicants for a grant under this section must be located in or conduct the preponderance of the applicant's work in the local jurisdiction where the proposed grant activities take place.

Subd. 5. **Awarding grants.** (a) In awarding grants under this section, the commissioner must give preference to proposals that seek to involve a broad array of community residents, organizations, and institutions in the local jurisdiction's efforts to address climate change.

(b) The commissioner shall endeavor to award grants under this section to applicants in all regions of the state.

Subd. 6. **Grant amounts.** (a) A grant awarded under this section must not exceed $50,000.

(b) A grant awarded under this section for activities taking place in a local jurisdiction whose population equals or exceeds 20,000 must be matched 50 percent with local funds.

(c) A grant awarded under this section for activities taking place in a local jurisdiction whose population is under 20,000 must be matched a minimum of five percent with local funds or equivalent in-kind services.

Subd. 7. **Contract; greenhouse gas emissions data.** The commissioner shall contract with an independent consultant to estimate the annual amount of greenhouse gas emissions generated within political subdivisions awarded a grant under this section that the commissioner determines need the data in order to carry out the proposed grant activities. The information must contain emissions data for the most recent three years available, and must conform with the ICLEI United States Community Protocol for Accounting and Reporting of Greenhouse Gas Emissions, including, at a minimum, the Basic Emissions Generating Activities described in the protocol.

Subd. 8. **Technical assistance.** The Pollution Control Agency shall provide directly or contract with an entity outside the agency to provide technical assistance to applicants proposing to develop an action plan under this section, including greenhouse gas emissions estimates developed under subdivision 7, and examples of actions taken and plans developed by other local communities in Minnesota and elsewhere.

Subd. 9. **Eligible expenditures.** Appropriations made to support the activities of this section may be used only to:

(1) provide grants as specified in this section;

(2) pay a consultant for contracted services provided under subdivisions 7 and 8; and

(3) reimburse the reasonable expenses incurred by the Pollution Control Agency to provide technical assistance to applicants and to administer the grant program.

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

ARTICLE 15
SOLAR

Section 1. Minnesota Statutes 2022, section 116C.7792, is amended to read:

116C.7792 SOLAR ENERGY PRODUCTION INCENTIVE PROGRAM.

(a) The utility subject to section 116C.779 shall operate a program to provide solar energy production incentives for solar energy systems of no more than a total aggregate nameplate capacity of 40 kilowatts alternating current per premise. The owner of a solar energy system installed before June 1, 2018, is eligible to receive a production incentive under this section for any additional solar energy systems constructed at the same customer location, provided that the aggregate capacity of all systems at the customer location does not exceed 40 kilowatts.

(b) The program is funded by money withheld from transfer to the renewable development account under section 116C.779, subdivision 1, paragraphs (b) and (e). Program funds must be placed in a separate account for the purpose of the solar energy production incentive program operated by the utility and not for any other program or purpose.

(c) Funds allocated to the solar energy production incentive program in 2019 and 2020 remain available to the solar energy production incentive program.

(d) The following amounts are allocated to the solar energy production incentive program:

(1) $10,000,000 in 2021;

(2) $10,000,000 in 2022;

(3) $5,000,000 in 2023; ~~and~~

(4) ~~$5,000,000~~ $10,000,000 in 2024~~.~~; and

(5) $5,000,000 in 2025.

(e) Notwithstanding the Department of Commerce's November 14, 2018, decision in Docket No. E002/M-13-1015 regarding operation of the utility's solar energy production incentive program, of the amounts allocated under paragraph (d), clauses (3), (4), and (5), $5,000,000 in each year must be reserved for solar energy systems whose installation meets the eligibility standards for the low-income program established in the November 14, 2018, decision or successor decisions of the department. All other program operations of the solar energy production incentive program are governed by the provisions of the November 14, 2018, decision or successor decisions of the department.

~~(e)~~ (f) Funds allocated to the solar energy production incentive program that have not been committed to a specific project at the end of a program year remain available to the solar energy production incentive program.

~~(f)~~ (g) Any unspent amount remaining on January 1, ~~2025~~ 2028, must be transferred to the renewable development account.

~~(g)~~ (h) A solar energy system receiving a production incentive under this section must be sized to less than 120 percent of the customer's on-site annual energy consumption when combined with other distributed generation resources and subscriptions provided under section 216B.1641 associated with the premise. The production incentive must be paid for ten years commencing with the commissioning of the system.

~~(h)~~ (i) The utility must file a plan to operate the program with the commissioner of commerce. The utility may not operate the program until it is approved by the commissioner. A change to the program to include projects up to a nameplate capacity of 40 kilowatts or less does not require the utility to file a plan with the commissioner. Any plan approved by the commissioner of commerce must not provide an increased incentive scale over prior years unless the commissioner demonstrates that changes in the market for solar energy facilities require an increase.

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

Sec. 2. **[116C.7793] SOLAR ENERGY; CONTINGENCY ACCOUNT.**

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

(b) "Agency" means the Minnesota Pollution Control Agency.

(c) "Area C" means the site located west of Mississippi River Boulevard in St. Paul that served as an industrial waste dump for the former Ford Twin Cities Assembly Plant.

(d) "Corrective action determination" means a decision by the agency regarding actions to be taken to remediate contaminated soil and groundwater at Area C.

(e) "Owner" means the owner of a solar energy generating system planned to be deployed at Area C.

(f) "Solar energy generating system" has the meaning given in section 216E.01, subdivision 9a.

Subd. 2. **Account established.** The Area C contingency account is established as a separate account in the special revenue fund in the state treasury. Transfers and appropriations to the account, and any earnings or dividends accruing to assets in the account, must be credited to the account. The commissioner shall serve as fiscal agent and shall manage the account.

Subd. 3. **Distribution of funds; conditions.** Money from the account is appropriated to the commissioner and may be distributed to the owner of a solar energy generating system planned to be deployed at Area C under the following conditions:

(1) the agency issues a corrective action determination after the owner has begun to design or construct the project, and implementation of the corrective action results in a need for (i) the project to be redesigned, or (ii) construction to be interrupted or altered; or

(2) the agency issues a corrective action determination whose work plan results in temporary cessation or partial or complete removal of the solar energy generating system after it has become operational.

Subd. 4. **Distribution of funds; process.** (a) The owner may file a request for distribution of funds from the commissioner if either of the conditions in subdivision 3 occur. The filing must (1) describe the nature of the impact of the work plan that results in economic losses to the owner, and (2) include a reasonable estimate of the amount of those losses.

(b) The owner must provide the commissioner with information the commissioner determines to be necessary to assist in the review of the filing required under this subdivision.

(c) The commissioner shall review the owner's filing within 60 days of submission and shall approve a request the commissioner determines is reasonable.

Subd. 5. **Expenditures.** Money distributed by the commissioner to the owner under this section may be used by the owner only to pay for:

(1) removal, storage, and transportation costs incurred for removal of the solar energy generating system or any associated infrastructure, and any costs to reinstall equipment;

(2) costs of redesign or new equipment or infrastructure made necessary by the activities of the agency's work plan;

(3) lost revenues resulting from the inability of the solar energy generating system to generate sufficient electricity to fulfill the terms of the power purchase agreement between the owner and the purchaser of electricity generated by the solar energy generating system;

(4) other damages incurred under the power purchase agreement resulting from the cessation of operations made necessary by the activities of the agency's work plan; and

(5) the cost of energy required to replace the energy that was to be generated by the solar energy generating system and purchased under the power purchase agreement.

Subd. 6. **Report.** Beginning July 1, 2026, and every three years thereafter, the agency must submit a written report to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over environment and energy assessing the likelihood of the agency approving a corrective action determination to remediate Area C.

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

Sec. 3. Minnesota Statutes 2022, section 216B.164, is amended by adding a subdivision to read:

Subd. 12. **Customer's access to electricity usage data.** A utility must provide a customer's electricity usage data to the customer within ten days of the date the utility receives a request from the customer that is accompanied by evidence that the energy usage data is relevant to the interconnection of a qualifying facility on behalf of the customer. For the purposes of this subdivision, "electricity usage data" includes but is not limited to: (1) the total amount of electricity used by a customer monthly; (2) usage by time period if the customer operates under a tariff where costs vary by time of use; and (3) usage data that is used to calculate a customer's demand charge.

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

Sec. 4. Minnesota Statutes 2022, section 216B.1641, is amended to read:

216B.1641 COMMUNITY SOLAR GARDEN.

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

(b) "Subscribed energy" means electricity generated by the community solar garden that is attributable to a subscriber's subscription.

(c) "Subscriber" means a retail customer who owns one or more subscriptions of a community solar garden interconnected with the retail customer's utility.

(d) "Subscription" means a contract between a subscriber and the owner of a solar garden.

Subd. 2. **Solar garden; project requirements.** (a) ~~The~~ Each public utility ~~subject to section 116C.779~~ providing electric service at retail to customers in Minnesota shall file by ~~September 30, 2013~~ January 15, 2024, a plan with the commission to operate a community solar garden program which shall begin operations within 90 days after commission approval of the plan. ~~Other public utilities may file an application at their election.~~ The community solar garden program must be designed to offset the energy use of not less than five subscribers in each community solar garden facility of which no single subscriber has more than a 40 percent interest. The owner of the community solar garden may be a public utility or any other entity or organization that contracts to sell the output from the community solar garden to the utility under section 216B.164. There shall be no limitation on the number or cumulative generating capacity of community solar garden facilities other than the limitations imposed under section 216B.164, subdivision 4c, or other limitations provided in law or regulations.

(b) A solar garden is a facility that generates electricity by means of a ground-mounted or roof-mounted solar photovoltaic device whereby subscribers receive a bill credit for the electricity generated in proportion to the size of their subscription. The solar garden must have a nameplate capacity of no more than ~~one megawatt~~ five megawatts. Each subscription shall be sized to represent at least 200 watts of the community solar garden's generating capacity and to supply, when combined with other distributed generation resources serving the premises, no more than 120 percent of the average annual consumption of electricity by each subscriber at the premises to which the subscription is attributed.

(c) The solar generation facility must be located in the service territory of the public utility filing the plan. Subscribers must be retail customers of the public utility ~~located in the same county or a county contiguous to where the facility is located~~.

(d) The public utility must purchase from the community solar garden all energy generated by the solar garden. The purchase shall be at the rate calculated under section 216B.164, subdivision 10, or, until that rate for the public utility has been approved by the commission, the applicable retail rate. A solar garden is eligible for any incentive programs offered under section 116C.7792. A subscriber's portion of the purchase shall be provided by a credit on the subscriber's bill.

Subd. 3. **Solar garden plan; requirements; nonutility status.** ~~(e)~~ (a) The commission may approve, disapprove, or modify a community solar garden program. Any plan approved by the commission must:

(1) reasonably allow for the creation, financing, and accessibility of community solar gardens;

(2) establish uniform standards, fees, and processes for the interconnection of community solar garden facilities that allow the utility to recover reasonable interconnection costs for each community solar garden;

(3) not apply different requirements to utility and nonutility community solar garden facilities;

(4) be consistent with the public interest;

(5) identify the information that must be provided to potential subscribers to ensure fair disclosure of future costs and benefits of subscriptions;

(6) include a program implementation schedule;

(7) identify all proposed rules, fees, and charges; ~~and~~

(8) identify the means by which the program will be promoted~~.~~; and

(9) require an owner of a solar garden to submit a report that meets the requirements of section 216C.51, subdivisions 2 and 3, each year the solar garden is in operation.

~~(f)~~ (b) Notwithstanding any other law, neither the manager of nor the subscribers to a community solar garden facility shall be considered a utility solely as a result of their participation in the community solar garden facility.

~~(g)~~ (c) Within 180 days of commission approval of a plan under this section, a utility shall begin crediting subscriber accounts for each community solar garden facility in its service territory, and shall file with the commissioner of commerce a description of its crediting system.

~~(h) For the purposes of this section, the following terms have the meanings given:~~

~~(1) "subscriber" means a retail customer of a utility who owns one or more subscriptions of a community solar garden facility interconnected with that utility; and~~

~~(2) "subscription" means a contract between a subscriber and the owner of a solar garden.~~

Subd. 4. **Community access project; eligibility.** (a) An owner of a community solar garden may apply to the utility to be designated as a community access project at any time:

(1) before the owner makes an initial payment under an interconnection agreement entered into with a public utility; or

(2) if the owner made an initial payment under an interconnection agreement between January 1, 2023, and the effective date of this section, before commercial operation begins.

(b) The utility must designate a solar garden as a community access project if the owner of a solar garden commits in writing to meet the following conditions:

(1) at least 50 percent of the solar garden's generating capacity is subscribed by residential customers;

(2) the contract between the owner of the solar garden and the public utility that purchases the garden's electricity, and any agreement between the utility or owner of the solar garden and subscribers, states that the owner of the solar garden does not discriminate against or screen subscribers based on income or credit score and that any customer of a utility with a community solar garden plan approved by the commission under subdivision 3 is eligible to become a subscriber;

(3) the solar garden is operated by an entity that maintains a physical address in Minnesota and has designated a contact person in Minnesota who responds to subscriber inquiries; and

(4) the agreement between the owner of the solar garden and subscribers states that the owner must adequately publicize and convene at least one meeting annually to provide an opportunity for subscribers to pose questions to the manager or owner.

Subd. 5. **Community access project; financial arrangements.** (a) If a utility approves a solar garden as a community access project:

(1) the public utility purchasing the electricity generated by the community access project may charge the owner of the community access project no more than one cent per watt alternating current based on the solar garden's generating capacity for any refundable deposit the utility requires of a solar garden during the application process;

(2) notwithstanding subdivision 2, paragraph (d), the public utility must purchase all energy generated by the community access project at the retail rate; and

(3) all renewable energy credits generated by the community access project belong to subscribers unless the owner of the solar garden:

(i) contracts to:

(A) sell the credits to a third party; or

(B) sell or transfer the credits to the utility; and

(ii) discloses a sale or transfer to subscribers at the time the subscribers enter into a subscription.

(b) If at any time after commercial operation begins a solar garden that the utility approved as a community access project fails to meet the conditions under subdivision 4, the solar garden:

(1) is no longer subject to this subdivision and subdivision 6; and

(2) must operate under the program rules established by the commission for a solar garden that does not qualify as a community access project.

(c) An owner of a solar garden whose designation as a community access project is revoked under this subdivision may reapply to the commission at any time to have the community access project designation reinstated under subdivision 4.

Subd. 6. **Community access project; reporting.** The owner of a community access project must include the following information in an annual report to the community access project subscribers and the utility:

(1) a description of the process by which subscribers may provide input to solar garden policy and decision making;

(2) the amount of revenues received by the solar garden in the previous year that were allocated to categories that include but are not limited to operating costs, debt service, profits distributed to subscribers, and profits distributed to others; and

(3) an estimate of the proportion of low- and moderate-income subscribers, and a description of one or more of the following methods used to make the estimate:

(i) evidence provided by a subscriber that the subscriber or a member of the subscriber's household receives assistance from any of the following sources:

(A) the federal Low-Income Home Energy Assistance Program;

(B) federal Section 8 housing assistance;

(C) medical assistance;

(D) the federal Supplemental Nutrition Assistance Program; or

(E) the federal National School Lunch Program;

(ii) characterization of the census tract where the subscriber resides as low- or moderate-income by the Federal Financial Institutions Examination Council; or

(iii) other methods approved by the commission.

Subd. 7. **Commission order.** The commission must issue an order addressing the requirements of this section no later than 180 days after the filings made under subdivision 2, paragraph (a).

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

Sec. 5. Minnesota Statutes 2022, section 216C.08, is amended to read:

216C.08 JURISDICTION.

The commissioner has sole authority and responsibility for the administration of sections 216C.05 to 216C.30 and 216C.375. Other laws notwithstanding, the authority granted the commissioner shall supersede the authority given any other agency whenever overlapping, duplication, or additional administrative or legal procedures might occur in the administration of sections 216C.05 to 216C.30 and 216C.375. The commissioner shall consult with other state departments or agencies in matters related to energy and shall contract with them to provide appropriate services to effectuate the purposes of sections 216C.05 to 216C.30 and 216C.375. Any other department, agency, or official of this state or political subdivision thereof which would in any way affect the administration or enforcement of sections 216C.05 to 216C.30 and 216C.375 shall cooperate and coordinate all activities with the commissioner to assure orderly and efficient administration and enforcement of sections 216C.05 to 216C.30 and 216C.375.

The commissioner shall designate a liaison officer whose duty shall be to insure the maximum possible consistency in procedures and to eliminate duplication between the commissioner and the other agencies that may be involved in energy.

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

Sec. 6. Minnesota Statutes 2022, section 216C.09, is amended to read:

216C.09 COMMISSIONER DUTIES.

(a) The commissioner shall:

(1) manage the department as the central repository within the state government for the collection of data on energy;

(2) prepare and adopt an emergency allocation plan specifying actions to be taken in the event of an impending serious shortage of energy, or a threat to public health, safety, or welfare;

(3) undertake a continuing assessment of trends in the consumption of all forms of energy and analyze the social, economic, and environmental consequences of these trends;

(4) carry out energy conservation measures as specified by the legislature and recommend to the governor and the legislature additional energy policies and conservation measures as required to meet the objectives of sections 216C.05 to 216C.30 and 216C.375;

(5) collect and analyze data relating to present and future demands and resources for all sources of energy;

(6) evaluate policies governing the establishment of rates and prices for energy as related to energy conservation, and other goals and policies of sections 216C.05 to 216C.30 and 216C.375, and make recommendations for changes in energy pricing policies and rate schedules;

(7) study the impact and relationship of the state energy policies to international, national, and regional energy policies;

(8) design and implement a state program for the conservation of energy; this program shall include but not be limited to, general commercial, industrial, and residential, and transportation areas; such program shall also provide for the evaluation of energy systems as they relate to lighting, heating, refrigeration, air conditioning, building design and operation, and appliance manufacturing and operation;

(9) inform and educate the public about the sources and uses of energy and the ways in which persons can conserve energy;

(10) dispense funds made available for the purpose of research studies and projects of professional and civic orientation, which are related to either energy conservation, resource recovery, or the development of alternative energy technologies which conserve nonrenewable energy resources while creating minimum environmental impact;

(11) charge other governmental departments and agencies involved in energy-related activities with specific information gathering goals and require that those goals be met;

(12) design a comprehensive program for the development of indigenous energy resources. The program shall include, but not be limited to, providing technical, informational, educational, and financial services and materials to persons, businesses, municipalities, and organizations involved in the development of solar, wind, hydropower, peat, fiber fuels, biomass, and other alternative energy resources. The program shall be evaluated by the alternative energy technical activity; and

(13) dispense loans, grants, or other financial aid from money received from litigation or settlement of alleged violations of federal petroleum-pricing regulations made available to the department for that purpose.

(b) Further, the commissioner may participate fully in hearings before the Public Utilities Commission on matters pertaining to rate design, cost allocation, efficient resource utilization, utility conservation investments, small power production, cogeneration, and other rate issues. The commissioner shall support the policies stated in section 216C.05 and shall prepare and defend testimony proposed to encourage energy conservation improvements as defined in section 216B.241.

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

Sec. 7. Minnesota Statutes 2022, section 216C.375, is amended to read:

216C.375 SOLAR FOR SCHOOLS PROGRAM.

Subdivision 1. **Definitions.** (a) For the purposes of this section ~~and section 216C.376~~, the following terms have the meanings given them.

(b) "Developer" means an entity that installs a solar energy system on a school building that has been awarded a grant under this section.

(c) "Electricity expenses" means expenses associated with:

(1) purchasing electricity from a utility; or

(2) purchasing and installing a solar energy system, including financing and power purchase agreement payments, operation and maintenance contract payments, and interest charges.

~~(c)~~ (d) "Photovoltaic device" has the meaning given in section 216C.06, subdivision 16.

~~(d)~~ (e) "School" means:

(1) a school that operates as part of ~~an independent or special~~ a school district;

(2) a Tribal contract school; or

~~(2)~~ (3) a state college or university that is under the jurisdiction of the Board of Trustees of the Minnesota State Colleges and Universities.

~~(e)~~ (f) "School district" means:

(1) an independent ~~or~~ school district, as defined in section 120A.05, subdivision 10;

(2) a special school district, as defined in section 120A.05, subdivision 14; or

(3) a cooperative unit, as defined in section 123A.24, subdivision 2.

~~(f)~~ (g) "Solar energy system" means photovoltaic or solar thermal devices.

~~(g)~~ (h) "Solar thermal" has the meaning given to "qualifying solar thermal project" in section 216B.2411, subdivision 2, paragraph (d).

~~(h)~~ (i) "State colleges and universities" has the meaning given in section 136F.01, subdivision 4.

Subd. 2. **Establishment; purpose.** A solar for schools program is established in the Department of Commerce. The purpose of the program is to provide grants to stimulate the installation of solar energy systems on or adjacent to school buildings by reducing the ~~cost~~ school's electricity expenses, and to enable schools to use the solar energy system as a teaching tool that can be integrated into the school's curriculum.

Subd. 3. **Establishment of account.** A solar for schools program account is established in the special revenue fund. Money received from the general fund and from the renewable development account established under section 116C.779, subdivision 1, must be transferred to the commissioner of commerce and credited to the account. The

account consists of money received from the general fund and the renewable development account, provided by law, donated, allocated, transferred, or otherwise provided to the account. Earnings, including interest, dividends, and any other earnings arising from the assets of the account, must be credited to the account. Except as otherwise provided in this paragraph, money deposited in the account remains in the account until expended. Any money that remains in the account on June 30, ~~2027~~ 2034, cancels to the general fund.

Subd. 4. **Appropriation; expenditures.** (a) Money in the account is appropriated to the commissioner and may be used only:

(1) for grant awards made under this section; and

(2) to pay the reasonable costs incurred by the department to administer this section.

(b) Grant awards made with funds ~~in the account~~ from the general fund must be used only for grants for solar energy systems installed on or adjacent to school buildings receiving retail electric service from a utility that is not subject to section 116C.779, subdivision 1.

(c) Grant awards made with funds from the renewable development account must be used only for grants for solar energy systems installed on or adjacent to school buildings receiving retail electric service from a utility that is subject to section 116C.779, subdivision 1.

Subd. 5. **Eligible system.** (a) A grant may be awarded to a school under this section only if the solar energy system that is the subject of the grant:

(1) is installed on or adjacent to the school building that consumes the electricity generated by the solar energy system, on property within the service territory of the utility currently providing electric service to the school building;

(2) if installed on or adjacent to a school building receiving retail electric service from a utility that is not subject to section 116C.779, subdivision 1, has a capacity that does not exceed the lesser of: (i) 40 kilowatts alternating current or, with the consent of the interconnecting electric utility, up to 1,000 kilowatts alternating current; or (ii) 120 percent of the estimated annual electricity consumption of the school building at which the solar energy system is installed; and

(3) if installed on or adjacent to a school building receiving retail electric service from a utility that is subject to section 116C.779, subdivision 1, has a capacity that does not exceed the lesser of 1,000 kilowatts alternating current or 120 percent of the estimated annual electricity consumption of the school building at which the solar energy system is installed;

(4) has real-time and cumulative display devices, located in a prominent location accessible to students and the public, that indicate the system's electrical performance.

(b) A school that receives a rebate or other financial incentive under section 216B.241 for a solar energy system and that demonstrates considerable need for financial assistance, as determined by the commissioner, is eligible for a grant under this section for the same solar energy system.

Subd. 6. **Application process.** (a) The commissioner must issue a request for proposals to utilities, schools, and developers who may wish to apply for a grant under this section on behalf of a school.

(b) A utility or developer must submit an application to the commissioner on behalf of a school on a form prescribed by the commissioner. The form must include, at a minimum, the following information:

(1) the capacity of the proposed solar energy system and the amount of electricity that is expected to be generated;

(2) the current energy demand of the school building on which the solar energy generating system is to be installed and information regarding any distributed energy resource, including subscription to a community solar garden, that currently provides electricity to the school building;

(3) a description of any solar thermal devices proposed as part of the solar energy system;

(4) the total cost to purchase and install the solar energy system and the solar energy system's lifecycle cost, including removal and disposal at the end of the system's life;

(5) a copy of the proposed contract agreement between the school and the ~~public~~ utility to which the solar energy system is interconnected or the developer that includes provisions addressing responsibility for maintenance of the solar energy system;

(6) the school's plan to make the solar energy system serve as a visible learning tool for students, teachers, and visitors to the school, including how the solar energy system may be integrated into the school's curriculum and provisions for real-time monitoring of the solar energy system performance for display in a prominent location within the school or on-demand in the classroom;

(7) information that demonstrates the school's level of need for financial assistance available under this section;

(8) information that demonstrates the school's readiness to implement the project, including but not limited to the availability of the site on which the solar energy system is to be installed and the level of the school's engagement with the utility providing electric service to the school building on which the solar energy system is to be installed on issues relevant to the implementation of the project, including metering and other issues;

(9) with respect to the installation and operation of the solar energy system, the willingness and ability of the developer or the public utility to:

(i) pay employees and contractors a prevailing wage rate, as defined in section 177.42, subdivision 6; and

(ii) adhere to the provisions of section 177.43;

(10) ~~how the developer or public utility plans to reduce~~ the school's ~~initial capital expense to purchase and install~~ projected reductions in electricity expenses resulting from purchasing and installing the solar energy system ~~by providing financial assistance to the school~~; and

(11) any other information deemed relevant by the commissioner.

(c) The commissioner must administer an open application process under this section at least twice annually.

(d) The commissioner must develop administrative procedures governing the application and grant award process.

(e) The school, the developer, or the utility to which the solar energy generating system is interconnected must annually submit to the commissioner on a form prescribed by the commissioner a report containing the following information for each of the 12 previous months:

(1) the total number of kilowatt-hours of electricity consumed by the school;

(2) the total number of kilowatt-hours generated by the solar energy generating system;

(3) the amount paid by the school to its utility for electricity; and

(4) any other information requested by the commissioner.

Subd. 7. **Energy conservation review.** At the commissioner's request, a school awarded a grant under this section ~~shall~~ must provide the commissioner information regarding energy conservation measures implemented at the school building at which the solar energy system is installed. The commissioner may make recommendations to the school regarding cost-effective conservation measures it can implement and may provide technical assistance and direct the school to available financial assistance programs.

Subd. 8. **Technical assistance.** The commissioner must provide technical assistance to schools to develop and execute projects under this section.

Subd. 9. **Grant payments.** The commissioner must award a grant from the account established under subdivision 3 to a school for the necessary costs associated with the purchase and installation of a solar energy system. The amount of the grant must be based on the commissioner's assessment of the school's need for financial assistance.

Subd. 10. **Application deadline.** No application may be submitted under this section after December 31, ~~2025~~ 2032.

Subd. 11. **Reporting.** Beginning January 15, 2022, and each year thereafter until January 15, ~~2028~~ 2035, the commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy regarding: (1) grants and amounts awarded to schools under this section during the previous year; ~~(2) financial assistance, including amounts per award, provided to schools under section 216C.376 during the previous year; and (3) any remaining balances available under this section and section 216C.376.~~ (2) the amount of electricity generated by solar energy generating systems awarded a grant under this section; and (3) the impact on school electricity expenses.

Subd. 12. **Renewable energy credits.** Renewable energy credits associated with the electricity generated by a solar energy generating system installed under this section in the electric service area of a public utility subject to section 116C.779 are the property of the public utility for the life of the solar energy generating system.

Sec. 8. **[216C.377] SOLAR GRANT PROGRAM; PUBLIC BUILDINGS.**

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

(b) "Developer" means an entity that applies for a grant on behalf of a public building under this section to install a solar energy generating system on the public building.

(c) "Local unit of government" means:

(1) a county, statutory or home rule charter city, town, or other local government jurisdiction, excluding a school district eligible to receive financial assistance under section 216C.375 or 216C.376; or

(2) a federally recognized Indian Tribe in Minnesota.

(d) "Municipal electric utility" means a utility that (1) provides electric service to retail customers in Minnesota, and (2) is governed by a city council or a local utilities commission.

(e) "Public building" means:

(1) a building owned and operated by a local unit of government; or

(2) a building owned by a federally recognized Indian Tribe in Minnesota whose primary purpose is Tribal government operations.

(f) "Solar energy generating system" has the meaning given in section 216E.01, subdivision 9a.

Subd. 2. **Establishment; purpose.** A solar on public buildings grant program is established in the department. The purpose of the program is to provide grants to stimulate the installation of solar energy generating systems on public buildings.

Subd. 3. **Establishment of account.** A solar on public buildings grant program account is established in the special revenue fund. Money received from the general fund and the renewable development account established in section 116C.779, subdivision 1, must be transferred to the commissioner of commerce and credited to the account. Earnings, including interest, dividends, and any other earnings arising from the assets of the account, must be credited to the account. Earnings remaining in the account at the end of a fiscal year do not cancel to the general fund or renewable development account but remain in the account until expended. The commissioner must manage the account.

Subd. 4. **Appropriation; expenditures.** Money in the account established under subdivision 3 is appropriated to the commissioner for the purposes of this section and must be used only:

(1) for grant awards made under this section; and

(2) to pay the reasonable costs of the department to administer this section.

Subd. 5. **Eligible system.** (a) A grant may be awarded to a local unit of government under this section only if the solar energy generating system that is the subject of the grant:

(1) is installed (i) on or adjacent to a public building that consumes the electricity generated by the solar energy generating system, and (ii) on property within the service territory of the utility currently providing electric service to the public building; and

(2) has a capacity that does not exceed the lesser of 40 kilowatts or 120 percent of the average annual electricity consumption, measured over the most recent three calendar years, of the public building at which the solar energy generating system is installed.

(b) A public building that receives a rebate or other financial incentive under section 216B.241 for a solar energy generating system is eligible for a grant under this section for the same solar energy generating system.

(c) Before filing an application for a grant under this section, a local unit of government or public building that is served by a municipal electric utility must inform the municipal electric utility of the local unit of government's or public building's intention to do so. A municipal electric utility may, under an agreement with a local unit of government, own and operate a solar energy generating system awarded a grant under this section on behalf of and for the benefit of the local unit of government.

Subd. 6. **Application process.** (a) The commissioner must issue a request for proposals to utilities, local units of government, and developers who may wish to apply for a grant under this section on behalf of a public building.

(b) A utility or developer must submit an application to the commissioner on behalf of a public building on a form prescribed by the commissioner. The form must include, at a minimum, the following information:

(1) the capacity of the proposed solar energy generating system and the amount of electricity that is expected to be generated;

(2) the current energy demand of the public building on which the solar energy generating system is to be installed, information regarding any distributed energy resource that currently provides electricity to the public building, and the size of the public building's subscription to a community solar garden, if applicable;

(3) information sufficient to estimate the energy and monetary savings that are projected to result from installation of the solar energy generating system over the system's useful life;

(4) the total cost to purchase and install the solar energy system and the solar energy system's life cycle cost, including removal and disposal at the end of the system's life;

(5) a copy of the proposed contract agreement between the local unit of government and the utility or developer that includes provisions addressing responsibility for maintenance, removal, and disposal of the solar energy generating system; and

(6) if the applicant is other than the utility providing electric service to the public building at which the solar energy generating system is to be installed, a written statement from that utility that no issues that would prevent interconnection of the solar energy generating system as proposed are foreseen.

(c) The commissioner must administer an open application process under this section at least twice annually.

(d) The commissioner must develop administrative procedures governing the application and grant award process under this section.

Subd. 7. **Energy conservation review.** At the commissioner's request, a local unit of government awarded a grant under this section must provide the commissioner with information regarding energy conservation measures implemented at the public building where the solar energy generating system is to be installed. The commissioner may make recommendations to the local unit of government regarding cost-effective conservation measures the local unit of government can implement and may provide technical assistance and direct the local unit of government to available financial assistance programs.

Subd. 8. **Technical assistance.** The commissioner must provide technical assistance to local units of government to develop and execute projects under this section.

Subd. 9. **Grant payments.** The commissioner must award a grant from the account established under subdivision 3 to a local unit of government for the necessary and reasonable costs associated with the purchase and installation of a solar energy generating system. In determining the amount of a grant award, the commissioner shall take into consideration the financial capacity of the local unit of government awarded the grant.

Subd. 10. **Application deadline.** An application must not be submitted under this section after June 30, 2026.

Subd. 11. **Contractor conditions.** A contractor or subcontractor performing construction work on a project supported by a grant awarded under this section:

(1) must pay employees working on the project no less than the prevailing wage rate, as defined in section 177.42; and

(2) is subject to the requirements and enforcement provisions of sections 177.27, 177.30, 177.32, 177.41 to 177.435, and 177.45.

Subd. 12. **Reporting.** Beginning January 15, 2024, and each year thereafter until January 15, 2027, the commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy finance and policy regarding grants and amounts awarded to local units of government under this section during the previous year and any remaining balances available in the account established under this section.

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

Sec. 9. **[216C.379] DISTRIBUTED ENERGY RESOURCES SYSTEM UPGRADE PROGRAM.**

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

(b) "Capacity constrained location" means a location on an electric utility's distribution system that the utility has reasonably determined requires significant distribution or network upgrades before additional distributed energy resources can interconnect.

(c) "Distribution upgrades" means the additions, modifications, and upgrades made to an electric utility's distribution system to facilitate interconnection of distributed energy resources.

(d) "Interconnection" means the process governed by the Minnesota Distributed Energy Resources Interconnection Process and Agreement, as approved in the Minnesota Public Utilities Commission's order issued April 19, 2019.

(e) "Net metered facility" has the meaning given in section 216B.164.

(f) "Network upgrades" means additions, modifications, and upgrades to the transmission system required at or beyond the point at which the distributed energy resource interconnects with an electric utility's distribution system to accommodate the interconnection of the distributed energy resource with the electric utility's distribution system. Network upgrades do not include distribution upgrades.

Subd. 2. **Establishment; purpose.** A distributed energy resources system upgrade program is established in the department. The purpose of the program is to provide funding to the utility subject to section 116C.779 to complete infrastructure upgrades necessary to enable electricity customers to interconnect distributed energy resources. The program must be designed to achieve the following goals to the maximum extent feasible:

(1) make upgrades at capacity constrained locations on the utility's distribution system so that the number and capacity of distributed energy resources projects with a capacity of up to 40 kilowatts alternating current that can be interconnected is sufficient to serve projected demand;

(2) enable all distributed energy resources projects with a nameplate capacity of up to 40 kilowatts alternating current to be reviewed and approved by the utility within 43 business days;

(3) minimize interconnection barriers for electricity customers seeking to construct net metered facilities for on-site electricity use; and

(4) advance innovative solutions that can minimize the cost of distribution and network upgrades required for interconnection, including but not limited to energy storage, control technologies, smart inverters, distributed energy resources management systems, and other innovative technologies and programs.

Subd. 3. **Required plan.** (a) By November 1, 2023, the utility subject to section 116C.779 must file with the commissioner a plan for the distributed energy resources system upgrade program. The plan must contain:

(1) a description of how the utility proposes to use money in the distributed energy resources system upgrade program account to upgrade the utility's distribution system so that the number and capacity of distributed energy resources that can be interconnected is sufficient to serve projected demand;

(2) the locations where the utility proposes to make investments under the program;

(3) the number and capacity of distributed energy resources projects the utility expects to interconnect as a result of the program;

(4) a plan for reporting on the program's outcomes; and

(5) any additional information required by the commissioner.

(b) The utility subject to section 116C.779 is prohibited from implementing the program until the commissioner approves the plan submitted under this subdivision. No later than March 31, 2024, the commissioner must approve a plan under this subdivision that the commissioner determines is in the public interest. Any proposed modification to the plan approved under this subdivision must be approved by the commissioner.

Subd. 4. **Project priorities.** In developing the plan required by subdivision 3, the utility must prioritize making investments under this program:

(1) at capacity constrained locations on the distribution grid;

(2) in communities with demonstrated customer interest in distributed energy resources as measured by completed, pending, and anticipated interconnection applications; and

(3) in communities with a climate action plan, clean energy goal, or policies that:

(i) seek to mitigate the impacts of climate change on the city; or

(ii) reduce the city's contributions to the causes of climate change.

Subd. 5. **Eligible costs.** The commissioner may pay the following reasonable costs of the utility subject to section 116C.779 under a plan approved in accordance with subdivision 3 from money available in the distributed energy resources system upgrade program account:

(1) distribution upgrades and network upgrades;

(2) energy storage; control technologies, including but not limited to a distributed energy resources management system; or other innovative technology used to achieve the purposes of this section;

(3) pilot programs operated by the utility to implement innovative technology solutions; and

(4) costs incurred by the department to administer this section.

Subd. 6. **Capacity reserved.** The utility subject to section 116C.779 must reserve any increase in capacity made available by upgrades paid for under this section for net metered facilities and distributed energy resources with a nameplate capacity of up to 40 kilowatts alternating current. The commissioner may modify the requirements of this subdivision when the commissioner finds doing so is in the public interest.

Subd. 7. **Establishment of account.** (a) A distributed energy resources system upgrade program account is established in the special revenue fund. Earnings, including interest, dividends, and any other earnings arising from the assets of the account, must be credited to the account. Earnings remaining in the account at the end of a fiscal year do not cancel to the general fund or renewable development account but remain in the account until expended. The commissioner must manage the account.

(b) Money from the account is appropriated to the commissioner for the purposes of this section.

Subd. 8. **Reporting of certain incidents.** The utility subject to section 116C.779 must report to the commissioner within 60 days if any distributed energy resources project with a capacity up to 40 kilowatts alternating current is unable to interconnect at a location for which upgrade funding was provided under this program due to safety or reliability issues, or the additional cost of distribution or network upgrades required. The utility must make available to the commissioner all engineering analyses, studies, and information related to any such instances. The commissioner may modify or waive this requirement after December 31, 2025.

Sec. 10. **[500.216] LIMITS ON CERTAIN RESIDENTIAL SOLAR ENERGY SYSTEMS PROHIBITED.**

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

(b) "Private entity" means a homeowners association, community association, or other association that is subject to a homeowners association document.

(c) "Homeowners association document" means a document containing the declaration, articles of incorporation, bylaws, or rules and regulations of:

(1) a common interest community, as defined in section 515B.1-103, regardless of whether the common interest community is subject to chapter 515B; and

(2) a residential community that is not a common interest community.

(d) "Solar energy system" has the meaning given in section 216C.06, subdivision 17.

Subd. 2. **Applicability.** This section applies to:

(1) single-family detached dwellings whose owner is the sole owner of the entire building in which the dwelling is located and who is solely responsible for the maintenance, repair, replacement, and insurance of the entire building; and

(2) multifamily attached dwellings whose owner is the sole owner of the entire building in which the dwelling is located and who is solely responsible for the maintenance, repair, replacement, and insurance of the entire building.

Subd. 3. **General rule.** Except as otherwise provided in this section and notwithstanding any covenant, restriction, or condition contained in a deed, security instrument, homeowners association document, or any other instrument affecting the transfer, sale of, or an interest in real property, a private entity must not prohibit or refuse to permit the owner of a single-family dwelling to install, maintain, or use a roof-mounted solar energy system.

Subd. 4. **Allowable conditions.** (a) A private entity may require that:

(1) a licensed contractor install a solar energy system;

(2) a roof-mounted solar energy system not extend above the peak of a pitched roof or beyond the edge of the roof;

(3) the owner or installer of a solar energy system indemnify or reimburse the private entity or the private entity's members for loss or damage caused by the installation, maintenance, use, repair, or removal of a solar energy system;

(4) the owner and each successive owner of a solar energy system list the private entity as a certificate holder on the homeowner's insurance policy; or

(5) the owner and each successive owner of a solar energy system be responsible for removing the system if reasonably necessary to repair, perform maintenance, or replace common elements or limited common elements, as defined in section 515B.1-103.

(b) A private entity may impose other reasonable restrictions on installing, maintaining, or using solar energy systems, provided that the restrictions do not: (1) decrease the solar energy system's projected energy generation by more than ten percent; or (2) increase the solar energy system's cost by more than (i) 20 percent for a solar water heater, or (ii) $1,000 for a solar photovoltaic system, when compared with the solar energy system's energy generation and the cost of labor and materials originally proposed without the restrictions, as certified by the solar energy system's designer or installer. A private entity may obtain an alternative bid and design from a solar energy system designer or installer for the purposes of this paragraph.

(c) A solar energy system must meet applicable standards and requirements imposed by the state and by governmental units, as defined in section 462.384.

(d) A solar energy system for heating water must be certified by the Solar Rating Certification Corporation or an equivalent certification agency. A solar energy system for producing electricity must meet: (1) all applicable safety and performance standards established by the National Electrical Code, the Institute of Electrical and Electronics Engineers, and accredited testing laboratories, including but not limited to Underwriters Laboratories; and (2) where applicable, rules of the Public Utilities Commission regarding safety and reliability.

(e) If approval by a private entity is required prior to installing or using a solar energy system, the application for approval (1) must be processed and approved in the same manner as an application for approval of an architectural modification to the property, and (2) must not be willfully avoided or delayed. In no event does a private entity have less than 60 days to approve or disapprove an application for a solar energy system.

(f) An application for approval must be made in writing and must contain certification that the applicant must meet any conditions required by a private entity under subdivision 4. An application must include a copy of the interconnection application submitted to the applicable electric utility.

(g) A private entity must approve or deny an application in writing. If an application is not denied in writing within 60 days of the date the application was received, the application is deemed approved unless the delay is the result of a reasonable request for additional information. If a private entity determines that additional information is needed from the applicant in order to approve or disapprove the application, the private entity must request the additional information in writing within 60 days from the date of receipt of the application. If the private entity makes a request for additional information within 15 days from the date the private entity initially received the application, the private entity shall have 60 days from the date of receipt of the additional information in which to approve or disapprove the application. If the private entity makes a written request to the applicant for additional information more than 15 days after the private entity initially received the application, the private entity has 15 days after the private entity receives the additional information requested from the applicant in which to approve or disapprove the application, but in no event does the private entity have less than 60 days from the date the private entity initially received the application in which to approve or disapprove the application.

Sec. 11. Minnesota Statutes 2022, section 515B.2-103, is amended to read:

515B.2-103 CONSTRUCTION AND VALIDITY OF DECLARATION AND BYLAWS.

(a) All provisions of the declaration and bylaws are severable.

(b) The rule against perpetuities may not be applied to defeat any provision of the declaration or this chapter, or any instrument executed pursuant to the declaration or this chapter.

(c) In the event of a conflict between the provisions of the declaration and the bylaws, the declaration prevails except to the extent that the declaration is inconsistent with this chapter.

(d) The declaration and bylaws must comply with ~~section~~ sections 500.215 and 500.216.

Sec. 12. Minnesota Statutes 2022, section 515B.3-102, is amended to read:

515B.3-102 POWERS OF UNIT OWNERS' ASSOCIATION.

(a) Except as provided in subsections (b), (c), (d), and (e), and subject to the provisions of the declaration or bylaws, the association shall have the power to:

(1) adopt, amend and revoke rules and regulations not inconsistent with the articles of incorporation, bylaws and declaration, as follows: (i) regulating the use of the common elements; (ii) regulating the use of the units, and conduct of unit occupants, which may jeopardize the health, safety or welfare of other occupants, which involves noise or other disturbing activity, or which may damage the common elements or other units; (iii) regulating or prohibiting animals; (iv) regulating changes in the appearance of the common elements and conduct which may

damage the common interest community; (v) regulating the exterior appearance of the common interest community, including, for example, balconies and patios, window treatments, and signs and other displays, regardless of whether inside a unit; (vi) implementing the articles of incorporation, declaration and bylaws, and exercising the powers granted by this section; and (vii) otherwise facilitating the operation of the common interest community;

(2) adopt and amend budgets for revenues, expenditures and reserves, and levy and collect assessments for common expenses from unit owners;

(3) hire and discharge managing agents and other employees, agents, and independent contractors;

(4) institute, defend, or intervene in litigation or administrative proceedings (i) in its own name on behalf of itself or two or more unit owners on matters affecting the common elements or other matters affecting the common interest community or, (ii) with the consent of the owners of the affected units on matters affecting only those units;

(5) make contracts and incur liabilities;

(6) regulate the use, maintenance, repair, replacement, and modification of the common elements and the units;

(7) cause improvements to be made as a part of the common elements, and, in the case of a cooperative, the units;

(8) acquire, hold, encumber, and convey in its own name any right, title, or interest to real estate or personal property, but (i) common elements in a condominium or planned community may be conveyed or subjected to a security interest only pursuant to section 515B.3-112, or (ii) part of a cooperative may be conveyed, or all or part of a cooperative may be subjected to a security interest, only pursuant to section 515B.3-112;

(9) grant or amend easements for public utilities, public rights-of-way or other public purposes, and cable television or other communications, through, over or under the common elements; grant or amend easements, leases, or licenses to unit owners for purposes authorized by the declaration; and, subject to approval by a vote of unit owners other than declarant or its affiliates, grant or amend other easements, leases, and licenses through, over or under the common elements;

(10) impose and receive any payments, fees, or charges for the use, rental, or operation of the common elements, other than limited common elements, and for services provided to unit owners;

(11) impose interest and late charges for late payment of assessments and, after notice and an opportunity to be heard before the board or a committee appointed by it, levy reasonable fines for violations of the declaration, bylaws, and rules and regulations of the association;

(12) impose reasonable charges for the review, preparation and recordation of amendments to the declaration, resale certificates required by section 515B.4-107, statements of unpaid assessments, or furnishing copies of association records;

(13) provide for the indemnification of its officers and directors, and maintain directors' and officers' liability insurance;

(14) provide for reasonable procedures governing the conduct of meetings and election of directors;

(15) exercise any other powers conferred by law, or by the declaration, articles of incorporation or bylaws; and

(16) exercise any other powers necessary and proper for the governance and operation of the association.

(b) Notwithstanding subsection (a) the declaration or bylaws may not impose limitations on the power of the association to deal with the declarant which are more restrictive than the limitations imposed on the power of the association to deal with other persons.

(c) Notwithstanding subsection (a), powers exercised under this section must comply with ~~section~~ sections 500.215 and 500.216.

(d) Notwithstanding subsection (a)(4) or any other provision of this chapter, the association, before instituting litigation or arbitration involving construction defect claims against a development party, shall:

(1) mail or deliver written notice of the anticipated commencement of the action to each unit owner at the addresses, if any, established for notices to owners in the declaration and, if the declaration does not state how notices are to be given to owners, to the owner's last known address. The notice shall specify the nature of the construction defect claims to be alleged, the relief sought, and the manner in which the association proposes to fund the cost of pursuing the construction defect claims; and

(2) obtain the approval of owners of units to which a majority of the total votes in the association are allocated. Votes allocated to units owned by the declarant, an affiliate of the declarant, or a mortgagee who obtained ownership of the unit through a foreclosure sale are excluded. The association may obtain the required approval by a vote at an annual or special meeting of the members or, if authorized by the statute under which the association is created and taken in compliance with that statute, by a vote of the members taken by electronic means or mailed ballots. If the association holds a meeting and voting by electronic means or mailed ballots is authorized by that statute, the association shall also provide for voting by those methods. Section 515B.3-110(c) applies to votes taken by electronic means or mailed ballots, except that the votes must be used in combination with the vote taken at a meeting and are not in lieu of holding a meeting, if a meeting is held, and are considered for purposes of determining whether a quorum was present. Proxies may not be used for a vote taken under this paragraph unless the unit owner executes the proxy after receipt of the notice required under subsection (d)(1) and the proxy expressly references this notice.

(e) The association may intervene in a litigation or arbitration involving a construction defect claim or assert a construction defect claim as a counterclaim, crossclaim, or third-party claim before complying with subsections (d)(1) and (d)(2) but the association's complaint in an intervention, counterclaim, crossclaim, or third-party claim shall be dismissed without prejudice unless the association has complied with the requirements of subsection (d) within 90 days of the association's commencement of the complaint in an intervention or the assertion of the counterclaim, crossclaim, or third-party claim.

Sec. 13. **TRANSFER OF UNENCUMBERED WITHHELD FUNDS.**

Any unencumbered funds withheld by the public utility subject to Minnesota Statutes, section 116C.779, subdivision 1, to provide financial assistance to schools to purchase and install solar energy systems, as required under Minnesota Statutes 2022, section 216C.376, subdivision 5, paragraph (a), that are unexpended as of the effective date of this act must be transferred to the solar for schools program account established under Minnesota Statutes, section 216C.375, subdivision 3.

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

Sec. 14. **REPEALER.**

Minnesota Statutes 2022, section 216C.376, is repealed.

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

ARTICLE 16
MISCELLANEOUS

Section 1. Minnesota Statutes 2022, section 116C.779, subdivision 1, is amended to read:

Subdivision 1. **Renewable development account.** (a) The renewable development account is established as a separate account in the special revenue fund in the state treasury. Appropriations and transfers to the account shall be credited to the account. Earnings, such as interest, dividends, and any other earnings arising from assets of the

account, shall be credited to the account. Funds remaining in the account at the end of a fiscal year are not canceled to the general fund but remain in the account until expended. The account shall be administered by the commissioner of management and budget as provided under this section.

(b) On July 1, 2017, the public utility that owns the Prairie Island nuclear generating plant must transfer all funds in the renewable development account previously established under this subdivision and managed by the public utility to the renewable development account established in paragraph (a). Funds awarded to grantees in previous grant cycles that have not yet been expended and unencumbered funds required to be paid in calendar year 2017 under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, are not subject to transfer under this paragraph.

(c) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing each January 15 thereafter, the public utility that owns the Prairie Island nuclear generating plant must transfer to the renewable development account $500,000 each year for each dry cask containing spent fuel that is located at the Prairie Island power plant for each year the plant is in operation, and $7,500,000 each year the plant is not in operation if ordered by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Prairie Island for any part of a year. Each year, the amount the public utility must transfer to the renewable development account under this paragraph must be reduced by the amount of any per-cask payment made by the public utility to the Prairie Island Indian Community under section 216B.1645, subdivision 4.

(d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing each January 15 thereafter, the public utility that owns the Monticello nuclear generating plant must transfer to the renewable development account $350,000 each year for each dry cask containing spent fuel that is located at the Monticello nuclear power plant for each year the plant is in operation, and $5,250,000 each year the plant is not in operation if ordered by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for any part of a year.

(e) Each year, the public utility shall withhold from the funds transferred to the renewable development account under paragraphs (c) and (d) the amount necessary to pay its obligations under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, for that calendar year.

(f) If the commission approves a new or amended power purchase agreement, the termination of a power purchase agreement, or the purchase and closure of a facility under section 216B.2424, subdivision 9, with an entity that uses poultry litter to generate electricity, the public utility subject to this section shall enter into a contract with the city in which the poultry litter plant is located to provide grants to the city for the purposes of economic development on the following schedule: $4,000,000 in fiscal year 2018; $6,500,000 each fiscal year in 2019 and 2020; and $3,000,000 in fiscal year 2021. The grants shall be paid by the public utility from funds withheld from the transfer to the renewable development account, as provided in paragraphs (b) and (e).

(g) If the commission approves a new or amended power purchase agreement, or the termination of a power purchase agreement under section 216B.2424, subdivision 9, with an entity owned or controlled, directly or indirectly, by two municipal utilities located north of Constitutional Route No. 8, that was previously used to meet the biomass mandate in section 216B.2424, the public utility that owns a nuclear generating plant shall enter into a grant contract with such entity to provide $6,800,000 per year for five years, commencing 30 days after the commission approves the new or amended power purchase agreement, or the termination of the power purchase agreement, and on each June 1 thereafter through 2021, to assist the transition required by the new, amended, or terminated power purchase agreement. The grant shall be paid by the public utility from funds withheld from the transfer to the renewable development account as provided in paragraphs (b) and (e).

(h) The collective amount paid under the grant contracts awarded under paragraphs (f) and (g) is limited to the amount deposited into the renewable development account, and its predecessor, the renewable development account, established under this section, that was not required to be deposited into the account under Laws 1994, chapter 641, article 1, section 10.

(i) After discontinuation of operation of the Prairie Island nuclear plant or the Monticello nuclear plant and each year spent nuclear fuel is stored in dry cask at the discontinued facility, the commission shall require the public utility to pay $7,500,000 for the discontinued Prairie Island facility and $5,250,000 for the discontinued Monticello facility for any year in which the commission finds, by the preponderance of the evidence, that the public utility did not make a good faith effort to remove the spent nuclear fuel stored at the facility to a permanent or interim storage site out of the state. This determination shall be made at least every two years.

(j) Funds in the account may be expended only for any of the following purposes:

(1) to stimulate research and development of renewable electric energy technologies;

(2) to encourage grid modernization, including, but not limited to, projects that implement electricity storage, load control, and smart meter technology; and

(3) to stimulate other innovative energy projects that reduce demand and increase system efficiency and flexibility.

Expenditures from the fund must benefit Minnesota ratepayers receiving electric service from the utility that owns a nuclear-powered electric generating plant in this state or the Prairie Island Indian community or its members.

The utility that owns a nuclear generating plant is eligible to apply for grants under this subdivision.

(k) For the purposes of paragraph (j), the following terms have the meanings given:

(1) "renewable" has the meaning given in section 216B.2422, subdivision 1, paragraph (c), clauses (1), (2), (4), and (5); and

(2) "grid modernization" means:

(i) enhancing the reliability of the electrical grid;

(ii) improving the security of the electrical grid against cyberthreats and physical threats; and

(iii) increasing energy conservation opportunities by facilitating communication between the utility and its customers through the use of two-way meters, control technologies, energy storage and microgrids, technologies to enable demand response, and other innovative technologies.

(l) A renewable development account advisory group that includes, among others, representatives of the public utility and its ratepayers, and includes at least one representative of the Prairie Island Indian community appointed by that community's tribal council, shall develop recommendations on account expenditures. The advisory group must design a request for proposal and evaluate projects submitted in response to a request for proposals. The advisory group must utilize an independent third-party expert to evaluate proposals submitted in response to a request for proposal, including all proposals made by the public utility. A request for proposal for research and development under paragraph (j), clause (1), may be limited to or include a request to higher education institutions located in Minnesota for multiple projects authorized under paragraph (j), clause (1). The request for multiple projects may include a provision that exempts the projects from the third-party expert review and instead provides for project evaluation and selection by a merit peer review grant system. In the process of determining request for proposal scope and subject and in evaluating responses to request for proposals, the advisory group must strongly consider, where reasonable, potential benefit to Minnesota citizens and businesses and the utility's ratepayers.

(m) The advisory group shall submit funding recommendations to the public utility, which has full and sole authority to determine which expenditures shall be submitted by the advisory group to the legislature. The commission may approve proposed expenditures, may disapprove proposed expenditures that it finds not to be in compliance with this subdivision or otherwise not in the public interest, and may, if agreed to by the public utility, modify proposed expenditures. The commission shall, by order, submit its funding recommendations to the legislature as provided under paragraph (n).

(n) The commission shall present its recommended appropriations from the account to the senate and house of representatives committees with jurisdiction over energy policy and finance annually by February 15. Expenditures from the account must be appropriated by law. In enacting appropriations from the account, the legislature:

(1) may approve or disapprove, but may not modify, the amount of an appropriation for a project recommended by the commission; and

(2) may not appropriate money for a project the commission has not recommended funding.

(o) A request for proposal for renewable energy generation projects must, when feasible and reasonable, give preference to projects that are most cost-effective for a particular energy source.

(p) The advisory group must annually, by February 15, report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy policy on projects funded by the account for the prior year and all previous years. The report must, to the extent possible and reasonable, itemize the actual and projected financial benefit to the public utility's ratepayers of each project.

(q) By February 1, 2018, and each February 1 thereafter, the commissioner of management and budget shall submit a written report regarding the availability of funds in and obligations of the account to the chairs and ranking minority members of the senate and house committees with jurisdiction over energy policy and finance, the public utility, and the advisory group.

(r) A project receiving funds from the account must produce a written final report that includes sufficient detail for technical readers and a clearly written summary for nontechnical readers. The report must include an evaluation of the project's financial, environmental, and other benefits to the state and the public utility's ratepayers.

(s) Final reports, any mid-project status reports, and renewable development account financial reports must be posted online on a public website designated by the commissioner of commerce.

(t) All final reports must acknowledge that the project was made possible in whole or part by the Minnesota renewable development account, noting that the account is financed by the public utility's ratepayers.

(u) Of the amount in the renewable development account, priority must be given to making the payments required under section 216C.417.

(v) Construction projects receiving funds from this account are subject to the requirement to pay the prevailing wage rate, as defined in section 177.42 and the requirements and enforcement provisions in sections 177.27, 177.30, 177.32, 177.41 to 177.435, and 177.45.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to construction contracts entered into on or after that date.

Sec. 2. **[123B.662] DEFINITIONS.**

Subdivision 1. **General.** For purposes of this section and section 123B.663, the terms in this section have the meanings given unless the language or context clearly indicates that a different meaning is intended.

Subd. 2. **ANSI.** "ANSI" means American National Standards Institute.

Subd. 3. **ASHRAE.** "ASHRAE" means American Society of Heating Refrigeration Air Conditioning Engineers.

Subd. 4. **Certified TAB technician.** "Certified TAB technician" means a technician certified to perform testing, adjusting, and balancing of HVAC systems by the Associated Air Balance Council, National Environmental Balancing Bureau, or the Testing, Adjusting and Balancing Bureau.

Subd. 5. **HVAC.** "HVAC" means heating, ventilation, and air conditioning.

Subd. 6. **Licensed professional engineer.** "Licensed professional engineer" means a professional engineer licensed under sections 326.02 to 326.15 who holds an active license, is in good standing, and is not subject to any disciplinary or other actions with the Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design.

Subd. 7. **MERV.** "MERV" means minimum efficiency reporting value established by ASHRAE Standard 52.2-2017 - Method of Testing General Ventilation Air-Cleaning Devices for Removal Efficiency by Particle Size.

Subd. 8. **Program.** "Program" means the air ventilation program.

Subd. 9. **Program administrator.** "Program administrator" means the commissioner of commerce or the commissioner's representative.

Subd. 10. **Qualified adjusting personnel.** "Qualified adjusting personnel" means one of the following:

(1) a certified TAB technician; or

(2) a skilled and trained workforce under the supervision of a certified TAB technician.

Subd. 11. **Qualified testing personnel.** "Qualified testing personnel" means one of the following:

(1) a certified TAB technician; or

(2) a skilled and trained workforce under the supervision of a certified TAB technician.

Subd. 12. **Registered apprenticeship program.** "Registered apprenticeship program" means an apprenticeship program that is registered under chapter 178 or Code of Federal Regulations, title 29, part 29.

Subd. 13. **Skilled and trained workforce.** "Skilled and trained workforce" means a workforce in which at least 80 percent of the construction workers are either graduates of a registered apprenticeship program for the applicable occupation or are registered as apprentices in a registered apprenticeship program for the applicable occupation.

Subd. 14. **TAB.** "TAB" means testing, adjusting, and balancing of an HVAC system.

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

Sec. 3. **[123B.663] AIR VENTILATION PILOT PROGRAM GRANTS AND GUIDELINES.**

Subdivision 1. **Grant program.** The Department of Commerce shall establish and administer the air ventilation program to award grants to school boards to reimburse the school boards for the following activities:

(1) completion of a heating, ventilation, and air conditioning assessment report;

(2) subsequent testing, adjusting balancing work performed as a result of assessment; and

(3) ventilation equipment upgrades, replacements, or other measures recommended by the assessment to improve health, safety, and HVAC system efficiency.

Subd. 2. **Grant awards.** (a) The program administrator shall award a grant if the school board meets the following requirements:

(1) completes a heating, ventilation, and air conditioning assessment report by qualified testing personnel or qualified adjusting personnel. The report must be verified by a licensed professional engineer and include costs of adjustments or repairs necessary to meet minimum ventilation and filtration requirements and determine whether any cost-effective energy efficiency upgrades or replacements are warranted or recommended;

(2) all work required after conducting the assessment must be performed by a skilled and trained workforce;

(3) upon completion of the work for which a school board is seeking reimbursement, the school board must conduct an HVAC verification report that includes the name and address of the school facility and individual or contractor preparing and certifying the report and a description of the assessment, maintenance, adjustment, repair, upgrade, and replacement activities and outcomes; and

(4) verification that the school board has complied with all requirements. Verification must include documentation that either MERV 13 filters have been installed or verification that the maximum MERV-rated filter that the system is able to effectively handle has been installed; documentation of the MERV rating; the verified ventilation rates for occupied areas of the school and whether those rates meet the requirements set forth in ANSI/ASHRAE Standard 62.1-2019, with an accompanying explanation for any ventilation rates that do not meet applicable requirements documenting why the current system is unable to meet requirements; the verified exhaust for occupied areas and whether those rates meet the requirements set forth in the system design intent; documentation of system deficiencies; recommendations for additional maintenance, replacement, or upgrades to improve energy efficiency, safety, or performance; documentation of initial operating verifications, adjustments, and final operating verifications; documentation of any adjustments or repairs performed; verification of installation of carbon dioxide monitors, including the make and model of monitors; and verification that all work has been performed by qualified personnel, including the contractor's name, certified TAB technician name and certification number, and verification that all construction work has been performed by a skilled and trained workforce.

(b) Grants shall be prioritized to give direct support to schools and school children in communities with high rates of poverty, as determined by receipt of federal Title I funding.

(c) Grants shall be awarded to reimburse schools for 50 percent of costs incurred for work performed under paragraph (a), clauses (1) to (3), with a maximum grant award of $50,000.

(d) The school board shall maintain a copy of the HVAC verification report and make it available to students, parents, school personnel, and to any member of the public or the program administrator upon request.

Subd. 3. **Program guidelines and rules.** (a) The program administrator shall:

(1) adopt guidelines for the air ventilation program no later than March 1, 2024;

(2) establish the timing of grant funding; and

(3) ensure the air ventilation program is operating and may receive applications for grants no later than November 1, 2023, and begin to approve applications no later than January 1, 2024, subject to the availability of funds.

(b) The technical and reporting requirements of the air ventilation program may be amended by the program administrator as necessary to reflect current COVID-19 guidance or other applicable guidance, to achieve the intent of the air ventilation program, and to ensure consistency with other related requirements and codes.

(c) The program administrator may use no more than five percent of the program funds for administering the program, including providing technical support to program participants.

(d) The program administrator may establish rules for the air ventilation program.

Sec. 4. Minnesota Statutes 2022, section 216B.096, subdivision 11, is amended to read:

Subd. 11. **Reporting.** Annually on ~~November 1~~ October 15, a utility must electronically file with the commission a report, in a format specified by the commission, specifying the number of utility heating service customers whose service is disconnected or remains disconnected for nonpayment as of September 15 and October 1 ~~and October 15~~. If customers remain disconnected on October ~~15~~ 1, a utility must file a report each week between ~~November 1~~ October 15 and the end of the cold weather period specifying:

(1) the number of utility heating service customers that are or remain disconnected from service for nonpayment; and

(2) the number of utility heating service customers that are reconnected to service each week. The utility may discontinue weekly reporting if the number of utility heating service customers that are or remain disconnected reaches zero before the end of the cold weather period.

The data reported under this subdivision are presumed to be accurate upon submission and must be made available through the commission's electronic filing system.

Sec. 5. Minnesota Statutes 2022, section 216B.1645, subdivision 4, is amended to read:

Subd. 4. **Settlement with ~~Mdewakanton Dakota Tribal Council at~~ Prairie Island Indian Community.** (a) The commission shall approve as a state energy policy rider a rate schedule providing for the automatic adjustment of charges to recover the costs or expenses of a settlement between the public utility that owns the Prairie Island nuclear generation facility and the ~~Mdewakanton Dakota Tribal Council at~~ Prairie Island Indian Community, resolving outstanding disputes regarding the ~~provisions of Laws 1994, chapter 641, article 1, section 4~~ extended operation of the Prairie Island nuclear generating facility. The rate schedule approved under this subdivision applies until the public utility's first base rate change under section 216B.16 that occurs after January 1, 2024. After the public utility's first base rate change that occurs after January 1, 2024, any costs and expenses under this subdivision must be recovered through the public utility's base rates.

(b) The settlement must provide for annual payments~~, not to exceed $2,500,000 annually,~~ beginning January 1, 2024, by the public utility to the Prairie Island Indian Community~~,~~. The annual payments must consist of: (1) a $10,000,000 lump sum payment each year the Prairie Island nuclear generating facility is in operation; and (2) $50,000 for each dry cask or container containing spent fuel that is located at the Prairie Island nuclear generating facility, each year for as long as the dry casks or containers containing spent nuclear fuel are stored at the Prairie Island Independent Spent Fuel Storage Installation.

(c) The payments made to the Prairie Island Indian Community under this subdivision may be used for~~, among other purposes~~ any purpose that benefits the Prairie Island Indian Community, including but not limited to acquiring up to 1,500 contiguous or noncontiguous acres of land in Minnesota within 50 miles of the tribal community's reservation at Prairie Island to be taken into trust by the federal government for the benefit of the tribal community for housing and other residential purposes. The legislature acknowledges that the intent to purchase land by the tribe for relocation purposes is part of the settlement agreement and Laws 2003, First Special Session chapter 11. However, the state, through the governor, reserves the right to support or oppose any particular application to place land in trust status.

Sec. 6. Minnesota Statutes 2022, section 216B.2425, subdivision 3, is amended to read:

Subd. 3. **Commission approval.** (a) By June 1 of each even-numbered year, the commission shall adopt a state transmission project list and shall certify, certify as modified, or deny certification of the transmission and distribution projects proposed under subdivision 2. Except as provided in paragraph (b), the commission may only certify a project that is a high-voltage transmission line as defined in section 216B.2421, subdivision 2, that the commission finds is:

(1) necessary to maintain or enhance the reliability of electric service to Minnesota consumers;

(2) needed, applying the criteria in section 216B.243, subdivision 3; and

(3) in the public interest, taking into account electric energy system needs and economic, environmental, and social interests affected by the project.

(b) The commission may certify a project proposed under subdivision 2, paragraph (e), only if the commission finds the proposed project is in the public interest.

Sec. 7. Minnesota Statutes 2022, section 216B.243, subdivision 8, as amended by Laws 2023, chapter 7, section 23, is amended to read:

Subd. 8. **Exemptions.** (a) This section does not apply to:

(1) cogeneration or small power production facilities as defined in the Federal Power Act, United States Code, title 16, section 796, paragraph (17), subparagraph (A), and paragraph (18), subparagraph (A), and having a combined capacity at a single site of less than 80,000 kilowatts; plants or facilities for the production of ethanol or fuel alcohol; or any case where the commission has determined after being advised by the attorney general that its application has been preempted by federal law;

(2) a high-voltage transmission line proposed primarily to distribute electricity to serve the demand of a single customer at a single location, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(3) the upgrade to a higher voltage of an existing transmission line that serves the demand of a single customer that primarily uses existing rights-of-way, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(4) a high-voltage transmission line of one mile or less required to connect a new or upgraded substation to an existing, new, or upgraded high-voltage transmission line;

(5) conversion of the fuel source of an existing electric generating plant to using natural gas;

(6) the modification of an existing electric generating plant to increase efficiency, as long as the capacity of the plant is not increased more than ten percent or more than 100 megawatts, whichever is greater;

(7) a large wind energy conversion system, as defined in section 216F.01, subdivision 2, or a solar energy generating system, as defined in section 216E.01, subdivision 9a, ~~if the system is owned and operated by an independent power producer and the electric output of the system:~~ for which a site permit is submitted by an independent power producer under chapter 216E or 216F; or

~~(i) is not sold to an entity that provides retail service in Minnesota or wholesale electric service to another entity in Minnesota other than an entity that is a federally recognized regional transmission organization or independent system operator; or~~

~~(ii) is sold to an entity that provides retail service in Minnesota or wholesale electric service to another entity in Minnesota other than an entity that is a federally recognized regional transmission organization or independent system operator, provided that the system represents solar or wind capacity that the entity purchasing the system's electric output was ordered by the commission to develop in the entity's most recent integrated resource plan approved under section 216B.2422; or~~

(8) a large wind energy conversion system, as defined in section 216F.01, subdivision 2, or a solar energy generating system that is a large energy facility, as defined in section 216B.2421, subdivision 2, engaging in a repowering project that:

(i) will not result in the system exceeding the nameplate capacity under its most recent interconnection agreement; or

(ii) will result in the system exceeding the nameplate capacity under its most recent interconnection agreement, provided that the Midcontinent Independent System Operator has provided a signed generator interconnection agreement that reflects the expected net power increase.

(b) For the purpose of this subdivision, "repowering project" means:

(1) modifying a large wind energy conversion system or a solar energy generating system that is a large energy facility to increase its efficiency without increasing its nameplate capacity;

(2) replacing turbines in a large wind energy conversion system without increasing the nameplate capacity of the system; or

(3) increasing the nameplate capacity of a large wind energy conversion system.

Sec. 8. Minnesota Statutes 2022, section 216B.50, subdivision 1, is amended to read:

Subdivision 1. **Commission approval required.** No public utility shall sell, acquire, lease, or rent any plant as an operating unit or system in this state for a total consideration in excess of ~~$100,000~~ $1,000,000, or merge or consolidate with another public utility or transmission company operating in this state, without first being authorized so to do by the commission. Upon the filing of an application for the approval and consent of the commission, the commission shall investigate, with or without public hearing. The commission shall hold a public hearing, upon such notice as the commission may require. If the commission finds that the proposed action is consistent with the public interest, it shall give its consent and approval by order in writing. In reaching its determination, the commission shall take into consideration the reasonable value of the property, plant, or securities to be acquired or disposed of, or merged and consolidated.

This section does not apply to the purchase of property to replace or add to the plant of the public utility by construction.

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

Sec. 9. Minnesota Statutes 2022, section 216B.62, subdivision 3b, is amended to read:

Subd. 3b. **Assessment for department regional and national duties.** ~~(a)~~ In addition to other assessments in subdivision 3, the department may assess up to ~~$500,000~~ $1,000,000 per fiscal year to perform the duties under section 216A.07, subdivision 3a, and to conduct analysis that assesses energy grid reliability at state, regional, and national levels. The amount in this subdivision shall be assessed to energy utilities in proportion to their respective

gross operating revenues from retail sales of gas or electric service within the state during the last calendar year and shall be deposited into an account in the special revenue fund and is appropriated to the commissioner of commerce for the purposes of section 216A.07, subdivision 3a. An assessment made under this subdivision is not subject to the cap on assessments provided in subdivision 3 or any other law. For the purpose of this subdivision, an "energy utility" means public utilities, generation and transmission cooperative electric associations, and municipal power agencies providing natural gas or electric service in the state.

~~(b) By February 1, 2023, the commissioner of commerce must submit a written report to the chairs and ranking minority members of the legislative committees with primary jurisdiction over energy policy. The report must describe how the department has used utility grid assessment funding under paragraph (a) and must explain the impact the grid assessment funding has had on grid reliability in Minnesota.~~

~~(c) This subdivision expires June 30, 2023.~~

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

Sec. 10. **[216C.390] LEGISLATIVE FINDINGS.**

The legislature finds that increasing the competitiveness of Minnesota is critically important to ensuring the state's economy is strong and growing. Increasing competitiveness can be accomplished by improving productivity, competition, and investments.

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

Sec. 11. **[216C.391] MINNESOTA STATE COMPETITIVENESS FUND.**

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

(b) "Competitive funds" means federal funds awarded to selected applicants based on the grantor's evaluation of the strength of an application measured against all other applications.

(c) "Disadvantaged community" has the meaning given by the federal agency disbursing federal funds.

(d) "Eligible entity" means an entity located in Minnesota that is eligible to receive federal funds, or an entity that has at least one Minnesota-based partner, as determined by the grantor of the federal funds.

(e) "Federal funds" means federal formula or competitive funds available for award to applicants for energy projects under the Infrastructure Investment and Jobs Act, Public Law 117-58, or the Inflation Reduction Act of 2022, Public Law 117-169.

(f) "Formula funds" means federal funds awarded to all eligible applicants on a noncompetitive basis.

(g) "Match" means the amount of state money a successful grantee in Minnesota is required to contribute to a project as a condition of receiving federal funds.

(h) "Political subdivision" has the meaning given in section 331A.01, subdivision 3.

(i) "Project" means the activities undertaken by an eligible entity awarded federal funds that are located in Minnesota or directly benefit Minnesotans.

(j) "Tribal government" has the meaning given in section 116J.64, subdivision 4.

Subd. 2. **Establishment of account; eligible expenditures.** (a) A state competitiveness fund account is created in the special revenue fund of the state treasury. The commissioner must credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the

account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund but remains available until June 30, 2034. The commissioner is the fiscal agent and must manage the account.

(b) Money in the account is appropriated to the commissioner and must be used to:

(1) pay all or any portion of the state match required as a condition of receiving federal funds, or to otherwise reduce the cost for projects that are awarded federal funds;

(2) award grants under subdivision 4 to obtain grant development assistance for eligible entities; and

(3) pay the reasonable costs incurred by the department to assist eligible entities successfully compete for available federal funds.

Subd. 3. **Grant awards; eligible entities; priorities.** (a) Grants may be awarded under this section to eligible entities in accordance with the following order of priorities:

(1) federal formula funds directed to the state that require a match;

(2) federal funds directed to a political subdivision or a Tribal government that require a match;

(3) federal funds directed to an institution of higher education, a consumer-owned utility, a business, or a nonprofit organization that require a match;

(4) federal funds directed to investor-owned utilities that require a match;

(5) federal funds directed to an eligible entity not included in clauses (1) to (4) that require a match; and

(6) all other grant opportunities directed to eligible entities that do not require a match but for which the commissioner determines that a grant made under this section is likely to enhance the likelihood of an applicant receiving federal funds, or to increase the potential amount of federal funds received.

(b) By November 15, 2023, the commissioner must develop and publicly post, and report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy finance, the federal energy grant funds that are eligible for state matching funds under this section.

Subd. 4. **Grant awards; grant development assistance.** Grants may be awarded under this section to entities with expertise and experience in grant development to assist eligible entities to prepare grant applications for federal funds. Eligible grantees under this subdivision include regional development commissions established in section 462.387, the West Central Initiative Foundation, Minnesota Municipal Utilities Association, Minnesota Rural Electric Association, consumer-owned utilities, Tribal governments, and any entity the commissioner determines enhances the competitiveness of grant applications by disadvantaged communities and from eligible entities located in areas not served by a regional development commission.

Subd. 5. **Grant amounts.** (a) For grants that meet the criteria in subdivision 3, paragraph (a), clauses (1) to (3), the maximum grant award for each entity is 100 percent of the required match.

(b) For grants that meet the criteria in subdivision 3, paragraph (a), clauses (4) and (5), the maximum grant award is 50 percent of the required match, except that if the commissioner determines that at least 40 percent of the direct benefits resulting from a project awarded federal funds would be realized by residents of a disadvantaged community, the commissioner may award up to 100 percent of the required match.

(c) For projects that meet the criteria in subdivision 3, paragraph (a), clause (6), the commissioner may award a grant up to ten percent of the amount of federal funds requested by the applicant, except that if the commissioner determines that at least 40 percent of the direct benefits resulting from a project awarded federal funds would be realized by residents of a disadvantaged community, the commissioner may award up to 20 percent of the amount of federal funds requested.

(d) Except for the commissioner, when matching federal funds are directed to the state, no single entity may receive as an award or subaward grants under this subdivision totaling more than $15,000,000.

(e) The maximum grant award for each entity under subdivision 4 is $300,000.

Subd. 6. **Grant awards; administration.** (a) An eligible entity seeking a grant award under subdivision 3 or an entity seeking a grant award under subdivision 4 must submit an application to the commissioner on a form prescribed by the commissioner. The commissioner is responsible for receiving and reviewing grant applications and awarding grants under this section, and shall develop administrative procedures governing the application, evaluation, and award process. The commissioner may not make a grant award under this section unless the commissioner has determined, and has notified the applicant in writing, that the application is complete. In awarding grants under this section, the commissioner shall endeavor to make awards to applicants from all regions of the state.

(b) The department must provide technical assistance to applicants. Applicants may also receive grant development assistance at no cost from entities awarded grants for that purpose under subdivision 4.

(c) Within ten business days of determining a grant award amount to an applicant, the commissioner must:

(1) reserve that amount for that specific grant in the state competitiveness fund account; and

(2) notify the Legislative Advisory Commission in writing of the reserved amount, the name of the applicant, the purpose of the project, and the unreserved balance of funds remaining in the account.

(d) Reserved funds are committed to the grant and use specified in the notice provided under paragraph (c) and are unavailable for reservation or appropriation for other applications unless and until the commissioner receives written notice from (1) the applicant that the application for federal funds has been withdrawn, or (2) the federal grantor that the application for which funds from the account were reserved has been denied federal funds.

(e) Reserved funds may only be expended upon presentation of written notice from the federal grantor to the commissioner stating that the applicant will receive federal funds for the project described in the application. If the amount of federal funds awarded to an applicant differs from the amount requested in the application, the commissioner may adjust the award made under this section accordingly.

(f) Reserved funds must be made for projects that demonstrate the project helps meet the state's clean energy and energy-related climate goals through renewable energy development, energy conservation, efficiency, or energy-related greenhouse gas reduction benefits.

(g) The commissioner must notify the chairs and ranking minority members of the legislative committees with jurisdiction over energy finance when the unreserved balance of the competitiveness fund account reaches the following amounts: 50 percent, unreserved; 25 percent, unreserved; 15 percent, unreserved; and five percent. The notification must be within ten days after each level of unreserved balance is reached.

Subd. 7. **Report; audit.** Beginning February 15, 2024, and each February 15 thereafter until February 15, 2035, the commissioner must submit a written report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy finance on the activities taken and expenditures made under this section. The report must, at a minimum, include the following information for the most recent calendar year:

(1) the number of applications for grants filed with the commissioner and the total amount of grant funds requested;

(2) each grant awarded;

(3) the number of additional personnel hired for the purposes of this section;

(4) expenditures on activities conducted under this section, reported separately for these areas:

(i) the technical assistance provided;

(ii) grants made under subdivision 4 to entities to assist applicants with grant development;

(iii) application review and evaluation, including applicants that were denied federal or state grant awards and the reason for the denial;

(iv) information technology activities; and

(v) other expenditures;

(5) the unreserved balance remaining in the state competitiveness fund account;

(6) a copy of a financial audit of the department's expenditures under this section conducted by an independent auditor;

(7) recommendations for legislation to enhance the ability of eligible entities to successfully compete for federal funds;

(8) additional available funding opportunities to obtain energy-related funding from federal agencies; and

(9) federal grant program changes that would affect the federal funds available to the state and eligible applicants, including changes that would affect the required match for receiving federal funds.

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

Sec. 12. **[216C.51] UTILITY DIVERSITY REPORTING.**

Subdivision 1. **Public policy.** It is the public policy of this state to encourage each utility that serves Minnesota residents to focus on and improve the diversity of the utility's workforce and suppliers.

Subd. 2. **Definition.** As used in this section, "utility" means:

(1) a public utility;

(2) a generation and transmission electric cooperative association;

(3) a municipal power agency;

(4) a municipal utility that provides electric service to 10,000 customers or more; or

(5) a cooperative electric association that provides electric service to 10,000 members or more.

Subd. 3. **Annual report.** (a) Beginning March 15, 2024, and each March 15 thereafter, each utility authorized to do business in Minnesota must file an annual diversity report to the commissioner in the public eDockets system that describes:

(1) the utility's goals and efforts to increase diversity in the workplace, including current workforce representation numbers and percentages; and

(2) all procurement goals and actual spending for female-owned, minority-owned, veteran-owned, and small business enterprises during the previous calendar year.

(b) The goals under paragraph (a), clause (2), must be expressed as a percentage of the total work performed by the utility submitting the report. The actual spending for female-owned, minority-owned, veteran-owned, and small business enterprises must also be expressed as a percentage of the total work performed by the utility submitting the report.

Subd. 4. **Report elements.** Each utility required to report under this section must include the following in the annual report to the department:

(1) an explanation of the plan to increase diversity in the utility's workforce and suppliers during the next year;

(2) an explanation of the plan to increase the goals;

(3) an explanation of the challenges faced to increase workforce and supplier diversity, including suggestions regarding actions the department could take to help identify potential employees and vendors;

(4) a list of the certifications the company recognizes that must include the Minnesota Unified Certification Program; the Central Certification Program recognized by Hennepin County, Ramsey County, the city of St. Paul, and the city of Minneapolis Target Market program; and the Minnesota Office of State Procurement program for Targeted Group, Economically Disadvantaged and Veteran-Owned small businesses;

(5) a point of contact for a potential employee or vendor that wishes to work for or do business with the utility; and

(6) a list of successful actions taken to increase workforce and supplier diversity, in order to encourage other companies to emulate best practices.

Subd. 5. **State data.** Each annual report must include as much state-specific data as possible. If the submitting utility does not submit state-specific data, the utility must include any relevant national data the utility possesses, explain why the utility could not submit state-specific data, and detail how the utility intends to include state-specific data in future reports, if possible.

Subd. 6. **Publication; retention.** The department must publish an annual report on the department's website and file the report in the public eDockets system, and must maintain each annual report for at least five years.

Subd. 7. **Annual workshop.** Beginning in 2024, and continuing annually thereafter, the Minnesota Public Utilities Commission must organize a workshop for utilities that is open to members of the public and that focuses on utility efforts to (1) advance supplier diversity, and (2) collaboratively explore solutions to advance supplier diversity.

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

Sec. 13. Minnesota Statutes 2022, section 237.55, is amended to read:

237.55 ANNUAL REPORT ON TELECOMMUNICATIONS ACCESS.

The commissioner of commerce must prepare a report for presentation to the Public Utilities Commission by ~~January~~ March 31 ~~of~~ each year. Each report must review the accessibility of telecommunications services to persons who have communication disabilities, describe services provided, account for annual revenues and expenditures ~~for each aspect of the fund to date~~, and include ~~predicted program~~ anticipated future ~~operation~~ program operations.

Sec. 14. Laws 2005, chapter 97, article 10, section 3, as amended by Laws 2013, chapter 85, article 7, section 9, is amended to read:

Sec. 3. **SUNSET.**

Sections 1 and 2 ~~shall~~ expire ~~on~~ June 30, ~~2023~~ 2028.

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

Sec. 15. **DECOMMISSIONING AND DEMOLITION PLAN FOR COAL-FIRED PLANT.**

The public utility that owns an electric generation facility powered by coal that is located within the St. Croix National Scenic Riverway and is scheduled for retirement in 2028 must develop a plan and detailed schedule of activities that it proposes to undertake to decommission and demolish the electric generation facility and to remediate pollution at the electric generation facility site. The public utility must file the plan with the Minnesota Public Utilities Commission as part of the public utility's next resource plan filing under Minnesota Statutes, section 216B.2422, or in a separate filing by December 31, 2025, whichever is earlier. A copy of the plan and schedule must be filed on the same date with the governing body of the municipality where the electric generation facility is located.

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

Sec. 16. **TRIBAL ADVOCACY COUNCIL ON ENERGY; DEPARTMENT OF COMMERCE SUPPORT.**

(a) The Department of Commerce must provide technical support and subject matter expertise to assist and help facilitate any efforts taken by the 11 federally recognized Indian Tribes in Minnesota to establish a Tribal advocacy council on energy.

(b) When providing support to a Tribal advocacy council on energy, the Department of Commerce may assist the council to:

(1) assess and evaluate common Tribal energy issues, including (i) identifying and prioritizing energy issues, (ii) facilitating idea sharing between the Tribes to generate solutions to energy issues, and (iii) assisting decision making with respect to resolving energy issues;

(2) develop new statewide energy policies or proposed legislation, including (i) organizing stakeholder meetings, (ii) gathering input and other relevant information, (iii) assisting with policy proposal development, evaluation, and decision making, and (iv) helping facilitate actions taken to submit, and obtain approval for or have enacted, policies or legislation approved by the council;

(3) make efforts to raise awareness and provide educational opportunities with respect to Tribal energy issues by (i) identifying information resources, (ii) gathering feedback on issues and topics the council identifies as areas of interest, and (iii) identifying topics for educational forums and helping facilitate the forum process; and

(4) identify, evaluate, and disseminate successful energy-related practices, and develop mechanisms or opportunities to implement the successful practices.

(c) Nothing in this section requires or otherwise obligates the 11 federally recognized Indian Tribes in Minnesota to establish a Tribal advocacy council on energy, nor does it require or obligate any one of the 11 federally recognized Indian Tribes in Minnesota to participate in or implement a decision or support an effort made by an established Tribal advocacy council on energy.

(d) Any support provided by the Department of Commerce to a Tribal advocacy council on energy under this section may be provided only upon request of the council and is limited to issues and areas where the Department of Commerce's expertise and assistance is requested."

Delete the title and insert:

"A bill for an act relating to state government; appropriating money for environment, natural resources, climate, and energy; modifying prior appropriations; providing for and modifying disposition of certain receipts; modifying and establishing duties, authorities, and prohibitions regarding environment and natural resources; modifying and creating environment and natural resources programs; modifying and creating grant programs; reestablishing citizen board of Pollution Control Agency; reestablishing Legislative Water Commission; modifying Legislative-Citizen Commission on Minnesota Resources; modifying permit and environmental review requirements; modifying requirements for recreational vehicles; modifying state trail and state park provisions; establishing Lowland Conifer Carbon Reserve; modifying forestry provisions; modifying game and fish provisions; modifying regulation of farmed Cervidae; regulating certain seeds and pesticides; modifying Water Law; providing appointments; modifying and providing for fees; establishing a biennial budget for Department of Commerce, Public Utilities Commission, and energy, climate, and clean energy activities; establishing and modifying provisions governing energy, clean and renewable energy, energy storage, energy use and conservation, and utility regulation; providing for enhanced transportation electrification; adding and modifying provisions governing Public Utilities Commission proceedings; establishing various clean and renewable energy grant programs; making technical changes; requiring reports; requiring rulemaking; amending Minnesota Statutes 2022, sections 13.643, subdivision 6; 16A.151, subdivision 2; 16A.152, subdivision 2; 16B.325; 16B.58, by adding a subdivision; 16C.135, subdivision 3; 16C.137, subdivision 1; 17.118, subdivision 2; 18B.01, subdivision 31; 18B.09, subdivision 2, by adding a subdivision; 21.82, subdivision 3; 21.86, subdivision 2; 35.155, subdivisions 1, 4, 10, 11, 12, by adding subdivisions; 35.156, subdivision 2, by adding subdivisions; 84.02, by adding a subdivision; 84.0274, subdivision 6; 84.0276; 84.415, subdivisions 3, 6, 7, by adding a subdivision; 84.788, subdivision 5; 84.82, subdivision 2, by adding a subdivision; 84.821, subdivision 2; 84.84; 84.86, subdivision 1; 84.87, subdivision 1; 84.90, subdivision 7; 84.992, subdivisions 2, 5; 84D.02, subdivision 3; 84D.10, subdivision 3; 84D.15, subdivision 2; 85.015, subdivision 10; 85.052, subdivision 6; 85.055, subdivision 1; 85A.01, subdivision 1; 86B.005, by adding a subdivision; 86B.313, subdivision 4; 86B.415, subdivisions 1, 1a, 2, 3, 4, 5, 7; 89A.03, subdivision 5; 90.181, subdivision 2; 97A.015, by adding a subdivision; 97A.031; 97A.126; 97A.137, subdivision 3; 97A.315, subdivision 1; 97A.401, subdivision 1, by adding a subdivision; 97A.405, subdivision 5; 97A.421, subdivision 3; 97A.473, subdivisions 2, 2a, 2b, 5, 5a; 97A.474, subdivision 2; 97A.475, subdivisions 6, 7, 8, 10, 10a, 11, 12, 13, 41; 97B.071; 97B.301, subdivision 6; 97B.516; 97B.668; 97C.087, subdivision 2; 97C.315, subdivision 1; 97C.345, subdivision 1; 97C.355, by adding a subdivision; 97C.371, subdivisions 1, 2, 4; 97C.395, subdivision 1; 97C.601, subdivision 1; 97C.605, subdivisions 1, 2c, 3; 97C.611; 97C.836; 103B.101, subdivisions 2, 9, 16, by adding a subdivision; 103B.103; 103C.501, subdivisions 1, 4, 5, 6, by adding a subdivision; 103D.605, subdivision 5; 103F.505; 103F.511, by adding subdivisions; 103G.005, by adding subdivisions; 103G.2242, subdivision 1; 103G.271, subdivision 6; 103G.287, subdivisions 2, 3; 103G.299, subdivisions 1, 2, 5, 10; 103G.301, subdivisions 2, 6, 7; 115.01, by adding subdivisions; 115.03, subdivision 1, by adding a subdivision; 115.061; 115A.03, by adding a subdivision; 115A.1415; 115A.565, subdivisions 1, 3; 115B.17, subdivision 14; 115B.171, subdivision 3; 115B.52, subdivision 4; 116.02; 116.03, subdivisions 1, 2a; 116.06, subdivision 1, by adding subdivisions; 116.07, subdivision 6, by adding subdivisions; 116C.03, subdivision 2a; 116C.779, subdivision 1; 116C.7792; 116P.05, subdivisions 1, 1a, 2; 116P.09, subdivision 6; 116P.11; 116P.15; 116P.16; 116P.18; 168.1295, subdivision 1; 168.27, by adding a subdivision; 171.07, by adding a subdivision; 216B.096, subdivision 11; 216B.1611, by adding a subdivision; 216B.164, by adding a subdivision; 216B.1641; 216B.1645, subdivision 4; 216B.17, subdivision 1; 216B.2402, subdivision 16; 216B.2422, subdivision 7; 216B.2425, subdivision 3; 216B.243, subdivision 8, as amended; 216B.50, subdivision 1; 216B.62, subdivision 3b; 216C.05, subdivision 2; 216C.08; 216C.09; 216C.264, subdivision 5, by adding subdivisions; 216C.375; 216E.01, subdivision 6, by adding a subdivision; 216E.03, subdivisions 1, 3, 5, as amended, 6, 7, as amended; 216E.04, subdivision 2, as amended; 216E.05, subdivision 2; 216E.06; 216E.07; 216E.10; 216H.02, subdivision 1; 237.55; 297A.94; 325E.046; 325F.072, subdivisions 1, 3, by

adding a subdivision; 326B.106, subdivision 1; 373.475; 515B.2-103; 515B.3-102; Laws 2005, chapter 97, article 10, section 3, as amended; Laws 2022, chapter 94, section 2, subdivisions 5, 8, 9; proposing coding for new law in Minnesota Statutes, chapters 3; 16B; 18B; 21; 84; 86B; 88; 97A; 97B; 97C; 103B; 103E; 103F; 103G; 115A; 116; 116C; 116P; 123B; 216B; 216C; 325E; 473; 500; repealing Minnesota Statutes 2022, sections 16B.24, subdivision 13; 84.033, subdivision 3; 84.944, subdivision 3; 86B.101; 86B.305; 86B.313, subdivisions 2, 3; 97A.145, subdivision 2; 97C.605, subdivisions 2, 2a, 2b, 5; 103C.501, subdivisions 2, 3; 115.44, subdivision 9; 116.011; 216B.16, subdivision 10; 216C.376; 325E.389; 325E.3891; Minnesota Rules, parts 6100.5000, subparts 3, 4, 5; 6100.5700, subpart 4; 6115.1220, subpart 8; 6256.0500, subparts 2, 2a, 2b, 4, 5, 6, 7, 8; 8400.0500; 8400.0550; 8400.0600, subparts 4, 5; 8400.0900, subparts 1, 2, 4, 5; 8400.1650; 8400.1700; 8400.1750; 8400.1800; 8400.1900."

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

The report was adopted.

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

H. F. No. 2324, A bill for an act relating to natural resources; appropriating money for drill core library.

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

The report was adopted.

Stephenson from the Committee on Commerce Finance and Policy to which was referred:

H. F. No. 2680, A bill for an act relating to commerce; establishing a biennial budget for Department of Commerce; modifying various provisions governing insurance; establishing a strengthen Minnesota homes program; regulating money transmitters; establishing and modifying provisions governing energy, renewable energy, and utility regulation; establishing a state competitiveness fund; making technical changes; establishing penalties; authorizing administrative rulemaking; requiring reports; appropriating money; amending Minnesota Statutes 2022, sections 46.131, subdivision 11; 62D.02, by adding a subdivision; 62D.095, subdivisions 2, 3, 4, 5; 62Q.46, subdivisions 1, 3; 62Q.81, subdivision 4, by adding a subdivision; 216B.62, subdivision 3b; 216C.264, subdivision 5, by adding subdivisions; 216C.375, subdivisions 1, 3, 10, 11; proposing coding for new law in Minnesota Statutes, chapters 53B; 65A; 216C; repealing Minnesota Statutes 2022, sections 53B.01; 53B.02; 53B.03; 53B.04; 53B.05; 53B.06; 53B.07; 53B.08; 53B.09; 53B.10; 53B.11; 53B.12; 53B.13; 53B.14; 53B.15; 53B.16; 53B.17; 53B.18; 53B.19; 53B.20; 53B.21; 53B.22; 53B.23; 53B.24; 53B.25; 53B.26; 53B.27, subdivisions 1, 2, 5, 6, 7.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
COMMERCE FINANCE

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2024" and "2025" used in this article mean that the

appropriations listed under them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium" is fiscal years 2024 and 2025. If an appropriation in this act is enacted more than once in the 2023 legislative session, the appropriation must be given effect only once.

	APPROPRIATIONS Available for the Year Ending June 30	
	2024	**2025**
Sec. 2. **DEPARTMENT OF COMMERCE**		
Subdivision 1. **Total Appropriation**	**$34,614,000**	**$264,880,000**

Appropriations by Fund

	2024	2025
General	30,873,000	261,230,000
Workers' Compensation Fund	788,000	815,000
Telecommunications Access Fund	2,093,000	2,093,000

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

Subd. 2. **Financial Institutions**	2,569,000	2,689,000

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

(b) $197,000 each year is to create and maintain a student loan advocate position under Minnesota Statutes, section 58B.011.

Subd. 3. **Administrative Services**	10,076,000	10,102,000

(a) $353,000 each year is for information technology and cybersecurity upgrades for the unclaimed property program.

(b) $564,000 each year is for system modernization of the unclaimed property program.

(c) $249,000 each year is for the senior safe fraud prevention program.

(d) $568,000 in the first year and $537,000 in the second year are to create and maintain the Prescription Drug Affordability Board established under Minnesota Statutes, section 62J.87. The base in fiscal year 2026 is $500,000.

(e) $150,000 each year is for a grant to Exodus Lending to expand program and operational capacity to assist individuals with financial stability through small dollar consumer loans, including but not limited to resolving consumer short-term loans carrying interest rates greater than 36 percent. Loans issued under the program must be: (1) interest- and fee-free; and (2) made to Minnesotans facing significant barriers to mainstream financial products. Program participants must be recruited through a statewide network of trusted community-based partners. Loan payments by borrowers must be reported to the credit bureaus. The appropriations in this paragraph are onetime and are available until June 30, 2027.

(f) For the purposes of paragraphs (e) and (g), the following terms have the meanings given:

(1) "barriers to financial inclusion" means a person's financial history, credit history and credit score requirements, scarcity of depository institutions in lower income and communities of color, and low or irregular income flows;

(2) "character-based lending" means the practice of issuing loans based on a borrower's involvement in and ties to community-based organizations that provide client services, including but not limited to financial coaching; and

(3) "mainstream financial products" means financial products that are provided most commonly by regulated financial institutions, including but not limited to credit cards and installment loans.

(g) $200,000 in fiscal year 2024 is for a grant to Exodus Lending to assist in the development of a character-based small dollar loan program. This is a onetime appropriation and is available until June 30, 2027.

(h) No later than July 15, 2024, and annually thereafter until the appropriations under paragraphs (e) and (g) have been exhausted or canceled, Exodus Lending must submit a report to the commissioner of commerce on the activities required of Exodus Lending under paragraphs (e) and (g). Until July 15, 2027, the report must detail, at a minimum, each of the following for the prior calendar year and, after July 15, 2027, the report must detail, at a minimum, each of the following that relate to the activities of Exodus Lending under paragraph (g) for the prior calendar year:

(1) the total number of loans granted;

(2) the total number of participants granted loans;

(3) an analysis of the participants' race, ethnicity, gender, and geographic locations;

(4) the average loan amount;

(5) the total loan amounts paid back by participants;

(6) a list of the trusted community-based partners;

(7) the final criteria developed for character-based small dollar loan program determinations under paragraph (g); and

(8) summary data on the significant barriers to mainstream financial products faced by participants.

(i) No later than August 15, 2024, and annually thereafter until the appropriations under paragraphs (e) and (g) have been exhausted or canceled, the commissioner of commerce must submit a report to the chairs and ranking minority members of the legislative committees with primary jurisdiction over commerce and consumer protection. The report must detail the information collected by the commissioner of commerce under paragraph (h).

Subd. 4. **Enforcement** 7,185,000 7,473,000

Appropriations by Fund

General	6,977,000	7,258,000
Workers' Compensation	208,000	215,000

(a) $811,000 each year is for five additional peace officers in the Commerce Fraud Bureau. Money under this paragraph is transferred from the general fund to the insurance fraud prevention account under Minnesota Statutes, section 45.0135, subdivision 6.

(b) $345,000 each year is for additional staff to focus on market conduct examinations.

(c) $41,000 in the first year and $21,000 in the second year are for body cameras worn by Commerce Fraud Bureau agents.

(d) $208,000 in the first year and $215,000 in the second year are from the workers' compensation fund.

(e) $100,000 in the second year is for the creation and maintenance of the Mental Health Parity and Substance Abuse Accountability Office under Minnesota Statutes, section 62Q.465. The base for fiscal year 2026 is $175,000.

Subd. 5. **Telecommunications** 3,221,000 3,261,000

Appropriations by Fund

General	1,128,000	1,168,000
Telecommunications Access Fund	2,093,000	2,093,000

$2,093,000 each year is from the telecommunications access Minnesota fund account in the special revenue fund for the following transfers:

(1) $1,620,000 each year is to the commissioner of human services to supplement the ongoing operational expenses of the Commission of Deaf, DeafBlind, and Hard-of-Hearing Minnesotans. This transfer is subject to Minnesota Statutes, section 16A.281;

(2) $290,000 each year is to the chief information officer to coordinate technology accessibility and usability;

(3) $133,000 each year is to the Legislative Coordinating Commission for captioning legislative coverage. This transfer is subject to Minnesota Statutes, section 16A.281; and

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

Subd. 6. **Insurance** 9,172,000 9,592,000

Appropriations by Fund

General	8,592,000	8,992,000
Workers' Compensation	580,000	600,000

(a) $136,000 each year is to advance standardized health plan options.

(b) $318,000 each year is to conduct a feasibility study on a proposal to offer free primary care to Minnesotans. The appropriations in this paragraph are onetime.

(c) $105,000 each year is to evaluate legislation for new mandated health benefits under Minnesota Statutes, section 62J.26.

(d) $180,000 each year is for additional staff to focus on property- and casualty-related insurance products.

(e) $580,000 in the first year and $600,000 in the second year are from the workers' compensation fund.

(f) $42,000 each year is for ensuring health plan company compliance with Minnesota Statutes, section 62Q.47.

(g) $50,000 each year is to evaluate existing statutory health benefit mandates. The base for fiscal year 2027 is $80,000.

Subd. 7. **Weights and Measures Division** 1,531,000 1,556,000

Sec. 3. **DEPARTMENT OF EDUCATION**

Subdivision 1. **Total Appropriation** **$100,000** **$-0-**

Appropriations by Fund

	2024	2025
General	100,000	-0-

$100,000 in the first year is to issue grants of $50,000 each year to the Minnesota Council on Economic Education. This balance does not cancel but is available in the second year. This appropriation is onetime.

Sec. 4. **ATTORNEY GENERAL**

Subdivision 1. **Total Appropriation** **$691,000** **$691,000**

Appropriations by Fund

	2024	2025
General	691,000	691,000

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

Subd. 2. **Excessive Price Increases to Generic Drugs** 549,000 549,000

$549,000 each year is for the duties under Minnesota Statutes, sections 62J.841 to 64J.845.

Subd. 3. **Age-Appropriate Design** 142,000 142,000

$142,000 each year is to enforce the Minnesota Age-Appropriate Design Code Act.

Sec. 5. **DEPARTMENT OF HEALTH**

Subdivision 1. **Total Appropriation** **$69,000** **$51,000**

Appropriations by Fund

	2024	2025
General	69,000	51,000

$69,000 in the first year and $51,000 in the second year are for the duties under Minnesota Statutes, sections 62J.841 to 64J.845.

Sec. 6. **CONSUMER EDUCATION ACCOUNT TRANSFER.**

$100,000 in fiscal year 2024 is transferred from the consumer education account in the special revenue fund to the general fund.

Sec. 7. **PREMIUM SECURITY ACCOUNT TRANSFER; IN.**

$229,465,000 in fiscal year 2025 is transferred from the general fund to the premium security plan account under Minnesota Statutes, section 62E.25, subdivision 1. This is a onetime transfer.

Sec. 8. **PREMIUM SECURITY ACCOUNT TRANSFER; OUT.**

$275,775,000 in fiscal year 2026 is transferred from the premium security plan account under Minnesota Statutes, section 62E.25, subdivision 1, to the general fund. This is a onetime transfer.

ARTICLE 2
INSURANCE

Section 1. Minnesota Statutes 2022, section 60A.08, subdivision 15, is amended to read:

Subd. 15. **Classification of insurance filings data.** (a) All forms, rates, and related information filed with the commissioner under section 61A.02 shall be nonpublic data until the filing becomes effective.

(b) All forms, rates, and related information filed with the commissioner under section 62A.02 shall be nonpublic data until the filing becomes effective.

(c) All forms, rates, and related information filed with the commissioner under section 62C.14, subdivision 10, shall be nonpublic data until the filing becomes effective.

(d) All forms, rates, and related information filed with the commissioner under section 70A.06 shall be nonpublic data until the filing becomes effective.

(e) All forms, rates, and related information filed with the commissioner under section 79.56 shall be nonpublic data until the filing becomes effective.

(f) All forms, rates, and related information filed with the commissioner under section 65A.298 are nonpublic data until the filing becomes effective.

~~(f)~~ (g) Notwithstanding paragraphs (b) and (c), for all rate increases subject to review under section 2794 of the Public Health Services Act and any amendments to, or regulations, or guidance issued under the act that are filed with the commissioner on or after September 1, 2011, the commissioner:

(1) may acknowledge receipt of the information;

(2) may acknowledge that the corresponding rate filing is pending review;

(3) must provide public access from the Department of Commerce's website to parts I and II of the Preliminary Justifications of the rate increases subject to review; and

(4) must provide notice to the public on the Department of Commerce's website of the review of the proposed rate, which must include a statement that the public has 30 calendar days to submit written comments to the commissioner on the rate filing subject to review.

~~(g)~~ (h) Notwithstanding paragraphs (b) and (c), for all proposed premium rates filed with the commissioner for individual health plans, as defined in section 62A.011, subdivision 4, and small group health plans, as defined in section 62K.03, subdivision 12, the commissioner must provide public access on the Department of Commerce's website to compiled data of the proposed changes to rates, separated by health plan and geographic rating area, within ten business days after the deadline by which health carriers, as defined in section 62A.011, subdivision 2, must submit proposed rates to the commissioner for approval.

Sec. 2. **[60A.0812] PROPERTY AND CASUALTY POLICY EXCLUSIONS.**

Subdivision 1. **Short title.** This section may be cited as the "Family Protection Act."

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Boat" means a motorized or nonmotorized vessel that floats and is used for personal, noncommercial use on waters in Minnesota.

(c) "Insured" means an insured under a policy specified in subdivisions 3 and 4, including the named insured and the following persons not identified by name as an insured while residing in the same household with the named insured:

(1) a spouse;

(2) a relative of a named insured; or

(3) a minor in the custody of a named insured or of a relative residing in the same household with a named insured.

For purposes of this paragraph, a person resides in the same household with the named insured if the person's home is usually in the same family unit, even if the person is temporarily living elsewhere.

(d) "Permitted exclusion" means an exclusion of or limitation on liability for damages for bodily injury resulting from fraud, intentional conduct, criminal conduct that intentionally causes an injury, and other exclusions permitted by law.

(e) "Prohibited exclusion" means an exclusion of or limitation on liability for damages for bodily injury because the injured person is (1) a person other than a named insured, (2) a resident or member of the insured's household, or (3) related to the insured by blood or marriage.

Subd. 3. **Prohibited exclusions.** (a) A plan of reparation security, as defined under section 65B.43, a boat insurance policy covering a personal injury sustained while using a boat, a personal excess liability policy, or a personal umbrella policy must not contain a prohibited exclusion.

(b) A prohibited exclusion contained in a plan or policy identified under paragraph (a) is against public policy and is void.

Subd. 4. **Permitted exclusions.** A boat insurance policy, personal excess liability policy, or personal umbrella policy may contain a permitted exclusion.

Subd. 5. **Underlying coverage requirement.** An excess or umbrella policy may contain a requirement that coverage for family or household members under an excess or umbrella policy governed by this section is available only to the extent coverage is first available from an underlying policy that provides coverage for damages for bodily injury.

Subd. 6. **No endorsement required.** An endorsement, rider, or contract amendment is not required for the definitions in this section to be effective.

EFFECTIVE DATE. This section is effective January 1, 2024, and applies to contracts offered, issued, or renewed on or after that date.

Sec. 3. Minnesota Statutes 2022, section 60A.14, subdivision 1, is amended to read:

Subdivision 1. **Fees other than examination fees.** In addition to the fees and charges provided for examinations, the following fees must be paid to the commissioner for deposit in the general fund:

(a) by township mutual fire insurance companies:

(1) for filing certificate of incorporation $25 and amendments thereto, $10;

(2) for filing annual statements, $15;

(3) for each annual certificate of authority, $15;

(4) for filing bylaws $25 and amendments thereto, $10;

(b) by other domestic and foreign companies including fraternals and reciprocal exchanges:

(1) for filing an application for an initial certification of authority to be admitted to transact business in this state, $1,500;

(2) for filing certified copy of certificate of articles of incorporation, $100;

(3) for filing annual statement, ~~$225~~ $300;

(4) for filing certified copy of amendment to certificate or articles of incorporation, $100;

(5) for filing bylaws, $75 or amendments thereto, $75;

(6) for each company's certificate of authority, ~~$575~~ $750, annually;

(c) the following general fees apply:

(1) for each certificate, including certified copy of certificate of authority, renewal, valuation of life policies, corporate condition or qualification, $25;

(2) for each copy of paper on file in the commissioner's office 50 cents per page, and $2.50 for certifying the same;

(3) for license to procure insurance in unadmitted foreign companies, $575;

(4) for valuing the policies of life insurance companies, ~~one cent~~ two cents per $1,000 of insurance so valued, provided that the fee shall not exceed ~~$13,000~~ $26,000 per year for any company. The commissioner may, in lieu of a valuation of the policies of any foreign life insurance company admitted, or applying for admission, to do business in this state, accept a certificate of valuation from the company's own actuary or from the commissioner of insurance of the state or territory in which the company is domiciled;

(5) for receiving and filing certificates of policies by the company's actuary, or by the commissioner of insurance of any other state or territory, $50;

(6) for each appointment of an agent filed with the commissioner, $30;

(7) for filing forms, rates, and compliance certifications under section 60A.315, $140 per filing, or $125 per filing when submitted via electronic filing system. Filing fees may be paid on a quarterly basis in response to an invoice. Billing and payment may be made electronically;

(8) for annual renewal of surplus lines insurer license, ~~$300~~ $400.

The commissioner shall adopt rules to define filings that are subject to a fee.

Sec. 4. Minnesota Statutes 2022, section 61A.031, is amended to read:

61A.031 SUICIDE PROVISIONS.

(a) The sanity or insanity of a person shall not be a factor in determining whether a person committed suicide within the terms of an individual or group life insurance policy regulating the payment of benefits in the event of the insured's suicide. This section shall not be construed to alter present law but is intended to clarify present law.

(b) A life insurance policy or certificate issued or delivered in this state may exclude or restrict liability for any death benefit in the event the insured dies as a result of suicide within one year from the date the policy or certificate is issued. Any exclusion or restriction shall be clearly stated in the policy or certificate. Any life insurance policy or certificate which contains any exclusion or restriction under this paragraph shall also provide that in the event any death benefit is denied because the insured dies as a result of suicide within one year from the date the policy or certificate is issued, the insurer shall refund all premiums paid for coverage providing the denied death benefit on the insured.

EFFECTIVE DATE. This section is effective January 1, 2024, and applies to policies issued or after that date.

Sec. 5. Minnesota Statutes 2022, section 61A.60, subdivision 3, is amended to read:

Subd. 3. **Definitions.** The following definitions must appear on the back of the notice forms provided in subdivisions 1 and 2:

DEFINITIONS

PREMIUMS: Premiums are the payments you make in exchange for an insurance policy or annuity contract. They are unlike deposits in a savings or investment program, because if you drop the policy or contract, you might get back less than you paid in.

CASH SURRENDER VALUE: This is the amount of money you can get in cash if you surrender your life insurance policy or annuity. If there is a policy loan, the cash surrender value is the difference between the cash value printed in the policy and the loan value. Not all policies have cash surrender values.

LAPSE: A life insurance policy may lapse when you do not pay the premiums within the grace period. If you had a cash surrender value, the insurer might change your policy to as much extended term insurance or paid-up insurance as the cash surrender value will buy. Sometimes the policy lets the insurer borrow from the cash surrender value to pay the premiums.

SURRENDER: You surrender a life insurance policy when you either let it lapse or tell the company you want to drop it. Whenever a policy has a cash surrender value, you can get it in cash if you return the policy to the company with a written request. Most insurers will also let you exchange the cash value of the policy for paid-up or extended term insurance.

CONVERT TO PAID-UP INSURANCE: This means you use your cash surrender value to change your insurance to a paid-up policy with the same insurer. The death benefit generally will be lower than under the old policy, but you will not have to pay any more premiums.

PLACE ON EXTENDED TERM: This means you use your cash surrender value to change your insurance to term insurance with the same insurer. In this case, the net death benefit will be the same as before. However, you will only be covered for a specified period of time stated in the policy.

BORROW POLICY LOAN VALUES: If your life insurance policy has a cash surrender value, you can almost always borrow all or part of it from the insurer. Interest will be charged according to the terms of the policy, and if the loan with unpaid interest ever exceeds the cash surrender value, your policy will be surrendered. If you die, the amount of the loan and any unpaid interest due will be subtracted from the death benefits.

EVIDENCE OF INSURABILITY: This means proof that you are an acceptable risk. You have to meet the insurer's standards regarding age, health, occupation, etc., to be eligible for coverage.

INCONTESTABLE CLAUSE: This says that after two years, depending on the policy or insurer, the life insurer will not resist a claim because you made a false or incomplete statement when you applied for the policy. For the early years, though, if there are wrong answers on the application and the insurer finds out about them, the insurer can deny a claim as if the policy had never existed.

SUICIDE CLAUSE: This says that if you ~~commit~~ complete suicide after being insured for less than ~~two years~~ one year, depending on the policy and insurer, your beneficiaries will receive only a refund of the premiums that were paid.

EFFECTIVE DATE. This section is effective January 1, 2024, and applies to policies issued on or after that date.

Sec. 6. Minnesota Statutes 2022, section 62A.152, subdivision 3, is amended to read:

Subd. 3. **Provider discrimination prohibited.** All group policies and group subscriber contracts that provide benefits for mental or nervous disorder treatments in a hospital must provide direct reimbursement for those services at a hospital or psychiatric residential treatment facility if performed by a mental health professional qualified according to section 245I.04, subdivision 2, to the extent that the services and treatment are within the scope of mental health professional licensure.

This subdivision is intended to provide payment of benefits for mental or nervous disorder treatments performed by a licensed mental health professional in a hospital or psychiatric residential treatment facility and is not intended to change or add benefits for those services provided in policies or contracts to which this subdivision applies.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to health plans offered, issued, or renewed on or after that date.

Sec. 7. Minnesota Statutes 2022, section 62A.3099, is amended by adding a subdivision to read:

Subd. 18b. **Open enrollment period.** "Open enrollment period" means the time period described in Code of Federal Regulations, title 42, section 422.62, paragraph (a), clauses (3) to (5), as amended.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to policies offered, issued, or renewed on or after that date.

Sec. 8. Minnesota Statutes 2022, section 62A.31, subdivision 1, is amended to read:

Subdivision 1. **Policy requirements.** No individual or group policy, certificate, subscriber contract issued by a health service plan corporation regulated under chapter 62C, or other evidence of accident and health insurance the effect or purpose of which is to supplement Medicare coverage, including to supplement coverage under Medicare Advantage plans established under Medicare Part C, issued or delivered in this state or offered to a resident of this state shall be sold or issued to an individual covered by Medicare unless the requirements in subdivisions 1a to ~~1v~~ 1w are met.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to policies offered, issued, or renewed on or after that date.

Sec. 9. Minnesota Statutes 2022, section 62A.31, subdivision 1f, is amended to read:

Subd. 1f. **Suspension based on entitlement to medical assistance.** (a) The policy or certificate must provide that benefits and premiums under the policy or certificate shall be suspended for any period that may be provided by federal regulation at the request of the policyholder or certificate holder for the period, not to exceed 24 months, in which the policyholder or certificate holder has applied for and is determined to be entitled to medical assistance under title XIX of the Social Security Act, but only if the policyholder or certificate holder notifies the issuer of the policy or certificate within 90 days after the date the individual becomes entitled to this assistance.

(b) If suspension occurs and if the policyholder or certificate holder loses entitlement to this medical assistance, the policy or certificate shall be automatically reinstated, effective as of the date of termination of this entitlement, if the policyholder or certificate holder provides notice of loss of the entitlement within 90 days after the date of the loss and pays the premium attributable to the period, effective as of the date of termination of entitlement.

(c) The policy must provide that upon reinstatement (1) there is no ~~additional~~ waiting period with respect to treatment of preexisting conditions, (2) coverage is provided which is substantially equivalent to coverage in effect before the date of the suspension. If the suspended policy provided coverage for outpatient prescription drugs, reinstitution of the policy for Medicare Part D enrollees must be without coverage for outpatient prescription drugs and must otherwise provide coverage substantially equivalent to the coverage in effect before the date of suspension, and (3) premiums are classified on terms that are at least as favorable to the policyholder or certificate holder as the premium classification terms that would have applied to the policyholder or certificate holder had coverage not been suspended.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to policies offered, issued, or renewed on or after that date.

Sec. 10. Minnesota Statutes 2022, section 62A.31, subdivision 1h, is amended to read:

Subd. 1h. **Limitations on denials, conditions, and pricing of coverage.** No health carrier issuing Medicare-related coverage in this state may impose preexisting condition limitations or otherwise deny or condition the issuance or effectiveness of any such coverage available for sale in this state, nor may it discriminate in the

pricing of such coverage, because of the health status, claims experience, receipt of health care, medical condition, or age of an applicant where an application for such coverage is submitted: (1) prior to or during the six-month period beginning with the first day of the month in which an individual first enrolled for benefits under Medicare Part B; or (2) during the open enrollment period. This subdivision applies to each Medicare-related coverage offered by a health carrier regardless of whether the individual has attained the age of 65 years. If an individual who is enrolled in Medicare Part B due to disability status is involuntarily disenrolled due to loss of disability status, the individual is eligible for another six-month enrollment period provided under this subdivision beginning the first day of the month in which the individual later becomes eligible for and enrolls again in Medicare Part B and during the open enrollment period. An individual who is or was previously enrolled in Medicare Part B due to disability status is eligible for another six-month enrollment period under this subdivision beginning the first day of the month in which the individual has attained the age of 65 years and either maintains enrollment in, or enrolls again in, Medicare Part B and during the open enrollment period. If an individual enrolled in Medicare Part B voluntarily disenrolls from Medicare Part B because the individual becomes enrolled under an employee welfare benefit plan, the individual is eligible for another six-month enrollment period, as provided in this subdivision, beginning the first day of the month in which the individual later becomes eligible for and enrolls again in Medicare Part B and during the open enrollment period.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to policies offered, issued, or renewed on or after that date.

Sec. 11. Minnesota Statutes 2022, section 62A.31, subdivision 1p, is amended to read:

Subd. 1p. **Renewal or continuation provisions.** Medicare supplement policies and certificates shall include a renewal or continuation provision. The language or specifications of the provision shall be consistent with the type of contract issued. The provision shall be appropriately captioned and shall appear on the first page of the policy or certificate, and shall include any reservation by the issuer of the right to change premiums. Except for riders or endorsements by which the issuer effectuates a request made in writing by the insured, exercises a specifically reserved right under a Medicare supplement policy or certificate, or is required to reduce or eliminate benefits to avoid duplication of Medicare benefits, all riders or endorsements added to a Medicare supplement policy or certificate after the date of issue or at reinstatement or renewal that reduce or eliminate benefits or coverage in the policy or certificate shall require a signed acceptance by the insured. After the date of policy or certificate issue, a rider or endorsement that increases benefits or coverage with a concomitant increase in premium during the policy or certificate term shall be agreed to in writing and signed by the insured, unless the benefits are required by the minimum standards for Medicare supplement policies or if the increased benefits or coverage is required by law. ~~Where a separate additional premium is charged for benefits provided in connection with riders or endorsements, the premium charge shall be set forth in the policy, declaration page, or certificate. If a Medicare supplement policy or certificate contains limitations with respect to preexisting conditions, the limitations shall appear as a separate paragraph of the policy or certificate and be labeled as "preexisting condition limitations."~~

Issuers of accident and sickness policies or certificates that provide hospital or medical expense coverage on an expense incurred or indemnity basis to persons eligible for Medicare shall provide to those applicants a "Guide to Health Insurance for People with Medicare" in the form developed by the Centers for Medicare and Medicaid Services and in a type size no smaller than 12-point type. Delivery of the guide must be made whether or not such policies or certificates are advertised, solicited, or issued as Medicare supplement policies or certificates as defined in this section and section 62A.3099. Except in the case of direct response issuers, delivery of the guide must be made to the applicant at the time of application, and acknowledgment of receipt of the guide must be obtained by the issuer. Direct response issuers shall deliver the guide to the applicant upon request, but no later than the time at which the policy is delivered.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to policies offered, issued, or renewed on or after that date.

Sec. 12. Minnesota Statutes 2022, section 62A.31, subdivision 1u, is amended to read:

Subd. 1u. **Guaranteed issue for eligible persons.** (a)(1) Eligible persons are those individuals described in paragraph (b) who seek to enroll under the policy during the period specified in paragraph (c) and who submit evidence of the date of termination or disenrollment described in paragraph (b), or of the date of Medicare Part D enrollment, with the application for a Medicare supplement policy.

(2) With respect to eligible persons, an issuer shall not: deny or condition the issuance or effectiveness of a Medicare supplement policy described in paragraph (c) that is offered and is available for issuance to new enrollees by the issuer; discriminate in the pricing of such a Medicare supplement policy because of health status, claims experience, receipt of health care, medical condition, or age; or impose an exclusion of benefits based upon a preexisting condition under such a Medicare supplement policy.

(b) An eligible person is an individual described in any of the following:

(1) the individual is enrolled under an employee welfare benefit plan that provides health benefits that supplement the benefits under Medicare; and the plan terminates, or the plan ceases to provide all such supplemental health benefits to the individual;

(2) the individual is enrolled with a Medicare Advantage organization under a Medicare Advantage plan under Medicare Part C, and any of the following circumstances apply, or the individual is 65 years of age or older and is enrolled with a Program of All-Inclusive Care for the Elderly (PACE) provider under section 1894 of the federal Social Security Act, and there are circumstances similar to those described in this clause that would permit discontinuance of the individual's enrollment with the provider if the individual were enrolled in a Medicare Advantage plan:

(i) the organization's or plan's certification under Medicare Part C has been terminated or the organization has terminated or otherwise discontinued providing the plan in the area in which the individual resides;

(ii) the individual is no longer eligible to elect the plan because of a change in the individual's place of residence or other change in circumstances specified by the secretary, but not including termination of the individual's enrollment on the basis described in section 1851(g)(3)(B) of the federal Social Security Act, United States Code, title 42, section 1395w-21(g)(3)(b) (where the individual has not paid premiums on a timely basis or has engaged in disruptive behavior as specified in standards under section 1856 of the federal Social Security Act, United States Code, title 42, section 1395w-26), or the plan is terminated for all individuals within a residence area;

(iii) the individual demonstrates, in accordance with guidelines established by the Secretary, that:

(A) the organization offering the plan substantially violated a material provision of the organization's contract in relation to the individual, including the failure to provide an enrollee on a timely basis medically necessary care for which benefits are available under the plan or the failure to provide such covered care in accordance with applicable quality standards; or

(B) the organization, or agent or other entity acting on the organization's behalf, materially misrepresented the plan's provisions in marketing the plan to the individual; or

(iv) the individual meets such other exceptional conditions as the secretary may provide;

(3)(i) the individual is enrolled with:

(A) an eligible organization under a contract under section 1876 of the federal Social Security Act, United States Code, title 42, section 1395mm (Medicare cost);

(B) a similar organization operating under demonstration project authority, effective for periods before April 1, 1999;

(C) an organization under an agreement under section 1833(a)(1)(A) of the federal Social Security Act, United States Code, title 42, section 1395l(a)(1)(A) (health care prepayment plan); or

(D) an organization under a Medicare Select policy under section 62A.318 or the similar law of another state; and

(ii) the enrollment ceases under the same circumstances that would permit discontinuance of an individual's election of coverage under clause (2);

(4) the individual is enrolled under a Medicare supplement policy, and the enrollment ceases because:

(i)(A) of the insolvency of the issuer or bankruptcy of the nonissuer organization; or

(B) of other involuntary termination of coverage or enrollment under the policy;

(ii) the issuer of the policy substantially violated a material provision of the policy; or

(iii) the issuer, or an agent or other entity acting on the issuer's behalf, materially misrepresented the policy's provisions in marketing the policy to the individual;

(5)(i) the individual was enrolled under a Medicare supplement policy and terminates that enrollment and subsequently enrolls, for the first time, with any Medicare Advantage organization under a Medicare Advantage plan under Medicare Part C; any eligible organization under a contract under section 1876 of the federal Social Security Act, United States Code, title 42, section 1395mm (Medicare cost); any similar organization operating under demonstration project authority; any PACE provider under section 1894 of the federal Social Security Act, or a Medicare Select policy under section 62A.318 or the similar law of another state; and

(ii) the subsequent enrollment under item (i) is terminated by the enrollee during any period within the first 12 months of the subsequent enrollment during which the enrollee is permitted to terminate the subsequent enrollment under section 1851(e) of the federal Social Security Act;

(6) the individual, upon first enrolling for benefits under Medicare Part B, enrolls in a Medicare Advantage plan under Medicare Part C, or with a PACE provider under section 1894 of the federal Social Security Act, and disenrolls from the plan by not later than 12 months after the effective date of enrollment; ~~or~~

(7) the individual enrolls in a Medicare Part D plan during the initial Part D enrollment period, as defined under United States Code, title 42, section 1395ss(v)(6)(D), and, at the time of enrollment in Part D, was enrolled under a Medicare supplement policy that covers outpatient prescription drugs and the individual terminates enrollment in the Medicare supplement policy and submits evidence of enrollment in Medicare Part D along with the application for a policy described in paragraph (e), clause (4)~~.~~; or

(8) the individual was enrolled in a state public program and is losing coverage due to the unwinding of the Medicaid continuous enrollment conditions, as provided by Code of Federal Regulations, title 45, section 155.420(d)(9) and (d)(1), and Public Law 117-328, section 5131 (2022).

(c)(1) In the case of an individual described in paragraph (b), clause (1), the guaranteed issue period begins on the later of: (i) the date the individual receives a notice of termination or cessation of all supplemental health benefits or, if a notice is not received, notice that a claim has been denied because of a termination or cessation; or (ii) the date that the applicable coverage terminates or ceases; and ends 63 days after the later of those two dates.

(2) In the case of an individual described in paragraph (b), clause (2), (3), (5), or (6), whose enrollment is terminated involuntarily, the guaranteed issue period begins on the date that the individual receives a notice of termination and ends 63 days after the date the applicable coverage is terminated.

(3) In the case of an individual described in paragraph (b), clause (4), item (i), the guaranteed issue period begins on the earlier of: (i) the date that the individual receives a notice of termination, a notice of the issuer's bankruptcy or insolvency, or other such similar notice if any; and (ii) the date that the applicable coverage is terminated, and ends on the date that is 63 days after the date the coverage is terminated.

(4) In the case of an individual described in paragraph (b), clause (2), (4), (5), or (6), who disenrolls voluntarily, the guaranteed issue period begins on the date that is 60 days before the effective date of the disenrollment and ends on the date that is 63 days after the effective date.

(5) In the case of an individual described in paragraph (b), clause (7), the guaranteed issue period begins on the date the individual receives notice pursuant to section 1882(v)(2)(B) of the Social Security Act from the Medicare supplement issuer during the 60-day period immediately preceding the initial Part D enrollment period and ends on the date that is 63 days after the effective date of the individual's coverage under Medicare Part D.

(6) In the case of an individual described in paragraph (b) but not described in this paragraph, the guaranteed issue period begins on the effective date of disenrollment and ends on the date that is 63 days after the effective date.

(7) For all individuals described in paragraph (b), the open enrollment period is a guaranteed issue period.

(d)(1) In the case of an individual described in paragraph (b), clause (5), or deemed to be so described, pursuant to this paragraph, whose enrollment with an organization or provider described in paragraph (b), clause (5), item (i), is involuntarily terminated within the first 12 months of enrollment, and who, without an intervening enrollment, enrolls with another such organization or provider, the subsequent enrollment is deemed to be an initial enrollment described in paragraph (b), clause (5).

(2) In the case of an individual described in paragraph (b), clause (6), or deemed to be so described, pursuant to this paragraph, whose enrollment with a plan or in a program described in paragraph (b), clause (6), is involuntarily terminated within the first 12 months of enrollment, and who, without an intervening enrollment, enrolls in another such plan or program, the subsequent enrollment is deemed to be an initial enrollment described in paragraph (b), clause (6).

(3) For purposes of paragraph (b), clauses (5) and (6), no enrollment of an individual with an organization or provider described in paragraph (b), clause (5), item (i), or with a plan or in a program described in paragraph (b), clause (6), may be deemed to be an initial enrollment under this paragraph after the two-year period beginning on the date on which the individual first enrolled with the organization, provider, plan, or program.

(e) The Medicare supplement policy to which eligible persons are entitled under:

(1) paragraph (b), clauses (1) to (4), is any Medicare supplement policy that has a benefit package consisting of the basic Medicare supplement plan described in section 62A.316, paragraph (a), plus any combination of the three optional riders described in section 62A.316, paragraph (b), clauses (1) to (3), offered by any issuer;

(2) paragraph (b), clause (5), is the same Medicare supplement policy in which the individual was most recently previously enrolled, if available from the same issuer, or, if not so available, any policy described in clause (1) offered by any issuer, except that after December 31, 2005, if the individual was most recently enrolled in a Medicare supplement policy with an outpatient prescription drug benefit, a Medicare supplement policy to which the individual is entitled under paragraph (b), clause (5), is:

(i) the policy available from the same issuer but modified to remove outpatient prescription drug coverage; or

(ii) at the election of the policyholder, a policy described in clause (4), except that the policy may be one that is offered and available for issuance to new enrollees that is offered by any issuer;

(3) paragraph (b), clause (6), is any Medicare supplement policy offered by any issuer;

(4) paragraph (b), clause (7), is a Medicare supplement policy that has a benefit package classified as a basic plan under section 62A.316 if the enrollee's existing Medicare supplement policy is a basic plan or, if the enrollee's existing Medicare supplement policy is an extended basic plan under section 62A.315, a basic or extended basic plan at the option of the enrollee, provided that the policy is offered and is available for issuance to new enrollees by the same issuer that issued the individual's Medicare supplement policy with outpatient prescription drug coverage. The issuer must permit the enrollee to retain all optional benefits contained in the enrollee's existing coverage, other than outpatient prescription drugs, subject to the provision that the coverage be offered and available for issuance to new enrollees by the same issuer.

(f)(1) At the time of an event described in paragraph (b), because of which an individual loses coverage or benefits due to the termination of a contract or agreement, policy, or plan, the organization that terminates the contract or agreement, the issuer terminating the policy, or the administrator of the plan being terminated, respectively, shall notify the individual of the individual's rights under this subdivision, and of the obligations of issuers of Medicare supplement policies under paragraph (a). The notice must be communicated contemporaneously with the notification of termination.

(2) At the time of an event described in paragraph (b), because of which an individual ceases enrollment under a contract or agreement, policy, or plan, the organization that offers the contract or agreement, regardless of the basis for the cessation of enrollment, the issuer offering the policy, or the administrator of the plan, respectively, shall notify the individual of the individual's rights under this subdivision, and of the obligations of issuers of Medicare supplement policies under paragraph (a). The notice must be communicated within ten working days of the issuer receiving notification of disenrollment.

(g) Reference in this subdivision to a situation in which, or to a basis upon which, an individual's coverage has been terminated does not provide authority under the laws of this state for the termination in that situation or upon that basis.

(h) An individual's rights under this subdivision are in addition to, and do not modify or limit, the individual's rights under subdivision 1h.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to policies offered, issued, or renewed on or after that date.

Sec. 13. Minnesota Statutes 2022, section 62A.31, is amended by adding a subdivision to read:

Subd. 1w. **Open enrollment.** A medicare supplement policy or certificate must not be sold or issued to an eligible individual outside of the time periods described in subdivision 1u.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to policies offered, issued, or renewed on or after that date.

Sec. 14. Minnesota Statutes 2022, section 62A.31, subdivision 4, is amended to read:

Subd. 4. **Prohibited policy provisions.** (a) A Medicare supplement policy or certificate in force in the state shall not contain benefits that duplicate benefits provided by Medicare or contain exclusions on coverage that are more restrictive than those of Medicare. Duplication of benefits is permitted to the extent permitted under subdivision 1s, paragraph (a), for benefits provided by Medicare Part D.

(b) No Medicare supplement policy or certificate may use waivers to exclude, limit, or reduce coverage or benefits for specifically named or described preexisting diseases or physical conditions~~, except as permitted under subdivision 1b~~.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to policies offered, issued, or renewed on or after that date.

Sec. 15. Minnesota Statutes 2022, section 62A.44, subdivision 2, is amended to read:

Subd. 2. **Questions.** (a) Application forms shall include the following questions designed to elicit information as to whether, as of the date of the application, the applicant has another Medicare supplement or other health insurance policy or certificate in force or whether a Medicare supplement policy or certificate is intended to replace any other accident and sickness policy or certificate presently in force. A supplementary application or other form to be signed by the applicant and agent containing the questions and statements may be used.

"(1) You do not need more than one Medicare supplement policy or certificate.

(2) If you purchase this policy, you may want to evaluate your existing health coverage and decide if you need multiple coverages.

(3) You may be eligible for benefits under Medicaid and may not need a Medicare supplement policy or certificate.

(4) The benefits and premiums under your Medicare supplement policy or certificate can be suspended, if requested, during your entitlement to benefits under Medicaid for 24 months. You must request this suspension within 90 days of becoming eligible for Medicaid. If you are no longer entitled to Medicaid, your policy or certificate will be reinstated if requested within 90 days of losing Medicaid eligibility.

(5) Counseling services may be available in Minnesota to provide advice concerning medical assistance through state Medicaid, Qualified Medicare Beneficiaries (QMBs), and Specified Low-Income Medicare Beneficiaries (SLMBs).

To the best of your knowledge:

(1) Do you have another Medicare supplement policy or certificate in force?

(a) If so, with which company?

(b) If so, do you intend to replace your current Medicare supplement policy with this policy or certificate?

(2) Do you have any other health insurance policies that provide benefits which this Medicare supplement policy or certificate would duplicate?

(a) If so, please name the company.

(b) What kind of policy?

(3) Are you covered for medical assistance through the state Medicaid program? If so, which of the following programs provides coverage for you?

(a) Specified Low-Income Medicare Beneficiary (SLMB),

(b) Qualified Medicare Beneficiary (QMB), or

(c) full Medicaid Beneficiary?"

(b) Agents shall list any other health insurance policies they have sold to the applicant.

(1) List policies sold that are still in force.

(2) List policies sold in the past five years that are no longer in force.

(c) In the case of a direct response issuer, a copy of the application or supplemental form, signed by the applicant, and acknowledged by the insurer, shall be returned to the applicant by the insurer on delivery of the policy or certificate.

(d) Upon determining that a sale will involve replacement of Medicare supplement coverage, any issuer, other than a direct response issuer, or its agent, shall furnish the applicant, before issuance or delivery of the Medicare supplement policy or certificate, a notice regarding replacement of Medicare supplement coverage. One copy of the notice signed by the applicant and the agent, except where the coverage is sold without an agent, shall be provided to the applicant and an additional signed copy shall be retained by the issuer. A direct response issuer shall deliver to the applicant at the time of the issuance of the policy or certificate the notice regarding replacement of Medicare supplement coverage.

(e) The notice required by paragraph (d) for an issuer shall be provided in substantially the following form in no less than 12-point type:

"NOTICE TO APPLICANT REGARDING REPLACEMENT
OF MEDICARE SUPPLEMENT INSURANCE

(Insurance company's name and address)

SAVE THIS NOTICE! IT MAY BE IMPORTANT TO YOU IN THE FUTURE.

According to (your application) (information you have furnished), you intend to terminate existing Medicare supplement insurance and replace it with a policy or certificate to be issued by (Company Name) Insurance Company. Your new policy or certificate will provide 30 days within which you may decide without cost whether you desire to keep the policy or certificate.

You should review this new coverage carefully. Compare it with all accident and sickness coverage you now have. If, after due consideration, you find that purchase of this Medicare supplement coverage is a wise decision you should terminate your present Medicare supplement policy. You should evaluate the need for other accident and sickness coverage you have that may duplicate this policy.

STATEMENT TO APPLICANT BY ISSUER, AGENT, (BROKER OR OTHER REPRESENTATIVE): I have reviewed your current medical or health insurance coverage. To the best of my knowledge this Medicare supplement policy will not duplicate your existing Medicare supplement policy because you intend to terminate the existing Medicare supplement policy. The replacement policy or certificate is being purchased for the following reason(s) (check one):

.....Additional benefits
.....No change in benefits, but lower premiums
.....Fewer benefits and lower premiums
.....Other (please specify)
.....
.....
.....

~~(1) Health conditions which you may presently have (preexisting conditions) may not be immediately or fully covered under the new policy or certificate. This could result in denial or delay of a claim for benefits under the new policy or certificate, whereas a similar claim might have been payable under your present policy or certificate.~~

~~(2) State law provides that your replacement policy or certificate may not contain new preexisting conditions, waiting periods, elimination periods, or probationary periods. The insurer will waive any time periods applicable to preexisting conditions, waiting periods, elimination periods, or probationary periods in the new policy (or coverage) for similar benefits to the extent the time was spent (depleted) under the original policy or certificate.~~

~~(3) If you still wish to terminate your present policy or certificate and replace it with new coverage, be certain to truthfully and completely answer all questions on the application concerning your medical and health history. Failure to include all material medical information on an application may provide a basis for the company to deny any future claims and to refund your premium as though your policy or certificate had never been in force. After the application has been completed and before you sign it, review it carefully to be certain that all information has been properly recorded. (If the policy or certificate is guaranteed issue, this paragraph need not appear.)~~

Do not cancel your present policy or certificate until you have received your new policy or certificate and you are sure that you want to keep it.

.....
(Signature of Agent, Broker, or Other Representative)*

.....
(Typed Name and Address of Issuer, Agent, or Broker)

.....
(Date)

.....
(Applicant's Signature)

.....
(Date)

*Signature not required for direct response sales."

~~(f) Paragraph (e), clauses (1) and (2), of the replacement notice (applicable to preexisting conditions) may be deleted by an issuer if the replacement does not involve application of a new preexisting condition limitation.~~

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to policies offered, issued, or renewed on or after that date.

Sec. 16. Minnesota Statutes 2022, section 62D.02, is amended by adding a subdivision to read:

Subd. 17. **Preventive items and services.** "Preventive items and services" has the meaning given in section 62Q.46, subdivision 1, paragraph (a).

Sec. 17. Minnesota Statutes 2022, section 62D.095, subdivision 2, is amended to read:

Subd. 2. **Co-payments.** A health maintenance contract may impose a co-payment and coinsurance consistent with the provisions of the Affordable Care Act as defined under section 62A.011, subdivision 1a, and for items and services that are not preventive items and services.

Sec. 18. Minnesota Statutes 2022, section 62D.095, subdivision 3, is amended to read:

Subd. 3. **Deductibles.** A health maintenance contract ~~may~~ must not impose a deductible ~~consistent with the provisions of the Affordable Care Act as defined under section 62A.011, subdivision 1a~~ for preventive items and services.

Sec. 19. Minnesota Statutes 2022, section 62D.095, subdivision 4, is amended to read:

Subd. 4. **Annual out-of-pocket maximums.** A health maintenance contract ~~may~~ must not impose an annual out-of-pocket maximum ~~consistent with the provisions of the Affordable Care Act as defined under section 62A.011, subdivision 1a~~ for services rendered that are not listed under section 62D.02, subdivision 17, or for preventive items and services.

Sec. 20. Minnesota Statutes 2022, section 62D.095, subdivision 5, is amended to read:

Subd. 5. **Exceptions.** ~~No~~ Co-payments or deductibles ~~may~~ must not be imposed on preventive ~~health care~~ items and services ~~consistent with the provisions of the Affordable Care Act as defined under section 62A.011, subdivision 1a~~.

Sec. 21. Minnesota Statutes 2022, section 62J.26, subdivision 1, is amended to read:

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

(1) "commissioner" means the commissioner of commerce;

(2) "enrollee" has the meaning given in section 62Q.01, subdivision 2b;

(3) "health plan" means a health plan as defined in section 62A.011, subdivision 3, but includes coverage listed in clauses (7) and (10) of that definition;

(4) "mandated health benefit proposal" or "proposal" means a proposal that would statutorily require a health plan company to do the following:

(i) provide coverage or increase the amount of coverage for the treatment of a particular disease, condition, or other health care need;

(ii) provide coverage or increase the amount of coverage of a particular type of health care treatment or service or of equipment, supplies, or drugs used in connection with a health care treatment or service;

(iii) provide coverage for care delivered by a specific type of provider;

(iv) require a particular benefit design or impose conditions on cost-sharing for:

(A) the treatment of a particular disease, condition, or other health care need;

(B) a particular type of health care treatment or service; or

(C) the provision of medical equipment, supplies, or a prescription drug used in connection with treating a particular disease, condition, or other health care need; or

(v) impose limits or conditions on a contract between a health plan company and a health care provider.

(b) "Mandated health benefit proposal" does not include health benefit proposals:

(1) amending the scope of practice of a licensed health care professional.; or

(2) that make state law consistent with federal law.

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

Sec. 22. Minnesota Statutes 2022, section 62J.26, subdivision 2, is amended to read:

Subd. 2. **Evaluation process and content.** (a) The commissioner, in consultation with the commissioners of health and management and budget, must evaluate all mandated health benefit proposals as provided under subdivision 3.

(b) The purpose of the evaluation is to provide the legislature with a complete and timely analysis of all ramifications of any mandated health benefit proposal. The evaluation must include, in addition to other relevant information, the following to the extent applicable:

(1) scientific and medical information on the mandated health benefit proposal, on the potential for harm or benefit to the patient, and on the comparative benefit or harm from alternative forms of treatment, and must include the results of at least one professionally accepted and controlled trial comparing the medical consequences of the proposed therapy, alternative therapy, and no therapy;

(2) public health, economic, and fiscal impacts of the mandated health benefit proposal on persons receiving health services in Minnesota, on the relative cost-effectiveness of the proposal, and on the health care system in general;

(3) the extent to which the treatment, service, equipment, or drug is generally utilized by a significant portion of the population;

(4) the extent to which insurance coverage for the mandated health benefit proposal is already generally available;

(5) the extent to which the mandated health benefit proposal, by health plan category, would apply to the benefits offered to the health plan's enrollees;

(6) the extent to which the mandated health benefit proposal will increase or decrease the cost of the treatment, service, equipment, or drug;

(7) the extent to which the mandated health benefit proposal may increase enrollee premiums; and

(8) if the proposal applies to a qualified health plan as defined in section 62A.011, subdivision 7, the cost to the state to defray the cost of the mandated health benefit proposal using commercial market reimbursement rates in accordance with Code of Federal Regulations, title 45, section 155.70.

(c) The commissioner shall consider actuarial analysis done by health plan companies and any other proponent or opponent of the mandated health benefit proposal in determining the cost of the proposal.

(d) The commissioner must summarize the nature and quality of available information on these issues, and, if possible, must provide preliminary information to the public. The commissioner may conduct research on these issues or may determine that existing research is sufficient to meet the informational needs of the legislature. The commissioner may seek the assistance and advice of researchers, community leaders, or other persons or organizations with relevant expertise. The commissioner must provide the public with at least 45 days' notice when requesting information pursuant to this section. The commissioner must notify the chief authors of a bill when a request for information is issued.

(e) Information submitted to the commissioner pursuant to this section that meets the definition of trade secret information, as defined in section 13.37, subdivision 1, paragraph (b), is nonpublic data."

Sec. 23. **[62J.841] DEFINITIONS.**

Subdivision 1. **Scope.** For purposes of sections 62J.841 to 62J.845, the following definitions apply.

Subd. 2. **Consumer Price Index.** "Consumer Price Index" means the Consumer Price Index, Annual Average, for All Urban Consumers, CPI-U: U.S. City Average, All Items, reported by the United States Department of Labor, Bureau of Labor Statistics, or its successor or, if the index is discontinued, an equivalent index reported by a federal authority or, if no such index is reported, "Consumer Price Index" means a comparable index chosen by the Bureau of Labor Statistics.

Subd. 3. **Generic or off-patent drug.** "Generic or off-patent drug" means any prescription drug for which any exclusive marketing rights granted under the Federal Food, Drug, and Cosmetic Act, section 351 of the federal Public Health Service Act, and federal patent law have expired, including any drug-device combination product for the delivery of a generic drug.

Subd. 4. **Manufacturer.** "Manufacturer" has the meaning given in section 151.01, subdivision 14a, but does not include an entity that must be licensed solely because the entity repackages or relabels drugs.

Subd. 5. **Prescription drug.** "Prescription drug" means a drug for human use subject to United States Code, title 21, section 353(b)(1).

Subd. 6. **Wholesale acquisition cost.** "Wholesale acquisition cost" has the meaning provided in United States Code, title 42, section 1395w-3a.

Subd. 7. **Wholesale distributor.** "Wholesale distributor" has the meaning provided in section 151.441, subdivision 14.

Sec. 24. **[62J.842] EXCESSIVE PRICE INCREASES PROHIBITED.**

Subdivision 1. **Prohibition.** No manufacturer shall impose, or cause to be imposed, an excessive price increase, whether directly or through a wholesale distributor, pharmacy, or similar intermediary, on the sale of any generic or off-patent drug sold, dispensed, or delivered to any consumer in the state.

Subd. 2. **Excessive price increase.** A price increase is excessive for purposes of this section when:

(1) the price increase, adjusted for inflation utilizing the Consumer Price Index, exceeds:

(i) 15 percent of the wholesale acquisition cost over the immediately preceding calendar year; or

(ii) 40 percent of the wholesale acquisition cost over the immediately preceding three calendar years; and

(2) the price increase, adjusted for inflation utilizing the Consumer Price Index, exceeds $30 for:

(i) a 30-day supply of the drug; or

(ii) a course of treatment lasting less than 30 days.

Subd. 3. **Exemption.** It is not a violation of this section for a wholesale distributor or pharmacy to increase the price of a generic or off-patent drug if the price increase is directly attributable to additional costs for the drug imposed on the wholesale distributor or pharmacy by the manufacturer of the drug.

Sec. 25. **[62J.843] REGISTERED AGENT AND OFFICE WITHIN THE STATE.**

Any manufacturer that sells, distributes, delivers, or offers for sale any generic or off-patent drug in the state must maintain a registered agent and office within the state.

Sec. 26. **[62J.844] ENFORCEMENT.**

Subdivision 1. **Notification.** (a) The commissioner of health shall notify the manufacturer of a generic or off-patent drug and the attorney general of any price increase that the commissioner believes may violate section 62J.842.

(b) The commissioner of management and budget and any other state agency that provides or purchases a pharmacy benefit except the Department of Human Services, and any entity under contract with a state agency to provide a pharmacy benefit other than an entity under contract with the Department of Human Services, may notify the manufacturer of a generic or off-patent drug and the attorney general of any price increase that the commissioner or entity believes may violate section 62J.842.

Subd. 2. **Submission of drug cost statement and other information by manufacturer; investigation by attorney general.** (a) Within 45 days of receiving a notice under subdivision 1, the manufacturer of the generic or off-patent drug shall submit a drug cost statement to the attorney general. The statement must:

(1) itemize the cost components related to production of the drug;

(2) identify the circumstances and timing of any increase in materials or manufacturing costs that caused any increase during the preceding calendar year, or preceding three calendar years as applicable, in the price of the drug; and

(3) provide any other information that the manufacturer believes to be relevant to a determination of whether a violation of section 62J.842 has occurred.

(b) The attorney general may investigate whether a violation of section 62J.842 has occurred, in accordance with section 8.31, subdivision 2.

Subd. 3. **Petition to court.** (a) On petition of the attorney general, a court may issue an order:

(1) compelling the manufacturer of a generic or off-patent drug to:

(i) provide the drug cost statement required under subdivision 2, paragraph (a); and

(ii) answer interrogatories, produce records or documents, or be examined under oath, as required by the attorney general under subdivision 2, paragraph (b);

(2) restraining or enjoining a violation of sections 62J.841 to 62J.845, including issuing an order requiring that drug prices be restored to levels that comply with section 62J.842;

(3) requiring the manufacturer to provide an accounting to the attorney general of all revenues resulting from a violation of section 62J.842;

(4) requiring the manufacturer to repay to all Minnesota consumers, including any third-party payers, any money acquired as a result of a price increase that violates section 62J.842;

(5) notwithstanding section 16A.151, requiring that all revenues generated from a violation of section 62J.842 be remitted to the state and deposited into a special fund, to be used for initiatives to reduce the cost to consumers of acquiring prescription drugs, if a manufacturer is unable to determine the individual transactions necessary to provide the repayments described in clause (4);

(6) imposing a civil penalty of up to $10,000 per day for each violation of section 62J.842;

(7) providing for the attorney general's recovery of costs and disbursements incurred in bringing an action against a manufacturer found in violation of section 62J.842, including the costs of investigation and reasonable attorney's fees; and

(8) providing any other appropriate relief, including any other equitable relief as determined by the court.

(b) For purposes of paragraph (a), clause (6), every individual transaction in violation of section 62J.842 is considered a separate violation.

Subd. 4. **Private right of action.** Any action brought pursuant to section 8.31, subdivision 3a, by a person injured by a violation of section 62J.842 is for the benefit of the public.

Sec. 27. **[62J.845] PROHIBITION ON WITHDRAWAL OF GENERIC OR OFF-PATENT DRUGS FOR SALE.**

Subdivision 1. **Prohibition.** A manufacturer of a generic or off-patent drug is prohibited from withdrawing that drug from sale or distribution within this state for the purpose of avoiding the prohibition on excessive price increases under section 62J.842.

Subd. 2. **Notice to board and attorney general.** Any manufacturer that intends to withdraw a generic or off-patent drug from sale or distribution within the state shall provide a written notice of withdrawal to the attorney general at least 90 days prior to the withdrawal.

Subd. 3. **Financial penalty.** The attorney general shall assess a penalty of $500,000 on any manufacturer of a generic or off-patent drug that the attorney general determines has failed to comply with the requirements of this section.

Sec. 28. **[62J.846] SEVERABILITY.**

If any provision of sections 62J.841 to 62J.845 or the application thereof to any person or circumstance is held invalid for any reason in a court of competent jurisdiction, the invalidity does not affect other provisions or any other application of sections 62J.841 to 62J.845 that can be given effect without the invalid provision or application.

Sec. 29. **[62J.85] CITATION.**

Sections 62J.85 to 62J.95 may be cited as the "Prescription Drug Affordability Act."

Sec. 30. **[62J.86] DEFINITIONS.**

Subdivision 1. **Definitions.** For the purposes of sections 62J.85 to 62J.95, the following terms have the meanings given.

Subd. 2. **Advisory council.** "Advisory council" means the Prescription Drug Affordability Advisory Council established under section 62J.88.

Subd. 3. **Biologic.** "Biologic" means a drug that is produced or distributed in accordance with a biologics license application approved under Code of Federal Regulations, title 42, section 447.502.

Subd. 4. **Biosimilar.** "Biosimilar" has the meaning provided in section 62J.84, subdivision 2, paragraph (b).

Subd. 5. **Board.** "Board" means the Prescription Drug Affordability Board established under section 62J.87.

Subd. 6. **Brand name drug.** "Brand name drug" means a drug that is produced or distributed pursuant to:

(1) a new drug application approved under United States Code, title 21, section 355(c), except for a generic drug as defined under Code of Federal Regulations, title 42, section 447.502; or

(2) a biologics license application approved under United States Code, title 45, section 262(a)(c).

Subd. 7. **Generic drug.** "Generic drug" has the meaning provided in section 62J.84, subdivision 2, paragraph (e).

Subd. 8. **Group purchaser.** "Group purchaser" has the meaning given in section 62J.03, subdivision 6, and includes pharmacy benefit managers, as defined in section 62W.02, subdivision 15.

Subd. 9. **Manufacturer.** "Manufacturer" means an entity that:

(1) engages in the manufacture of a prescription drug product or enters into a lease with another manufacturer to market and distribute a prescription drug product under the entity's own name; and

(2) sets or changes the wholesale acquisition cost of the prescription drug product it manufacturers or markets.

Subd. 10. **Prescription drug product.** "Prescription drug product" means a brand name drug, a generic drug, a biologic, or a biosimilar.

Subd. 11. **Wholesale acquisition cost or WAC.** "Wholesale acquisition cost" or "WAC" has the meaning given in United States Code, title 42, section 1395W-3a(c)(6)(B).

Sec. 31. **[62J.87] PRESCRIPTION DRUG AFFORDABILITY BOARD.**

Subdivision 1. **Establishment.** The commissioner of commerce shall establish the Prescription Drug Affordability Board, which shall be governed as a board under section 15.012, paragraph (a), to protect consumers, state and local governments, health plan companies, providers, pharmacies, and other health care system stakeholders from unaffordable costs of certain prescription drugs.

Subd. 2. **Membership.** (a) The Prescription Drug Affordability Board consists of nine members appointed as follows:

(1) seven voting members appointed by the governor;

(2) one nonvoting member appointed by the majority leader of the senate; and

(3) one nonvoting member appointed by the speaker of the house.

(b) All members appointed must have knowledge and demonstrated expertise in pharmaceutical economics and finance or health care economics and finance. A member must not be an employee of, a board member of, or a consultant to a manufacturer or trade association for manufacturers, or a pharmacy benefit manager or trade association for pharmacy benefit managers.

(c) Initial appointments must be made by January 1, 2024.

Subd. 3. **Terms.** (a) Board appointees shall serve four-year terms, except that initial appointees shall serve staggered terms of two, three, or four years as determined by lot by the secretary of state. A board member shall serve no more than two consecutive terms.

(b) A board member may resign at any time by giving written notice to the board.

Subd. 4. **Chair; other officers.** (a) The governor shall designate an acting chair from the members appointed by the governor.

(b) The board shall elect a chair to replace the acting chair at the first meeting of the board by a majority of the members. The chair shall serve for one year.

(c) The board shall elect a vice-chair and other officers from its membership as it deems necessary.

Subd. 5. **Staff; technical assistance.** (a) The board shall hire an executive director and other staff, who shall serve in the unclassified service. The executive director must have knowledge and demonstrated expertise in pharmacoeconomics, pharmacology, health policy, health services research, medicine, or a related field or discipline.

(b) The commissioner of health shall provide technical assistance to the board. The board may also employ or contract for professional and technical assistance as the board deems necessary to perform the board's duties.

(c) The attorney general shall provide legal services to the board.

Subd. 6. **Compensation.** The board members shall not receive compensation but may receive reimbursement for expenses as authorized under section 15.059, subdivision 3.

Subd. 7. **Meetings.** (a) Meetings of the board are subject to chapter 13D. The board shall meet publicly at least every three months to review prescription drug product information submitted to the board under section 62J.90. If there are no pending submissions, the chair of the board may cancel or postpone the required meeting. The board may meet in closed session when reviewing proprietary information, as determined under the standards developed in accordance with section 62J.91, subdivision 3.

(b) The board shall announce each public meeting at least three weeks prior to the scheduled date of the meeting. Any materials for the meeting shall be made public at least two weeks prior to the scheduled date of the meeting.

(c) At each public meeting, the board shall provide the opportunity for comments from the public, including the opportunity for written comments to be submitted to the board prior to a decision by the board.

Sec. 32. **[62J.88] PRESCRIPTION DRUG AFFORDABILITY ADVISORY COUNCIL.**

Subdivision 1. **Establishment.** The governor shall appoint a 15-member stakeholder advisory council to provide advice to the board on drug cost issues and to represent stakeholders' views. The governor shall appoint the members of the advisory council based on the members' knowledge and demonstrated expertise in one or more of the following areas: the pharmaceutical business; practice of medicine; patient perspectives; health care cost trends and drivers; clinical and health services research; and the health care marketplace.

Subd. 2. **Membership.** The council's membership shall consist of the following:

(1) two members representing patients and health care consumers;

(2) two members representing health care providers;

(3) one member representing health plan companies;

(4) two members representing employers, with one member representing large employers and one member representing small employers;

(5) one member representing government employee benefit plans;

(6) one member representing pharmaceutical manufacturers;

(7) one member who is a health services clinical researcher;

(8) one member who is a pharmacologist;

(9) one member who is an oncologist;

(10) one member representing the commissioner of health with expertise in health economics;

(11) one member representing wholesale drug distributors; and

(12) one member representing pharmacy benefit managers.

Subd. 3. **Terms.** (a) The initial appointments to the advisory council must be made by January 1, 2024. The initial appointed advisory council members shall serve staggered terms of two, three, or four years, determined by lot by the secretary of state. Following the initial appointments, the advisory council members shall serve four-year terms.

(b) Removal and vacancies of advisory council members shall be governed by section 15.059.

Subd. 4. **Compensation.** Advisory council members may be compensated according to section 15.059.

Subd. 5. **Meetings.** Meetings of the advisory council are subject to chapter 13D. The advisory council shall meet publicly at least every three months to advise the board on drug cost issues related to the prescription drug product information submitted to the board under section 62J.90.

Subd. 6. **Exemption.** Notwithstanding section 15.059, the advisory council shall not expire.

Sec. 33. **[62J.89] CONFLICTS OF INTEREST.**

Subdivision 1. **Definition.** For purposes of this section, "conflict of interest" means a financial or personal association that has the potential to bias or have the appearance of biasing a person's decisions in matters related to the board, the advisory council, or in the conduct of the board's or council's activities. A conflict of interest includes any instance in which a person, a person's immediate family member, including a spouse, parent, child, or other legal dependent, or an in-law of any of the preceding individuals, has received or could receive a direct or indirect financial benefit of any amount deriving from the result or findings of a decision or determination of the board. For purposes of this section, a financial benefit includes honoraria, fees, stock, the value of the member's, immediate family member's, or in-law's stock holdings, and any direct financial benefit deriving from the finding of a review conducted under sections 62J.85 to 62J.95. Ownership of securities is not a conflict of interest if the securities are: (1) part of a diversified mutual or exchange traded fund; or (2) in a tax-deferred or tax-exempt retirement account that is administered by an independent trustee.

Subd. 2. **General.** (a) Prior to the acceptance of an appointment or employment, or prior to entering into a contractual agreement, a board or advisory council member, board staff member, or third-party contractor must disclose to the appointing authority or the board any conflicts of interest. The information disclosed must include the type, nature, and magnitude of the interests involved.

(b) A board member, board staff member, or third-party contractor with a conflict of interest with regard to any prescription drug product under review must recuse themselves from any discussion, review, decision, or determination made by the board relating to the prescription drug product.

(c) Any conflict of interest must be disclosed in advance of the first meeting after the conflict is identified or within five days after the conflict is identified, whichever is earlier.

Subd. 3. **Prohibitions.** Board members, board staff, or third-party contractors are prohibited from accepting gifts, bequeaths, or donations of services or property that raise the specter of a conflict of interest or have the appearance of injecting bias into the activities of the board.

Sec. 34. **[62J.90] PRESCRIPTION DRUG PRICE INFORMATION; DECISION TO CONDUCT COST REVIEW.**

Subdivision 1. **Drug price information from the commissioner of health and other sources.** (a) The commissioner of health shall provide to the board the information reported to the commissioner by drug manufacturers under section 62J.84, subdivisions 3, 4, and 5. The commissioner shall provide this information to the board within 30 days of the date the information is received from drug manufacturers.

(b) The board may subscribe to one or more prescription drug pricing files, such as Medispan or FirstDatabank, or as otherwise determined by the board.

Subd. 2. **Identification of certain prescription drug products.** (a) The board, in consultation with the advisory council, shall identify selected prescription drug products based on the following criteria:

(1) brand name drugs or biologics for which the WAC increases by more than 15 percent or by more than $3,000 during any 12-month period or course of treatment if less than 12 months, after adjusting for changes in the consumer price index (CPI);

(2) brand name drugs or biologics with a WAC of $60,000 or more per calendar year or per course of treatment;

(3) biosimilar drugs that have a WAC that is not at least 20 percent lower than the referenced brand name biologic at the time the biosimilar is introduced; and

(4) generic drugs for which the WAC:

(i) is $100 or more, after adjusting for changes in the CPI, for:

(A) a 30-day supply;

(B) a course of treatment lasting less than 30 days; or

(C) one unit of the drug, if the labeling approved by the Food and Drug Administration does not recommend a finite dosage; and

(ii) increased by 200 percent or more during the immediate preceding 12-month period, as determined by the difference between the resulting WAC and the average WAC reported over the preceding 12 months, after adjusting for changes in the CPI.

The board is not required to identify all prescription drug products that meet the criteria in this paragraph.

(b) The board, in consultation with the advisory council and the commissioner of health, may identify prescription drug products not described in paragraph (a) that may impose costs that create significant affordability challenges for the state health care system or for patients, including but not limited to drugs to address public health emergencies.

(c) The board shall make available to the public the names and related price information of the prescription drug products identified under this subdivision, with the exception of information determined by the board to be proprietary under the standards developed by the board under section 62J.91, subdivision 3, and information provided by the commissioner of health classified as not public data under section 13.02, subdivision 8a, or as trade secret information under section 13.37, subdivision 1, paragraph (b), or as trade secret information under the Defend Trade Secrets Act of 2016, United States Code, title 18, section 1836, as amended.

Subd. 3. **Determination to proceed with review.** (a) The board may initiate a cost review of a prescription drug product identified by the board under this section.

(b) The board shall consider requests by the public for the board to proceed with a cost review of any prescription drug product identified under this section.

(c) If there is no consensus among the members of the board on whether to initiate a cost review of a prescription drug product, any member of the board may request a vote to determine whether to review the cost of the prescription drug product.

Sec. 35. **[62J.91] PRESCRIPTION DRUG PRODUCT REVIEWS.**

Subdivision 1. **General.** Once a decision by the board has been made to proceed with a cost review of a prescription drug product, the board shall conduct the review and make a determination as to whether appropriate utilization of the prescription drug under review, based on utilization that is consistent with the United States Food and Drug Administration (FDA) label or standard medical practice, has led or will lead to affordability challenges for the state health care system or for patients.

Subd. 2. **Review considerations.** In reviewing the cost of a prescription drug product, the board may consider the following factors:

(1) the price at which the prescription drug product has been and will be sold in the state;

(2) manufacturer monetary price concessions, discounts, or rebates, and drug-specific patient assistance;

(3) the price of therapeutic alternatives;

(4) the cost to group purchasers based on patient access consistent with the FDA-labeled indications and standard medical practice;

(5) measures of patient access, including cost-sharing and other metrics;

(6) the extent to which the attorney general or a court has determined that a price increase for a generic or off-patent prescription drug product was excessive under sections 62J.842 and 62J.844;

(7) any information a manufacturer chooses to provide; and

(8) any other factors as determined by the board.

Subd. 3. **Public data; proprietary information.** (a) Any submission made to the board related to a drug cost review must be made available to the public with the exception of information determined by the board to be proprietary and information provided by the commissioner of health classified as not public data under section 13.02, subdivision 8a, or as trade secret information under section 13.37, subdivision 1, paragraph (b), or as trade secret information under the Defend Trade Secrets Act of 2016, United States Code, title 18, section 1836, as amended.

(b) The board shall establish the standards for the information to be considered proprietary under paragraph (a) and section 62J.90, subdivision 2, including standards for heightened consideration of proprietary information for submissions for a cost review of a drug that is not yet approved by the FDA.

(c) Prior to the board establishing the standards under paragraph (b), the public shall be provided notice and the opportunity to submit comments.

(d) The establishment of standards under this subdivision is exempt from the rulemaking requirements under chapter 14, and section 14.386 does not apply.

Sec. 36. **[62J.92] DETERMINATIONS; COMPLIANCE; REMEDIES.**

Subdivision 1. **Upper payment limit.** (a) In the event the board finds that the spending on a prescription drug product reviewed under section 62J.91 creates an affordability challenge for the state health care system or for patients, the board shall establish an upper payment limit after considering:

(1) extraordinary supply costs, if applicable;

(2) the range of prices at which the drug is sold in the United States according to one or more pricing files accessed under section 62J.90, subdivision 1, and the range at which pharmacies are reimbursed in Canada; and

(3) any other relevant pricing and administrative cost information for the drug.

(b) An upper payment limit applies to all purchases of, and payer reimbursements for, a prescription drug that is dispensed or administered to individuals in the state in person, by mail, or by other means, and for which an upper payment limit has been established.

Subd. 2. **Implementation and administration of the upper payment limit.** (a) An upper payment limit may take effect no sooner than 120 days following the date of its public release by the board.

(b) When setting an upper payment limit for a drug subject to the Medicare maximum fair price under United States Code, title 42, section 1191(c), the board shall set the upper payment limit at the Medicare maximum fair price.

(c) Health plan companies and pharmacy benefit managers shall report annually to the board, in the form and manner specified by the board, on how cost savings resulting from the establishment of an upper payment limit have been used by the health plan company or pharmacy benefit manager to benefit enrollees, including but not limited to reducing enrollee cost-sharing.

Subd. 3. **Noncompliance.** (a) The board shall, and other persons may, notify the Office of the Attorney General of a potential failure by an entity subject to an upper payment limit to comply with that limit.

(b) If the Office of the Attorney General finds that an entity was noncompliant with the upper payment limit requirements, the attorney general may pursue remedies consistent with chapter 8 or appropriate criminal charges if there is evidence of intentional profiteering.

(c) An entity who obtains price concessions from a drug manufacturer that result in a lower net cost to the stakeholder than the upper payment limit established by the board is not considered noncompliant.

(d) The Office of the Attorney General may provide guidance to stakeholders concerning activities that could be considered noncompliant.

Subd. 4. **Appeals.** (a) Persons affected by a decision of the board may request an appeal of the board's decision within 30 days of the date of the decision. The board shall hear the appeal and render a decision within 60 days of the hearing.

(b) All appeal decisions are subject to judicial review in accordance with chapter 14.

Sec. 37. **[62J.93] REPORTS.**

Beginning March 1, 2024, and each March 1 thereafter, the board shall submit a report to the governor and legislature on general price trends for prescription drug products and the number of prescription drug products that were subject to the board's cost review and analysis, including the result of any analysis as well as the number and disposition of appeals and judicial reviews.

Sec. 38. **[62J.94] ERISA PLANS AND MEDICARE DRUG PLANS.**

(a) Nothing in sections 62J.85 to 62J.95 shall be construed to require ERISA plans or Medicare Part D plans to comply with decisions of the board. ERISA plans or Medicare Part D plans are free to choose to exceed the upper payment limit established by the board under section 62J.92.

(b) Providers who dispense and administer drugs in the state must bill all payers no more than the upper payment limit without regard to whether an ERISA plan or Medicare Part D plan chooses to reimburse the provider in an amount greater than the upper payment limit established by the board.

(c) For purposes of this section, an ERISA plan or group health plan is an employee welfare benefit plan established by or maintained by an employer or an employee organization, or both, that provides employer sponsored health coverage to employees and the employee's dependents and is subject to the Employee Retirement Income Security Act of 1974 (ERISA).

Sec. 39. **[62J.95] SEVERABILITY.**

If any provision of sections 62J.85 to 62J.94 or the application thereof to any person or circumstance is held invalid for any reason in a court of competent jurisdiction, the invalidity does not affect other provisions or any other application of sections 62J.85 to 62J.94 that can be given effect without the invalid provision or application.

Sec. 40. Minnesota Statutes 2022, section 62K.10, subdivision 4, is amended to read:

Subd. 4. **Network adequacy.** (a) Each designated provider network must include a sufficient number and type of providers, including providers that specialize in mental health and substance use disorder services, to ensure that covered services are available to all enrollees without unreasonable delay. In determining network adequacy, the commissioner of health shall consider availability of services, including the following:

(1) primary care physician services are available and accessible 24 hours per day, seven days per week, within the network area;

(2) a sufficient number of primary care physicians have hospital admitting privileges at one or more participating hospitals within the network area so that necessary admissions are made on a timely basis consistent with generally accepted practice parameters;

(3) specialty physician service is available through the network or contract arrangement;

(4) mental health and substance use disorder treatment providers, including but not limited to psychiatric residential treatment facilities, are available and accessible through the network or contract arrangement;

(5) to the extent that primary care services are provided through primary care providers other than physicians, and to the extent permitted under applicable scope of practice in state law for a given provider, these services shall be available and accessible; and

(6) the network has available, either directly or through arrangements, appropriate and sufficient personnel, physical resources, and equipment to meet the projected needs of enrollees for covered health care services.

(b) The commissioner must determine network sufficiency in a manner that is consistent with the requirements of this section and may establish sufficiency by referencing any reasonable criteria, which may include but is not limited to:

(1) provider-covered person ratios by specialty;

(2) primary care professional-covered person ratios;

(3) geographic accessibility of providers;

(4) geographic variation and population dispersion;

(5) waiting times for an appointment with participating providers;

(6) hours of operation;

(7) the ability of the network to meet the needs of covered persons, which may include: (i) low-income persons; (ii) children and adults with serious, chronic, or complex health conditions, physical disabilities, or mental illness; or (iii) persons with limited English proficiency and persons from underserved communities;

(8) other health care service delivery system options, including telemedicine or telehealth, mobile clinics, centers of excellence, and other ways of delivering care; and

(9) the volume of technological and specialty care services available to serve the needs of covered persons that need technologically advanced or specialty care services.

EFFECTIVE DATE. The amendment to paragraph (a) is effective July 1, 2023. Paragraph (b) is effective January 1, 2025, and apply to health plans offered, issued, or renewed on or after that date.

Sec. 41. Minnesota Statutes 2022, section 62Q.096, is amended to read:

62Q.096 CREDENTIALING OF PROVIDERS.

(a) If a health plan company has initially credentialed, as providers in its provider network, individual providers employed by or under contract with an entity that:

(1) is authorized to bill under section 256B.0625, subdivision 5;

(2) is a mental health clinic certified under section 245I.20;

(3) is designated an essential community provider under section 62Q.19; and

(4) is under contract with the health plan company to provide mental health services, the health plan company must continue to credential at least the same number of providers from that entity, as long as those providers meet the health plan company's credentialing standards.

(b) In order to ensure timely access by patients to mental health services, between July 1, 2023, and June 30, 2025, a health plan company must credential and enter into a contract for mental health services with any provider of mental health services that:

(1) meets the health plan company's credential requirements. For purposes of credentialing under this paragraph, a health plan company may waive credentialing requirements that are not directly related to quality of care in order to ensure patient access to providers from underserved communities or to providers in rural areas;

(2) seeks to receive a credential from the health plan company;

(3) agrees to the health plan company's contract terms. The contract shall include payment rates that are usual and customary for the services provided;

(4) is accepting new patients; and

(5) is not already under a contract with the health plan company under a separate tax identification number or, if already under a contract with the health plan company, has provided notice to the health plan company of termination of the existing contract.

(c) A health plan company shall not refuse to credential these providers on the grounds that their provider network has:

(1) a sufficient number of providers of that type, including but not limited to the provider types identified in paragraph (a); or

(2) a sufficient number of providers of mental health services in the aggregate.

Sec. 42. Minnesota Statutes 2022, section 62Q.19, subdivision 1, is amended to read:

Subdivision 1. **Designation.** (a) The commissioner shall designate essential community providers. The criteria for essential community provider designation shall be the following:

(1) a demonstrated ability to integrate applicable supportive and stabilizing services with medical care for uninsured persons and high-risk and special needs populations, underserved, and other special needs populations; and

(2) a commitment to serve low-income and underserved populations by meeting the following requirements:

(i) has nonprofit status in accordance with chapter 317A;

(ii) has tax-exempt status in accordance with the Internal Revenue Service Code, section 501(c)(3);

(iii) charges for services on a sliding fee schedule based on current poverty income guidelines; and

(iv) does not restrict access or services because of a client's financial limitation;

(3) status as a local government unit as defined in section 62D.02, subdivision 11, a hospital district created or reorganized under sections 447.31 to 447.37, an Indian Tribal government, an Indian health service unit, or a community health board as defined in chapter 145A;

(4) a former state hospital that specializes in the treatment of cerebral palsy, spina bifida, epilepsy, closed head injuries, specialized orthopedic problems, and other disabling conditions;

(5) a sole community hospital. For these rural hospitals, the essential community provider designation applies to all health services provided, including both inpatient and outpatient services. For purposes of this section, "sole community hospital" means a rural hospital that:

(i) is eligible to be classified as a sole community hospital according to Code of Federal Regulations, title 42, section 412.92, or is located in a community with a population of less than 5,000 and located more than 25 miles from a like hospital currently providing acute short-term services;

(ii) has experienced net operating income losses in two of the previous three most recent consecutive hospital fiscal years for which audited financial information is available; and

(iii) consists of 40 or fewer licensed beds;

(6) a birth center licensed under section 144.615; ~~or~~

(7) a hospital and affiliated specialty clinics that predominantly serve patients who are under 21 years of age and meet the following criteria:

(i) provide intensive specialty pediatric services that are routinely provided in fewer than five hospitals in the state; and

(ii) serve children from at least one-half of the counties in the state~~.~~; or

(8) a psychiatric residential treatment facility, as defined in section 256B.0625, subdivision 45a, paragraph (b), that is certified and licensed by the commissioner of health.

(b) Prior to designation, the commissioner shall publish the names of all applicants in the State Register. The public shall have 30 days from the date of publication to submit written comments to the commissioner on the application. No designation shall be made by the commissioner until the 30-day period has expired.

(c) The commissioner may designate an eligible provider as an essential community provider for all the services offered by that provider or for specific services designated by the commissioner.

(d) For the purpose of this subdivision, supportive and stabilizing services include at a minimum, transportation, child care, cultural, and linguistic services where appropriate.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to health plans offered, issued, or renewed on or after that date.

Sec. 43. Minnesota Statutes 2022, section 62Q.46, subdivision 1, is amended to read:

Subdivision 1. **Coverage for preventive items and services.** (a) "Preventive items and services" has the meaning specified in the Affordable Care Act. Preventive items and services includes:

(1) evidence-based items or services that have in effect a rating of A or B in the current recommendations of the United States Preventive Services Task Force with respect to the individual involved;

(2) immunizations for routine use in children, adolescents, and adults that have in effect a recommendation from the Advisory Committee on Immunization Practices of the Centers for Disease Control and Prevention with respect to the individual involved. For purposes of this clause, a recommendation from the Advisory Committee on Immunization Practices of the Centers for Disease Control and Prevention is considered in effect after the recommendation has been adopted by the Director of the Centers for Disease Control and Prevention, and a recommendation is considered to be for routine use if the recommendation is listed on the Immunization Schedules of the Centers for Disease Control and Prevention;

(3) with respect to infants, children, and adolescents, evidence-informed preventive care and screenings provided for in comprehensive guidelines supported by the Health Resources and Services Administration;

(4) with respect to women, additional preventive care and screenings that are not listed with a rating of A or B by the United States Preventive Services Task Force but that are provided for in comprehensive guidelines supported by the Health Resources and Services Administration; and

(5) all contraceptive methods established in guidelines published by the United States Food and Drug Administration.

(b) A health plan company must provide coverage for preventive items and services at a participating provider without imposing cost-sharing requirements, including a deductible, coinsurance, or co-payment. Nothing in this section prohibits a health plan company that has a network of providers from excluding coverage or imposing cost-sharing requirements for preventive items or services that are delivered by an out-of-network provider.

(c) A health plan company is not required to provide coverage for any items or services specified in any recommendation or guideline described in paragraph (a) if the recommendation or guideline is no longer included as a preventive item or service as defined in paragraph (a). Annually, a health plan company must determine whether any additional items or services must be covered without cost-sharing requirements or whether any items or services are no longer required to be covered.

(d) Nothing in this section prevents a health plan company from using reasonable medical management techniques to determine the frequency, method, treatment, or setting for a preventive item or service to the extent not specified in the recommendation or guideline.

(e) This section does not apply to grandfathered plans.

(f) This section does not apply to plans offered by the Minnesota Comprehensive Health Association.

Sec. 44. Minnesota Statutes 2022, section 62Q.46, subdivision 3, is amended to read:

Subd. 3. **Additional services not prohibited.** Nothing in this section prohibits a health plan company from providing coverage for preventive items and services in addition to those specified ~~in the Affordable Care Act~~ under subdivision 1, paragraph (a), or from denying coverage for preventive items and services that are not recommended as preventive items and services specified under ~~the Affordable Care Act~~ subdivision 1, paragraph (a). A health plan company may impose cost-sharing requirements for a treatment not described ~~in the Affordable Care Act~~ under subdivision 1, paragraph (a), even if the treatment results from a preventive item or service described ~~in the Affordable Care Act~~ under subdivision 1, paragraph (a).

Sec. 45. **[62Q.465] MENTAL HEALTH PARITY AND SUBSTANCE ABUSE ACCOUNTABILITY OFFICE.**

(a) The Mental Health Parity and Substance Abuse Accountability Office is established within the Department of Commerce to create and execute effective strategies for implementing the requirements under:

(1) section 62Q.47;

(2) the federal Mental Health Parity Act of 1996, Public Law 104-204;

(3) the federal Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008, Public Law 110-343, division C, sections 511 and 512;

(4) the Affordable Care Act, as defined under section 62A.011, subdivision 1a; and

(5) amendments made to, and federal guidance or regulations issued or adopted under, the acts listed under clauses (2) to (4).

(b) The office may oversee compliance reviews, conduct and lead stakeholder engagement, review consumer and provider complaints, and serve as a resource for ensuring health plan compliance with mental health and substance abuse requirements.

Sec. 46. Minnesota Statutes 2022, section 62Q.47, is amended to read:

62Q.47 ALCOHOLISM, MENTAL HEALTH, AND CHEMICAL DEPENDENCY SERVICES.

(a) All health plans, as defined in section 62Q.01, that provide coverage for alcoholism, mental health, or chemical dependency services, must comply with the requirements of this section.

(b) Cost-sharing requirements and benefit or service limitations for outpatient mental health and outpatient chemical dependency and alcoholism services, except for persons placed in chemical dependency services under Minnesota Rules, parts 9530.6600 to 9530.6655, must not place a greater financial burden on the insured or enrollee, or be more restrictive than those requirements and limitations for outpatient medical services.

(c) Cost-sharing requirements and benefit or service limitations for inpatient hospital mental health services, psychiatric residential treatment facility services, and inpatient hospital and residential chemical dependency and alcoholism services, except for persons placed in chemical dependency services under Minnesota Rules, parts 9530.6600 to 9530.6655, must not place a greater financial burden on the insured or enrollee, or be more restrictive than those requirements and limitations for inpatient hospital medical services.

(d) A health plan company must not impose an NQTL with respect to mental health and substance use disorders in any classification of benefits unless, under the terms of the health plan as written and in operation, any processes, strategies, evidentiary standards, or other factors used in applying the NQTL to mental health and substance use disorders in the classification are comparable to, and are applied no more stringently than, the processes, strategies, evidentiary standards, or other factors used in applying the NQTL with respect to medical and surgical benefits in the same classification.

(e) All health plans must meet the requirements of the federal Mental Health Parity Act of 1996, Public Law 104-204; Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008; the Affordable Care Act; and any amendments to, and federal guidance or regulations issued under, those acts.

(f) The commissioner may require information from health plan companies to confirm that mental health parity is being implemented by the health plan company. Information required may include comparisons between mental health and substance use disorder treatment and other medical conditions, including a comparison of prior authorization requirements, drug formulary design, claim denials, rehabilitation services, and other information the commissioner deems appropriate.

(g) Regardless of the health care provider's professional license, if the service provided is consistent with the provider's scope of practice and the health plan company's credentialing and contracting provisions, mental health therapy visits and medication maintenance visits shall be considered primary care visits for the purpose of applying any enrollee cost-sharing requirements imposed under the enrollee's health plan.

(h) All health plan companies offering health plans that provide coverage for alcoholism, mental health, or chemical dependency benefits shall provide reimbursement for the benefits delivered through the psychiatric Collaborative Care Model, which must include the following Current Procedural Terminology or Healthcare Common Procedure Coding System billing codes:

(1) 99492;

(2) 99493;

(3) 99494;

(4) G2214; and

(5) G0512.

This paragraph does not apply to managed care plans or county-based purchasing plans when the plan provides coverage to public health care program enrollees under chapter 256B or 256L.

(i) The commissioner of commerce shall update the list of codes in paragraph (h) if any alterations or additions to the billing codes for the psychiatric Collaborative Care Model are made.

(j) "Psychiatric Collaborative Care Model" means the evidence-based, integrated behavioral health service delivery method described at Federal Register, volume 81, page 80230, which includes a formal collaborative arrangement among a primary care team consisting of a primary care provider, a care manager, and a psychiatric consultant, and includes but is not limited to the following elements:

(1) care directed by the primary care team;

(2) structured care management;

(3) regular assessments of clinical status using validated tools; and

(4) modification of treatment as appropriate.

~~(h)~~ (k) By June 1 of each year, beginning June 1, 2021, the commissioner of commerce, in consultation with the commissioner of health, shall submit a report on compliance and oversight to the chairs and ranking minority members of the legislative committees with jurisdiction over health and commerce. The report must:

(1) describe the commissioner's process for reviewing health plan company compliance with United States Code, title 42, section 18031(j), any federal regulations or guidance relating to compliance and oversight, and compliance with this section and section 62Q.53;

(2) identify any enforcement actions taken by either commissioner during the preceding 12-month period regarding compliance with parity for mental health and substance use disorders benefits under state and federal law, summarizing the results of any market conduct examinations. The summary must include: (i) the number of formal enforcement actions taken; (ii) the benefit classifications examined in each enforcement action; and (iii) the subject matter of each enforcement action, including quantitative and nonquantitative treatment limitations;

(3) detail any corrective action taken by either commissioner to ensure health plan company compliance with this section, section 62Q.53, and United States Code, title 42, section 18031(j); and

(4) describe the information provided by either commissioner to the public about alcoholism, mental health, or chemical dependency parity protections under state and federal law.

The report must be written in nontechnical, readily understandable language and must be made available to the public by, among other means as the commissioners find appropriate, posting the report on department websites. Individually identifiable information must be excluded from the report, consistent with state and federal privacy protections.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to health plans offered, issued, or renewed on or after that date.

Sec. 47. **[62Q.481] COST-SHARING FOR PRESCRIPTION DRUGS AND RELATED MEDICAL SUPPLIES TO TREAT CHRONIC DISEASE.**

Subdivision 1. **Cost-sharing limits.** (a) A health plan must limit the amount of any enrollee cost-sharing for prescription drugs prescribed to treat a chronic disease to no more than: (1) $25 per one-month supply for each prescription drug, regardless of the amount or type of medication required to fill the prescription; and (2) $50 per month in total for all related medical supplies. The cost-sharing limit for related medical supplies does not increase with the number of chronic diseases for which an enrollee is treated. Coverage under this section shall not be subject to any deductible.

(b) If application of this section before an enrollee has met the enrollee's plan deductible results in: (1) health savings account ineligibility under United States Code, title 26, section 223; or (2) catastrophic health plan ineligibility under United States Code, title 42, section 18022(e), this section applies to the specific prescription drug or related medical supply only after the enrollee has met the enrollee's plan deductible.

Subd. 2. **Definitions.** (a) For purposes of this section, the following definitions apply.

(b) "Chronic disease" means diabetes, asthma, and allergies requiring the use of epinephrine auto-injectors.

(c) "Cost-sharing" means co-payments and coinsurance.

(d) "Related medical supplies" means syringes, insulin pens, insulin pumps, test strips, glucometers, continuous glucose monitors, epinephrine auto-injectors, asthma inhalers, and other medical supply items necessary to effectively and appropriately treat a chronic disease or administer a prescription drug prescribed to treat a chronic disease.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to health plans offered, issued, or renewed on or after that date.

Sec. 48. Minnesota Statutes 2022, section 62Q.735, subdivision 1, is amended to read:

Subdivision 1. **Contract disclosure.** (a) Before requiring a health care provider to sign a contract, a health plan company shall give to the provider a complete copy of the proposed contract, including:

(1) all attachments and exhibits;

(2) operating manuals;

(3) a general description of the health plan company's health service coding guidelines and requirement for procedures and diagnoses with modifiers, and multiple procedures; and

(4) all guidelines and treatment parameters incorporated or referenced in the contract.

(b) The health plan company shall make available to the provider the fee schedule or a method or process that allows the provider to determine the fee schedule for each health care service to be provided under the contract.

(c) ~~Notwithstanding paragraph (b), a health plan company that is a dental plan organization, as defined in section 62Q.76, shall disclose information related to the individual contracted provider's expected reimbursement from the dental plan organization.~~ Nothing in this section requires a dental plan organization to disclose the plan's aggregate maximum allowable fee table used to determine other providers' fees. The contracted provider must not release this information in any way that would violate any state or federal antitrust law.

Sec. 49. Minnesota Statutes 2022, section 62Q.735, subdivision 5, is amended to read:

Subd. 5. **Fee schedules.** ~~(a)~~ A health plan company shall provide, upon request, any additional fees or fee schedules relevant to the particular provider's practice beyond those provided with the renewal documents for the next contract year to all participating providers, excluding claims paid under the pharmacy benefit. Health plan companies may fulfill the requirements of this section by making the full fee schedules available through a secure web portal for contracted providers.

~~(b) A dental organization may satisfy paragraph (a) by complying with section 62Q.735, subdivision 1, paragraph (c).~~

Sec. 50. Minnesota Statutes 2022, section 62Q.76, is amended by adding a subdivision to read:

Subd. 9. **Third party.** "Third party" means a person or entity that enters into a contract with a dental organization or with another third party to gain access to the dental care services or contractual discounts under a dental provider contract. Third party does not include an enrollee of a dental organization or an employer or other group for whom the dental organization provides administrative services.

EFFECTIVE DATE. This section is effective January 1, 2024, and applies to dental plans and dental provider agreements offered, issued, or renewed on or after that date.

Sec. 51. Minnesota Statutes 2022, section 62Q.78, is amended by adding a subdivision to read:

Subd. 7. **Method of payments.** A dental provider contract must include a method of payment for dental care services in which no fees associated with the method of payment, including credit card fees and fees related to payment in the form of digital or virtual currency, are incurred by the dentist or dental clinic. Any fees that may be incurred from a payment must be disclosed to a dentist prior to entering into or renewing a dental provider contract. For purposes of this section, fees related to a provider's electronic claims processing vendor, financial institution, or other vendor used by a provider to facilitate the submission of claims are excluded.

Sec. 52. Minnesota Statutes 2022, section 62Q.78, is amended by adding a subdivision to read:

Subd. 8. **Network leasing.** (a) A dental organization may grant a third party access to a dental provider contract or a provider's dental care services or contractual discounts provided pursuant to a dental provider contract if, at the time the dental provider contract is entered into or renewed, the dental organization allows a dentist to choose not to participate in third-party access to the dental provider contract without any penalty to the dentist. The third-party access provision of the dental provider contract must be clearly identified. A dental organization must not grant a third party access to the dental provider contract of any dentist who does not participate in third-party access to the dental provider contract.

(b) Notwithstanding paragraph (a), if a dental organization exists solely for the purpose of recruiting dentists for dental provider contracts that establish a network to be leased to third parties, the dentist waives the right to choose whether to participate in third-party access.

(c) A dental organization may grant a third party access to a dental provider contract, or a dentist's dental care services or contractual discounts under a dental provider contract, if the following requirements are met:

(1) the dental organization lists all third parties that may have access to the dental provider contract on the dental organization's website, which must be updated at least once every 90 days;

(2) the dental provider contract states that the dental organization may enter into an agreement with a third party that would allow the third party to obtain the dental organization's rights and responsibilities as if the third party were the dental organization, and the dentist chose to participate in third-party access at the time the dental provider contract was entered into; and

(3) the third party accessing the dental provider contract agrees to comply with all applicable terms of the dental provider contract.

(d) A dentist is not bound by and is not required to perform dental care services under a dental provider contract granted to a third party in violation of this section.

(e) This subdivision does not apply when:

(1) the dental provider contract is for dental services provided under a public health plan program, including but not limited to medical assistance, MinnesotaCare, Medicare, or Medicare Advantage; or

(2) access to a dental provider contract is granted to a dental organization, an entity operating in accordance with the same brand licensee program as the dental organization or other entity, or to an entity that is an affiliate of the dental organization, provided the entity agrees to substantially similar terms and conditions as the originating dental provider contract between the dental organization and the dentist or dental clinic. A list of the dental organization's affiliates must be posted on the dental organization's website.

Sec. 53. Minnesota Statutes 2022, section 62Q.81, subdivision 4, is amended to read:

Subd. 4. **Essential health benefits; definition.** For purposes of this section, "essential health benefits" has the meaning given under section 1302(b) of the Affordable Care Act and includes:

(1) ambulatory patient services;

(2) emergency services;

(3) hospitalization;

(4) laboratory services;

(5) maternity and newborn care;

(6) mental health and substance use disorder services, including behavioral health treatment;

(7) pediatric services, including oral and vision care;

(8) prescription drugs;

(9) preventive and wellness services and chronic disease management;

(10) rehabilitative and habilitative services and devices; and

(11) additional essential health benefits included in the EHB-benchmark plan, as defined under the Affordable Care Act, and preventive items and services, as defined under section 62Q.46, subdivision 1, paragraph (a).

Sec. 54. Minnesota Statutes 2022, section 62Q.81, is amended by adding a subdivision to read:

Subd. 7. **Standard plans.** (a) A health plan company that offers individual health plans must ensure that no less than one individual health plan at each level of coverage described in subdivision 1, paragraph (b), clause (3), that the health plan company offers in each geographic rating area the health plan company serves conforms to the standard plan parameters determined by the commissioner under paragraph (e).

(b) An individual health plan offered under this subdivision must be:

(1) clearly and appropriately labeled as standard plans to aid the purchaser in the selection process;

(2) marketed as standard plans and in the same manner as other individual health plans offered by the health plan company; and

(3) offered for purchase to any individual.

(c) This subdivision does not apply to catastrophic plans, grandfathered plans, small group health plans, large group health plans, health savings accounts, qualified high deductible health benefit plans, limited health benefit plans, or short-term limited-duration health insurance policies.

(d) Health plan companies must meet the requirements in this subdivision separately for plans offered through MNsure under chapter 62V and plans offered outside of MNsure.

(e) The commissioner of commerce, in consultation with the commissioner of health, must annually determine standard plan parameters, including but not limited to cost-sharing structure and covered benefits, that comprise a standard plan in Minnesota.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to individual health plans offered, issued, or renewed on or after that date.

Sec. 55. **[62W.15] CLINICIAN-ADMINISTERED DRUGS.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following definitions apply.

(b) "Affiliated pharmacy" means a pharmacy in which a pharmacy benefit manager or health carrier has an ownership interest either directly or indirectly, or through an affiliate or subsidiary.

(c) "Clinician-administered drug" means an outpatient prescription drug, other than a vaccine, that:

(1) cannot reasonably be self-administered by the patient to whom the drug is prescribed or by an individual assisting the patient with self-administration; and

(2) is typically administered:

(i) by a health care provider authorized to administer the drug, including when acting under a physician's delegation and supervision; and

(ii) in a physician's office, hospital outpatient infusion center, or other clinical setting.

Subd. 2. **Enrollee choice.** A pharmacy benefit manager or health carrier:

(1) shall permit an enrollee to obtain a clinician-administered drug from an in-network health care provider authorized to administer the drug, or an in-network pharmacy, as long as payment for the covered drug is subject to the same terms and conditions that apply to a designated specialty pharmacy for dispensing the covered drug;

(2) shall not interfere with the enrollee's right to obtain a clinician-administered drug from the enrollee's in-network provider or in-network pharmacy of choice;

(3) shall not require clinician-administered drugs to be dispensed by a pharmacy selected by the pharmacy benefit manager or health carrier, provided that:

(i) the dispensing specialty pharmacy meets the supply chain security controls and chain of distribution set by the federal Drug Supply Chain Security Act, Public Law 113-54, as amended; and

(ii) the dispensing specialty pharmacy has policies in place for safety recalls that are consistent with national accreditation standards for safety recalls issued by a nationally recognized accrediting body for specialty pharmacy; and

(4) shall not limit or exclude coverage for a clinician-administered drug when it is not dispensed by a pharmacy selected by the pharmacy benefit manager or health carrier, if the drug would otherwise be covered.

(b) A health care provider:

(1) must provide the enrollee with information related to the costs associated with the enrollee's choice before providing the service; and

(2) shall not limit, deny, or exclude services to an enrollee who obtains a clinician-administered drug from a pharmacy selected by the enrollee's pharmacy benefit manager or health carrier.

Subd. 3. **Exclusions.** This section does not apply to managed care plans or county-based purchasing plans when the plan provides coverage to public health care program enrollees under chapter 256B or 256L.

Subd. 4. **Cost-sharing and reimbursement.** (a) A pharmacy benefit manager or health carrier:

(1) may impose coverage or benefit limitations on an enrollee who obtains a clinician-administered drug from a health care provider authorized to administer the drug or a pharmacy, but only if the limitations would also be imposed if the drug was obtained from an affiliated pharmacy or a pharmacy selected by the pharmacy benefit manager or health carrier;

(2) may impose cost-sharing requirements on an enrollee who obtains a clinician-administered drug from a health care provider authorized to administer the drug or a pharmacy, but only if the requirements would also be imposed if the drug was obtained from an affiliated pharmacy or a pharmacy selected by the pharmacy benefit manager or health carrier; and

(3) shall not reimburse a health care provider or pharmacy for clinician-administered drugs and the drugs' administration at an amount that is higher than would be applied to an affiliated pharmacy or pharmacy selected by the pharmacy benefit manager or health carrier.

(b) Nothing in this subdivision shall require a pharmacy benefit manager or health carrier to reimburse a participating provider in full or at a specified percentage of billed charges.

Subd. 5. **Other requirements.** A pharmacy benefit manager or health carrier:

(1) shall not require or encourage the dispensing of a clinician-administered drug to an enrollee in a manner that is inconsistent with the supply chain security controls and chain of distribution set by the federal Drug Supply Chain Security Act, United States Code, title 21, section 360eee, et seq.; and

(2) shall not require a specialty pharmacy to dispense a clinician-administered drug directly to a patient with the intention that the patient transport the drug to a health care provider for administration.

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

Sec. 56. **[65A.298] HOMEOWNER'S INSURANCE; FORTIFIED PROGRAM STANDARDS.**

Subdivision 1. **Definitions.** (a) For purposes of this section the following term has the meaning given.

(b) "Insurable property" means a residential property designated as meeting Fortified program standards that include a hail supplement as administered by the Insurance Institute for Business and Home Safety (IBHS).

Subd. 2. **Fortified new property.** (a) An insurer must provide a premium discount or an insurance rate reduction to an owner who builds or locates a new insurable property in Minnesota.

(b) An owner of insurable property claiming a premium discount or rate reduction under this subdivision must submit and maintain a certificate issued by IBHS showing proof of compliance with the Fortified program standards to the insurer prior to receiving the premium discount or rate reduction. At the time of policy renewal an insurer may require evidence that the issued certificate remains in good standing.

Subd. 3. **Fortified existing property.** (a) An insurer must provide a premium discount or insurance rate reduction to an owner who retrofits an existing property to meet the requirements to be an insurable property in Minnesota.

(b) An owner of insurable property claiming a premium discount or rate reduction under this subdivision must submit a certificate issued by IBHS showing proof of compliance with the Fortified program standards to the insurer prior to receiving the premium discount or rate reduction.

Subd. 4. **Insurers.** (a) A participating insurer must submit to the commissioner actuarially justified rates and a rating plan for a person who builds or locates a new insurable property in Minnesota.

(b) A participating insurer must submit to the commissioner actuarially justified rates and a rating plan for a person who retrofits an existing property to meet the requirements to be an insurable property.

(c) A participating insurer may offer, in addition to the premium discount and insurance rate reductions required under subdivisions 2 and 3, more generous mitigation adjustments to an owner of insurable property.

(d) Any premium discount, rate reduction, or mitigation adjustment offered by an insurer under this section applies only to policies that include wind coverage and may be applied to: (1) only the portion of the premium for wind coverage; or (2) the total premium, if the insurer does not separate the premium for wind coverage in the insurer's rate filing.

(e) A rate and rating plan submitted to the commissioner under this section must not be used until 60 days after the rate and rating plan has been filed with the commissioner, unless the commissioner approves the rate and rating plan before that time. A rating plan, rating classification, and territories applicable to insurance written by a participating insurer and any related statistics are subject to chapter 70A. When the commissioner is evaluating rate and rating plans submitted under this section, the commissioner must evaluate:

(i) evidence of cost savings directly attributable to the Fortified program standards as administered by IBHS; and

(ii) whether the cost savings are passed along in full to qualified policyholders.

(f) A participating insurer must resubmit a rate and rating plan at least once every five years following the initial submission under this section.

(g) The commissioner may annually publish the premium savings that policyholders experience pursuant to this section.

(h) An insurer must provide the commissioner with all requested information necessary for the commissioner to meet the requirements of this subdivision.

Sec. 57. **[65A.299] STRENGTHEN MINNESOTA HOMES PROGRAM.**

Subdivision 1. **Short title.** This section may be cited as the "Strengthen Minnesota Homes Act."

Subd. 2. **Definitions.** (a) For purposes of this section, the terms in this subdivision have the meanings given.

(b) "Insurable property" has the meaning given in section 65A.298, subdivision 1.

(c) "Program" means the Strengthen Minnesota Homes program established under this section.

Subd. 3. **Program established; purpose, permitted activities.** The Strengthen Minnesota Homes program is established within the Department of Commerce. The purpose of the program is to provide grants to retrofit insurable property to resist loss due to common perils, including but not limited to tornadoes or other catastrophic windstorm events.

Subd. 4. **Strengthen Minnesota homes account; appropriation.** (a) A strengthen Minnesota homes account is created as a separate account in the special revenue fund of the state treasury. The account consists of money provided by law and any other money donated, allotted, transferred, or otherwise provided to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund and remains in the account until expended. The commissioner must manage the account.

(b) Money in the account is appropriated to the commissioner to pay for (1) grants issued under the program, and (2) the reasonable costs incurred by the commissioner to administer the program.

Subd. 5. **Use of grants.** (a) A grant under this section must be used to retrofit an insurable property.

(b) Grant money provided under this section must not be used for maintenance or repairs, but may be used in conjunction with repairs or reconstruction necessitated by damage from wind or hail.

(c) A project funded by a grant under this section must be completed within three months of the date the grant is approved. Failure to complete the project in a timely manner may result in forfeiture of the grant.

Subd. 6. **Applicant eligibility.** The commissioner must develop (1) administrative procedures to implement this section, and (2) criteria used to determine whether an applicant is eligible for a grant under this section.

Subd. 7. **Contractor eligibility; conflicts of interest.** (a) To be eligible to work as a contractor on a projected funded by a grant under this section, the contractor must meet all of the following program requirements and must maintain a current copy of all certificates, licenses, and proof of insurance coverage with the program office. The eligible contractor must:

(1) hold a valid residential building contractor and residential remodeler license issued by the commissioner of labor and industry;

(2) not be subject to disciplinary action by the commissioner of labor and industry;

(3) hold any other valid state or jurisdictional business license or work permits required by law;

(4) possess an in-force general liability policy with $1,000,000 in liability coverage;

(5) possess an in-force workers compensation policy with $1,000,000 in coverage;

(6) possess a certificate of compliance from the commissioner of revenue;

(7) successfully complete the Fortified Roof for High Wind and Hail training provided by the IBHS and maintain an active certification. The training may be offered as separate courses;

(8) agree to the terms and successfully register as a vendor with the commissioner of management and budget and receive direct deposit of payment for mitigation work performed under the program;

(9) maintain Internet access and keep a valid email address on file with the program and remain active in the commissioner of management and budget's vendor and supplier portal while working on the program;

(10) maintain an active email address for the communication with the program;

(11) successfully complete the program training; and

(12) agree to follow program procedures and rules established under this section and by the commissioner.

(b) An eligible contractor must not have a financial interest, other than payment on behalf of the homeowner, in any project for which the eligible contractor performs work toward a fortified designation under the program. An eligible contractor is prohibited from acting as the evaluator for a fortified designation on any project funded by the program. An eligible contractor must report to the commissioner regarding any potential conflict of interest before work commences on any job funded by the program.

Subd. 8. **Evaluator eligibility; conflicts of interest.** (a) To be eligible to work on the program as an evaluator, the evaluator must meet all program eligibility requirements and must submit to the commissioner and maintain a copy of all current certificates and licenses. The evaluator must:

(1) be in good standing with IBHS and maintain an active certification as a fortified home evaluator for high wind and hail or a successor certification;

(2) possess a Minnesota business license and be registered with the secretary of state; and

(3) successfully complete the program training.

(b) An evaluator must not have a financial interest in any project that the evaluator inspects for designation purposes for the program. An evaluator must not be an eligible contractor or supplier of any material, product, or system installed in any home that the evaluator inspects for designation purposes for the program. An evaluator must not be a sales agent for any home being designated for the program. An evaluator must inform the commissioner of any potential conflict of interest impacting the evaluator's participation in the program.

Subd. 9. **Grant approval; allocation.** (a) The commissioner must review all applications for completeness and must perform appropriate audits to verify (1) the accuracy of the information on the application, and (2) that the applicant meets all eligibility rules. All verified applicants must be placed in the order the application was received. Grants must be awarded on a first-come, first-served basis, subject to availability of money for the program.

(b) When a grant is approved, an approval letter must be sent to the applicant.

(c) An eligible contractor is prohibited from beginning work until a grant is approved.

(d) In order to assure equitable distribution of grants in proportion to the income demographics in counties where the program is made available, grant applications must be accepted on a first-come, first-served basis. The commissioner may establish pilot projects as needed to establish a sustainable program distribution system in any geographic area within Minnesota.

Subd. 10. **Grant award process; release of grant money.** (a) After a grant application is approved, the eligible contractor selected by the homeowner may begin the mitigation work.

(b) Once the mitigation work is completed, the eligible contractor must submit a copy of the signed contract to the commissioner, along with an invoice seeking payment and an affidavit stating the fortified standards were met by the work.

(c) The IBHS evaluator must conduct all required evaluations, including a required interim inspection during construction and the final inspection, and must confirm that the work was completed according to the mitigation specifications.

(d) Grant money must be released on behalf of an approved applicant only after a fortified designation certificate has been issued for the home. The program or another designated entity must, on behalf of the homeowner, directly pay the eligible contractor that performed the mitigation work. The program or the program's designated entity must pay the eligible contractor the costs covered by the grant. The homeowner must pay the eligible contractor for the remaining cost after receiving an IBHS fortified certificate.

(e) The program must confirm that the homeowner's insurer provides the appropriate premium discount.

(f) The program must conduct random reinspections to detect any fraud and must submit any irregularities to the attorney general.

Subd. 11. **Limitations.** (a) This section does not create an entitlement for property owners or obligate the state of Minnesota to pay for residential property in Minnesota to be inspected or retrofitted. The program under this section is subject to legislative appropriations, the receipt of federal grants or money, or the receipt of other sources of grants or money. The department may obtain grants or other money from the federal government or other funding sources to support and enhance program activities.

(b) All mitigation under this section is contingent upon securing all required local permits and applicable inspections to comply with local building codes and applicable Fortified program standards. A mitigation project receiving a grant under this section is subject to random reinspection at a later date.

Sec. 58. **[65A.303] HOMEOWNER'S LIABILITY INSURANCE; DOGS.**

Subdivision 1. **Discrimination prohibited.** An insurer writing homeowner's insurance for property is prohibited from (1) refusing to issue or renew an insurance policy or contract, (2) canceling an insurance policy or contract, or (3) charging or imposing an increased premium or rate for an insurance policy or contract, based solely on the fact that the homeowner harbors or owns a dog of a specific breed or mixture of breeds.

Subd. 2. **Exception.** Subdivision 1 does not prohibit an insurer from (1) refusing to issue or renew an insurance policy or contract, (2) canceling an insurance contract or policy, or (3) imposing a reasonably increased premium or rate for an insurance policy or contract, based on a dog being designated as a dangerous dog or potentially dangerous dog under section 347.50, or based on sound underwriting and actuarial principles that are reasonably related to actual or anticipated loss experience.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to insurance policies and contracts offered, issued, or sold on or after that date.

Sec. 59. Minnesota Statutes 2022, section 65B.49, is amended by adding a subdivision to read:

Subd. 10. **Time limitations.** (a) Unless expressly provided for in this chapter, a plan of reparation security must conform to the six-year time limitation provided under section 541.05, subdivision 1, clause (1).

(b) The time limitation for commencing a cause of action relating to underinsured motorist coverage under subdivision 3a is four years from the date of accrual.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to contracts issued or renewed on or after that date.

Sec. 60. Minnesota Statutes 2022, section 151.071, subdivision 1, is amended to read:

Subdivision 1. **Forms of disciplinary action.** When the board finds that a licensee, registrant, or applicant has engaged in conduct prohibited under subdivision 2, it may do one or more of the following:

(1) deny the issuance of a license or registration;

(2) refuse to renew a license or registration;

(3) revoke the license or registration;

(4) suspend the license or registration;

(5) impose limitations, conditions, or both on the license or registration, including but not limited to: the limitation of practice to designated settings; the limitation of the scope of practice within designated settings; the imposition of retraining or rehabilitation requirements; the requirement of practice under supervision; the requirement of participation in a diversion program such as that established pursuant to section 214.31 or the conditioning of continued practice on demonstration of knowledge or skills by appropriate examination or other review of skill and competence;

(6) impose a civil penalty not exceeding $10,000 for each separate violation, except that a civil penalty not exceeding $25,000 may be imposed for each separate violation of section 62J.842, the amount of the civil penalty to be fixed so as to deprive a licensee or registrant of any economic advantage gained by reason of the violation, to discourage similar violations by the licensee or registrant or any other licensee or registrant, or to reimburse the board for the cost of the investigation and proceeding, including but not limited to, fees paid for services provided by the Office of Administrative Hearings, legal and investigative services provided by the Office of the Attorney General, court reporters, witnesses, reproduction of records, board members' per diem compensation, board staff time, and travel costs and expenses incurred by board staff and board members; and

(7) reprimand the licensee or registrant.

Sec. 61. Minnesota Statutes 2022, section 151.071, subdivision 2, is amended to read:

Subd. 2. **Grounds for disciplinary action.** The following conduct is prohibited and is grounds for disciplinary action:

(1) failure to demonstrate the qualifications or satisfy the requirements for a license or registration contained in this chapter or the rules of the board. The burden of proof is on the applicant to demonstrate such qualifications or satisfaction of such requirements;

(2) obtaining a license by fraud or by misleading the board in any way during the application process or obtaining a license by cheating, or attempting to subvert the licensing examination process. Conduct that subverts or attempts to subvert the licensing examination process includes, but is not limited to: (i) conduct that violates the security of the examination materials, such as removing examination materials from the examination room or having unauthorized possession of any portion of a future, current, or previously administered licensing examination; (ii) conduct that violates the standard of test administration, such as communicating with another examinee during administration of the examination, copying another examinee's answers, permitting another examinee to copy one's answers, or possessing unauthorized materials; or (iii) impersonating an examinee or permitting an impersonator to take the examination on one's own behalf;

(3) for a pharmacist, pharmacy technician, pharmacist intern, applicant for a pharmacist or pharmacy license, or applicant for a pharmacy technician or pharmacist intern registration, conviction of a felony reasonably related to the practice of pharmacy. Conviction as used in this subdivision includes a conviction of an offense that if committed in this state would be deemed a felony without regard to its designation elsewhere, or a criminal proceeding where a finding or verdict of guilt is made or returned but the adjudication of guilt is either withheld or not entered thereon. The board may delay the issuance of a new license or registration if the applicant has been charged with a felony until the matter has been adjudicated;

(4) for a facility, other than a pharmacy, licensed or registered by the board, if an owner or applicant is convicted of a felony reasonably related to the operation of the facility. The board may delay the issuance of a new license or registration if the owner or applicant has been charged with a felony until the matter has been adjudicated;

(5) for a controlled substance researcher, conviction of a felony reasonably related to controlled substances or to the practice of the researcher's profession. The board may delay the issuance of a registration if the applicant has been charged with a felony until the matter has been adjudicated;

(6) disciplinary action taken by another state or by one of this state's health licensing agencies:

(i) revocation, suspension, restriction, limitation, or other disciplinary action against a license or registration in another state or jurisdiction, failure to report to the board that charges or allegations regarding the person's license or registration have been brought in another state or jurisdiction, or having been refused a license or registration by any other state or jurisdiction. The board may delay the issuance of a new license or registration if an investigation or disciplinary action is pending in another state or jurisdiction until the investigation or action has been dismissed or otherwise resolved; and

(ii) revocation, suspension, restriction, limitation, or other disciplinary action against a license or registration issued by another of this state's health licensing agencies, failure to report to the board that charges regarding the person's license or registration have been brought by another of this state's health licensing agencies, or having been refused a license or registration by another of this state's health licensing agencies. The board may delay the issuance of a new license or registration if a disciplinary action is pending before another of this state's health licensing agencies until the action has been dismissed or otherwise resolved;

(7) for a pharmacist, pharmacy, pharmacy technician, or pharmacist intern, violation of any order of the board, of any of the provisions of this chapter or any rules of the board or violation of any federal, state, or local law or rule reasonably pertaining to the practice of pharmacy;

(8) for a facility, other than a pharmacy, licensed by the board, violations of any order of the board, of any of the provisions of this chapter or the rules of the board or violation of any federal, state, or local law relating to the operation of the facility;

(9) engaging in any unethical conduct; conduct likely to deceive, defraud, or harm the public, or demonstrating a willful or careless disregard for the health, welfare, or safety of a patient; or pharmacy practice that is professionally incompetent, in that it may create unnecessary danger to any patient's life, health, or safety, in any of which cases, proof of actual injury need not be established;

(10) aiding or abetting an unlicensed person in the practice of pharmacy, except that it is not a violation of this clause for a pharmacist to supervise a properly registered pharmacy technician or pharmacist intern if that person is performing duties allowed by this chapter or the rules of the board;

(11) for an individual licensed or registered by the board, adjudication as mentally ill or developmentally disabled, or as a chemically dependent person, a person dangerous to the public, a sexually dangerous person, or a person who has a sexual psychopathic personality, by a court of competent jurisdiction, within or without this state. Such adjudication shall automatically suspend a license for the duration thereof unless the board orders otherwise;

(12) for a pharmacist or pharmacy intern, engaging in unprofessional conduct as specified in the board's rules. In the case of a pharmacy technician, engaging in conduct specified in board rules that would be unprofessional if it were engaged in by a pharmacist or pharmacist intern or performing duties specifically reserved for pharmacists under this chapter or the rules of the board;

(13) for a pharmacy, operation of the pharmacy without a pharmacist present and on duty except as allowed by a variance approved by the board;

(14) for a pharmacist, the inability to practice pharmacy with reasonable skill and safety to patients by reason of illness, use of alcohol, drugs, narcotics, chemicals, or any other type of material or as a result of any mental or physical condition, including deterioration through the aging process or loss of motor skills. In the case of registered pharmacy technicians, pharmacist interns, or controlled substance researchers, the inability to carry out duties allowed under this chapter or the rules of the board with reasonable skill and safety to patients by reason of illness, use of alcohol, drugs, narcotics, chemicals, or any other type of material or as a result of any mental or physical condition, including deterioration through the aging process or loss of motor skills;

(15) for a pharmacist, pharmacy, pharmacist intern, pharmacy technician, medical gas dispenser, or controlled substance researcher, revealing a privileged communication from or relating to a patient except when otherwise required or permitted by law;

(16) for a pharmacist or pharmacy, improper management of patient records, including failure to maintain adequate patient records, to comply with a patient's request made pursuant to sections 144.291 to 144.298, or to furnish a patient record or report required by law;

(17) fee splitting, including without limitation:

(i) paying, offering to pay, receiving, or agreeing to receive, a commission, rebate, kickback, or other form of remuneration, directly or indirectly, for the referral of patients;

(ii) referring a patient to any health care provider as defined in sections 144.291 to 144.298 in which the licensee or registrant has a financial or economic interest as defined in section 144.6521, subdivision 3, unless the licensee or registrant has disclosed the licensee's or registrant's financial or economic interest in accordance with section 144.6521; and

(iii) any arrangement through which a pharmacy, in which the prescribing practitioner does not have a significant ownership interest, fills a prescription drug order and the prescribing practitioner is involved in any manner, directly or indirectly, in setting the price for the filled prescription that is charged to the patient, the patient's

insurer or pharmacy benefit manager, or other person paying for the prescription or, in the case of veterinary patients, the price for the filled prescription that is charged to the client or other person paying for the prescription, except that a veterinarian and a pharmacy may enter into such an arrangement provided that the client or other person paying for the prescription is notified, in writing and with each prescription dispensed, about the arrangement, unless such arrangement involves pharmacy services provided for livestock, poultry, and agricultural production systems, in which case client notification would not be required;

(18) engaging in abusive or fraudulent billing practices, including violations of the federal Medicare and Medicaid laws or state medical assistance laws or rules;

(19) engaging in conduct with a patient that is sexual or may reasonably be interpreted by the patient as sexual, or in any verbal behavior that is seductive or sexually demeaning to a patient;

(20) failure to make reports as required by section 151.072 or to cooperate with an investigation of the board as required by section 151.074;

(21) knowingly providing false or misleading information that is directly related to the care of a patient unless done for an accepted therapeutic purpose such as the dispensing and administration of a placebo;

(22) aiding suicide or aiding attempted suicide in violation of section 609.215 as established by any of the following:

(i) a copy of the record of criminal conviction or plea of guilty for a felony in violation of section 609.215, subdivision 1 or 2;

(ii) a copy of the record of a judgment of contempt of court for violating an injunction issued under section 609.215, subdivision 4;

(iii) a copy of the record of a judgment assessing damages under section 609.215, subdivision 5; or

(iv) a finding by the board that the person violated section 609.215, subdivision 1 or 2. The board must investigate any complaint of a violation of section 609.215, subdivision 1 or 2;

(23) for a pharmacist, practice of pharmacy under a lapsed or nonrenewed license. For a pharmacist intern, pharmacy technician, or controlled substance researcher, performing duties permitted to such individuals by this chapter or the rules of the board under a lapsed or nonrenewed registration. For a facility required to be licensed under this chapter, operation of the facility under a lapsed or nonrenewed license or registration; ~~and~~

(24) for a pharmacist, pharmacist intern, or pharmacy technician, termination or discharge from the health professionals services program for reasons other than the satisfactory completion of the program~~.~~; and

(25) for a manufacturer, a violation of section 62J.842 or 62J.845.

Sec. 62. Minnesota Statutes 2022, section 256B.0631, subdivision 1, is amended to read:

Subdivision 1. **Cost-sharing.** (a) Except as provided in subdivision 2, the medical assistance benefit plan shall include the following cost-sharing for all recipients~~, effective for services provided on or after September 1, 2011~~:

(1) $3 per nonpreventive visit, except as provided in paragraph (b). For purposes of this subdivision, a visit means an episode of service which is required because of a recipient's symptoms, diagnosis, or established illness, and which is delivered in an ambulatory setting by a physician or physician assistant, chiropractor, podiatrist, nurse midwife, advanced practice nurse, audiologist, optician, or optometrist;

(2) $3.50 for nonemergency visits to a hospital-based emergency room, except that this co-payment shall be increased to $20 upon federal approval;

(3) $3 per brand-name drug prescription, $1 per generic drug prescription, and $1 per prescription for a brand-name multisource drug listed in preferred status on the preferred drug list, subject to a $12 per month maximum for prescription drug co-payments. No co-payments shall apply to antipsychotic drugs when used for the treatment of mental illness;

(4) a family deductible equal to $2.75 per month per family and adjusted annually by the percentage increase in the medical care component of the CPI-U for the period of September to September of the preceding calendar year, rounded to the next higher five-cent increment; ~~and~~

(5) total monthly cost-sharing must not exceed five percent of family income. For purposes of this paragraph, family income is the total earned and unearned income of the individual and the individual's spouse, if the spouse is enrolled in medical assistance and also subject to the five percent limit on cost-sharing. This paragraph does not apply to premiums charged to individuals described under section 256B.057, subdivision 9~~.~~; and

(6) cost-sharing for prescription drugs and related medical supplies to treat chronic disease must comply with the requirements of section 62Q.481.

(b) Recipients of medical assistance are responsible for all co-payments and deductibles in this subdivision.

(c) Notwithstanding paragraph (b), the commissioner, through the contracting process under sections 256B.69 and 256B.692, may allow managed care plans and county-based purchasing plans to waive the family deductible under paragraph (a), clause (4). The value of the family deductible shall not be included in the capitation payment to managed care plans and county-based purchasing plans. Managed care plans and county-based purchasing plans shall certify annually to the commissioner the dollar value of the family deductible.

(d) Notwithstanding paragraph (b), the commissioner may waive the collection of the family deductible described under paragraph (a), clause (4), from individuals and allow long-term care and waivered service providers to assume responsibility for payment.

(e) Notwithstanding paragraph (b), the commissioner, through the contracting process under section 256B.0756 shall allow the pilot program in Hennepin County to waive co-payments. The value of the co-payments shall not be included in the capitation payment amount to the integrated health care delivery networks under the pilot program.

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

Sec. 63. Minnesota Statutes 2022, section 256B.69, subdivision 5a, is amended to read:

Subd. 5a. **Managed care contracts.** (a) Managed care contracts under this section and section 256L.12 shall be entered into or renewed on a calendar year basis. The commissioner may issue separate contracts with requirements specific to services to medical assistance recipients age 65 and older.

(b) A prepaid health plan providing covered health services for eligible persons pursuant to chapters 256B and 256L is responsible for complying with the terms of its contract with the commissioner. Requirements applicable to managed care programs under chapters 256B and 256L established after the effective date of a contract with the commissioner take effect when the contract is next issued or renewed.

(c) The commissioner shall withhold five percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program pending completion of performance targets. Each performance target must be quantifiable, objective, measurable, and

reasonably attainable, except in the case of a performance target based on a federal or state law or rule. Criteria for assessment of each performance target must be outlined in writing prior to the contract effective date. Clinical or utilization performance targets and their related criteria must consider evidence-based research and reasonable interventions when available or applicable to the populations served, and must be developed with input from external clinical experts and stakeholders, including managed care plans, county-based purchasing plans, and providers. The managed care or county-based purchasing plan must demonstrate, to the commissioner's satisfaction, that the data submitted regarding attainment of the performance target is accurate. The commissioner shall periodically change the administrative measures used as performance targets in order to improve plan performance across a broader range of administrative services. The performance targets must include measurement of plan efforts to contain spending on health care services and administrative activities. The commissioner may adopt plan-specific performance targets that take into account factors affecting only one plan, including characteristics of the plan's enrollee population. The withheld funds must be returned no sooner than July of the following year if performance targets in the contract are achieved. The commissioner may exclude special demonstration projects under subdivision 23.

(d) The commissioner shall require that managed care plans:

(1) use the assessment and authorization processes, forms, timelines, standards, documentation, and data reporting requirements, protocols, billing processes, and policies consistent with medical assistance fee-for-service or the Department of Human Services contract requirements for all personal care assistance services under section 256B.0659 and community first services and supports under section 256B.85; ~~and~~

(2) by January 30 of each year that follows a rate increase for any aspect of services under section 256B.0659 or 256B.85, inform the commissioner and the chairs and ranking minority members of the legislative committees with jurisdiction over rates determined under section 256B.851 of the amount of the rate increase that is paid to each personal care assistance provider agency with which the plan has a contract~~.~~; and

(3) use a six-month timely filing standard and provide an exemption to the timely filing timeliness for the resubmission of claims where there has been a denial, request for more information, or system issue.

(e) Effective for services rendered on or after January 1, 2012, the commissioner shall include as part of the performance targets described in paragraph (c) a reduction in the health plan's emergency department utilization rate for medical assistance and MinnesotaCare enrollees, as determined by the commissioner. For 2012, the reduction shall be based on the health plan's utilization in 2009. To earn the return of the withhold each subsequent year, the managed care plan or county-based purchasing plan must achieve a qualifying reduction of no less than ten percent of the plan's emergency department utilization rate for medical assistance and MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and 28, compared to the previous measurement year until the final performance target is reached. When measuring performance, the commissioner must consider the difference in health risk in a managed care or county-based purchasing plan's membership in the baseline year compared to the measurement year, and work with the managed care or county-based purchasing plan to account for differences that they agree are significant.

The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if the managed care plan or county-based purchasing plan demonstrates to the satisfaction of the commissioner that a reduction in the utilization rate was achieved. The commissioner shall structure the withhold so that the commissioner returns a portion of the withheld funds in amounts commensurate with achieved reductions in utilization less than the targeted amount.

The withhold described in this paragraph shall continue for each consecutive contract period until the plan's emergency room utilization rate for state health care program enrollees is reduced by 25 percent of the plan's emergency room utilization rate for medical assistance and MinnesotaCare enrollees for calendar year 2009. Hospitals shall cooperate with the health plans in meeting this performance target and shall accept payment withholds that may be returned to the hospitals if the performance target is achieved.

(f) Effective for services rendered on or after January 1, 2012, the commissioner shall include as part of the performance targets described in paragraph (c) a reduction in the plan's hospitalization admission rate for medical assistance and MinnesotaCare enrollees, as determined by the commissioner. To earn the return of the withhold each year, the managed care plan or county-based purchasing plan must achieve a qualifying reduction of no less than five percent of the plan's hospital admission rate for medical assistance and MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and 28, compared to the previous calendar year until the final performance target is reached. When measuring performance, the commissioner must consider the difference in health risk in a managed care or county-based purchasing plan's membership in the baseline year compared to the measurement year, and work with the managed care or county-based purchasing plan to account for differences that they agree are significant.

The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if the managed care plan or county-based purchasing plan demonstrates to the satisfaction of the commissioner that this reduction in the hospitalization rate was achieved. The commissioner shall structure the withhold so that the commissioner returns a portion of the withheld funds in amounts commensurate with achieved reductions in utilization less than the targeted amount.

The withhold described in this paragraph shall continue until there is a 25 percent reduction in the hospital admission rate compared to the hospital admission rates in calendar year 2011, as determined by the commissioner. The hospital admissions in this performance target do not include the admissions applicable to the subsequent hospital admission performance target under paragraph (g). Hospitals shall cooperate with the plans in meeting this performance target and shall accept payment withholds that may be returned to the hospitals if the performance target is achieved.

(g) Effective for services rendered on or after January 1, 2012, the commissioner shall include as part of the performance targets described in paragraph (c) a reduction in the plan's hospitalization admission rates for subsequent hospitalizations within 30 days of a previous hospitalization of a patient regardless of the reason, for medical assistance and MinnesotaCare enrollees, as determined by the commissioner. To earn the return of the withhold each year, the managed care plan or county-based purchasing plan must achieve a qualifying reduction of the subsequent hospitalization rate for medical assistance and MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and 28, of no less than five percent compared to the previous calendar year until the final performance target is reached.

The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if the managed care plan or county-based purchasing plan demonstrates to the satisfaction of the commissioner that a qualifying reduction in the subsequent hospitalization rate was achieved. The commissioner shall structure the withhold so that the commissioner returns a portion of the withheld funds in amounts commensurate with achieved reductions in utilization less than the targeted amount.

The withhold described in this paragraph must continue for each consecutive contract period until the plan's subsequent hospitalization rate for medical assistance and MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and 28, is reduced by 25 percent of the plan's subsequent hospitalization rate for calendar year 2011. Hospitals shall cooperate with the plans in meeting this performance target and shall accept payment withholds that must be returned to the hospitals if the performance target is achieved.

(h) Effective for services rendered on or after January 1, 2013, through December 31, 2013, the commissioner shall withhold 4.5 percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

(i) Effective for services rendered on or after January 1, 2014, the commissioner shall withhold three percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

(j) A managed care plan or a county-based purchasing plan under section 256B.692 may include as admitted assets under section 62D.044 any amount withheld under this section that is reasonably expected to be returned.

(k) Contracts between the commissioner and a prepaid health plan are exempt from the set-aside and preference provisions of section 16C.16, subdivisions 6, paragraph (a), and 7.

(l) The return of the withhold under paragraphs (h) and (i) is not subject to the requirements of paragraph (c).

(m) Managed care plans and county-based purchasing plans shall maintain current and fully executed agreements for all subcontractors, including bargaining groups, for administrative services that are expensed to the state's public health care programs. Subcontractor agreements determined to be material, as defined by the commissioner after taking into account state contracting and relevant statutory requirements, must be in the form of a written instrument or electronic document containing the elements of offer, acceptance, consideration, payment terms, scope, duration of the contract, and how the subcontractor services relate to state public health care programs. Upon request, the commissioner shall have access to all subcontractor documentation under this paragraph. Nothing in this paragraph shall allow release of information that is nonpublic data pursuant to section 13.02.

Sec. 64. Minnesota Statutes 2022, section 256L.03, subdivision 5, is amended to read:

Subd. 5. **Cost-sharing.** (a) Co-payments, coinsurance, and deductibles do not apply to children under the age of 21 and to American Indians as defined in Code of Federal Regulations, title 42, section 600.5.

(b) The commissioner shall adjust co-payments, coinsurance, and deductibles for covered services in a manner sufficient to maintain the actuarial value of the benefit to 94 percent. The cost-sharing changes described in this paragraph do not apply to eligible recipients or services exempt from cost-sharing under state law. The cost-sharing changes described in this paragraph shall not be implemented prior to January 1, 2016.

(c) The cost-sharing changes authorized under paragraph (b) must satisfy the requirements for cost-sharing under the Basic Health Program as set forth in Code of Federal Regulations, title 42, sections 600.510 and 600.520.

(d) Cost-sharing for prescription drugs and related medical supplies to treat chronic disease must comply with the requirements of section 62Q.481.

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

Sec. 65. **EVALUATION OF EXISTING STATUTORY HEALTH BENEFIT MANDATES.**

(a) The commissioner of commerce must evaluate existing Minnesota statutory provisions that would constitute a "mandated health benefit proposal" under Minnesota Statutes, section 62J.26, subdivision 1, clause (4), if the statutory provision was offered as a legislative proposal on the date of enactment of this act.

(b) The commissioner must conduct the evaluation using the process established under Minnesota Statutes, section 62J.26, subdivision 2.

(c) The commissioner may prioritize and determine the order in which statutory provisions are evaluated under this section. The commissioner may limit the number of statutory provisions that are evaluated in order to not exceed the amount appropriated to the commissioner to perform evaluations under this section.

(d) This section expires January 1, 2034.

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

Sec. 66. **GEOGRAPHIC ACCESSIBILITY AND NETWORK ADEQUACY STUDY.**

(a) The commissioner of health, in consultation with the commissioner of commerce and stakeholders, must study and develop recommendations on additional methods, other than maximum distance and travel times for enrollees, to determine adequate geographic accessibility of health care providers and the adequacy of health care provider networks maintained by health plan companies. The commissioner may examine the effectiveness and feasibility of using the following methods to determine geographic accessibility and network adequacy:

(1) establishing ratios of providers to enrollees by provider specialty;

(2) establishing ratios of primary care providers to enrollees; and

(3) establishing maximum waiting times for appointments with participating providers.

(b) The commissioner must examine:

(1) geographic accessibility of providers under current law;

(2) geographic variation and population dispersion;

(3) how provider hours of operations limit access to care;

(4) the ability of existing networks to meet the needs of enrollees, which may include low-income persons; children and adults with serious, chronic, or complex health conditions, physical disabilities, or mental illness; or persons with limited English proficiency and persons from underserved communities;

(5) other health care service delivery options, including telehealth, mobile clinics, centers of excellence, and other ways of delivering care; and

(6) the availability of services needed to meet the needs of enrollees requiring technologically advanced or specialty care services.

(c) The commissioner must submit to the legislature a report on the study and recommendations required by this section no later than January 15, 2024.

Sec. 67. **AUTOMOTIVE SELF-INSURANCE; RULES AMENDMENT; EXPEDITED RULEMAKING.**

Subdivision 1. **Self-insurance working capital condition.** The commissioner of commerce must amend Minnesota Rules, part 2770.6500, subpart 2, item B, subitem (5), to require the commissioner's grant of self-insurance authority to an applicant to be based on the applicant's net working capital in lieu of the applicant's net funds flow.

Subd. 2. **Commissioner discretion to grant self-insurance authority.** The commissioner of commerce must amend Minnesota Rules, part 2770.6500, subpart 2, item D, to, notwithstanding any other provision of Minnesota Rules, part 2770.6500, permit the commissioner to grant self-insurance authority to an applicant that is not a political subdivision and that has not had positive net income or positive working capital in at least three years of the last five-year period if the working capital, debt structure, profitability, and overall financial integrity of the applicant and the applicant's parent company, if one exists, demonstrate the applicant's continuing ability to satisfy any financial obligations that have been and might be incurred under the no-fault act.

Subd. 3. **Working capital.** The commissioner of commerce must define working capital for the purposes of Minnesota Rules, part 2770.6500.

Subd. 4. **Commissioner discretion to revoke self-insurance authority.** The commissioner of commerce must amend Minnesota Rules, part 2770.7300, to permit, in lieu of require, the commissioner to revoke a self-insurer's authorization to self-insure based on the commissioner's determinations under Minnesota Rules, part 2770.7300, items A and B.

Subd. 5. **Expedited rulemaking authorized.** The commissioner of commerce may use the expedited rulemaking process under Minnesota Statutes, section 14.389, to amend rules under this section.

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

Sec. 68. **REPEALER.**

Minnesota Statutes 2022, section 62A.31, subdivisions 1b and 1i, are repealed.

ARTICLE 3
FINANCIAL INSTITUTIONS

Section 1. Minnesota Statutes 2022, section 46.131, subdivision 11, is amended to read:

Subd. 11. **Financial institutions account; appropriation.** (a) The financial institutions account is created as a separate account in the special revenue fund. Earnings, including interest, dividends, and any other earnings arising from account assets, must be credited to the account.

(b) The account consists of funds received from assessments under subdivision 7, examination fees under subdivision 8, and funds received pursuant to subdivision 10 and the following provisions: sections 46.04; 46.041; 46.048, subdivision 1; 47.101; 47.54, subdivision 1; 47.60, subdivision 3; 47.62, subdivision 4; 48.61, subdivision 7, paragraph (b); 49.36, subdivision 1; 52.203; ~~53B.09; 53B.11, subdivision 1;~~ 53B.38; 53B.41; 53B.43; 53C.02; 56.02; 58.10; 58A.045, subdivision 2; 59A.03; 216C.437, subdivision 12; 332A.04; and 332B.04.

(c) Funds in the account are annually appropriated to the commissioner of commerce for activities under this section.

Sec. 2. Minnesota Statutes 2022, section 47.0153, subdivision 1, is amended to read:

Subdivision 1. **Emergency closings.** When the officers of a financial institution are of the opinion that an emergency exists, or is impending, which affects, or may affect, a financial institution's offices, they shall have the authority, in the reasonable exercise of their discretion, to determine not to open any of its offices on any business day or, if having opened, to close an office during the continuation of the emergency, even if the commissioner does not issue a proclamation of emergency. The office closed shall remain closed until the time that the officers determine the emergency has ended, and for the further time reasonably necessary to reopen. No financial institution office shall remain closed for more than 48 consecutive hours in a Monday through Friday period, excluding other legal holidays, without the prior approval of the commissioner.

Sec. 3. Minnesota Statutes 2022, section 47.59, subdivision 2, is amended to read:

Subd. 2. **Application.** Extensions of credit or purchases of extensions of credit by financial institutions under sections 47.20, 47.21, 47.201, 47.204, 47.58, ~~47.60,~~ 48.153, 48.185, 48.195, 59A.01 to 59A.15, 334.01, 334.011, 334.012, 334.022, 334.06, and 334.061 to 334.19 may, but need not, be made according to those sections in lieu of the authority set forth in this section to the extent those sections authorize the financial institution to make extensions of credit or purchase extensions of credit under those sections. If a financial institution elects to make an extension of credit or to purchase an extension of credit under those other sections, the extension of credit or the purchase of an extension of credit is subject to those sections and not this section, except this subdivision, and except as expressly provided in those sections. A financial institution may also charge an organization a rate of interest and any charges agreed to by the organization and may calculate and collect finance and other charges in any manner agreed to by that organization. Except for extensions of credit a financial institution elects to make under section 334.01, 334.011, 334.012, 334.022, 334.06, or 334.061 to 334.19, chapter 334 does not apply to extensions of credit made according to this section or the sections listed in this subdivision. This subdivision does not authorize a financial institution to extend credit or purchase an extension of credit under any of the sections listed in this subdivision if the financial institution is not authorized to do so under those sections. A financial institution extending credit under any of the sections listed in this subdivision shall specify in the promissory note, contract, or other loan document the section under which the extension of credit is made.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2023, and applies to consumer small loans and consumer short-term loans originated on or after that date.

Sec. 4. Minnesota Statutes 2022, section 47.60, subdivision 1, is amended to read:

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

(a) "Consumer small loan" is a loan transaction in which cash is advanced to a borrower for the borrower's own personal, family, or household purpose. A consumer small loan is a short-term, unsecured loan to be repaid in a single installment. The cash advance of a consumer small loan is equal to or less than $350. A consumer small loan includes an indebtedness evidenced by but not limited to a promissory note or agreement to defer the presentation of a personal check for a fee.

(b) "Consumer small loan lender" is a financial institution as defined in section 47.59 or a business entity registered with the commissioner and engaged in the business of making consumer small loans.

(c) "Annual percentage rate" means a measure of the cost of credit, expressed as a yearly rate, that relates the amount and timing of value received by the consumer to the amount and timing of payments made. Annual percentage interest rate includes all interest, finance charges, and fees. The annual percentage rate must be determined in accordance with either the actuarial method or the United States Rule method.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2023, and applies to consumer small loans and consumer short-term loans originated on or after that date.

Sec. 5. Minnesota Statutes 2022, section 47.60, subdivision 2, is amended to read:

Subd. 2. **Authorization, terms, conditions, and prohibitions.** (a) In ~~lieu of the interest, finance charges, or fees in any other law~~ connection with a consumer small loan, a consumer small loan lender may charge ~~the following:~~ an annual percentage rate of up to 36 percent. No other charges or payments are permitted or may be received by the lender in connection with a consumer small loan.

~~(1) on any amount up to and including $50, a charge of $5.50 may be added;~~

~~(2) on amounts in excess of $50, but not more than $100, a charge may be added equal to ten percent of the loan proceeds plus a $5 administrative fee;~~

~~(3) on amounts in excess of $100, but not more than $250, a charge may be added equal to seven percent of the loan proceeds with a minimum of $10 plus a $5 administrative fee;~~

~~(4) for amounts in excess of $250 and not greater than the maximum in subdivision 1, paragraph (a), a charge may be added equal to six percent of the loan proceeds with a minimum of $17.50 plus a $5 administrative fee.~~

(b) The term of a loan made under this section shall be for no more than 30 calendar days.

(c) After maturity, the contract rate must not exceed 2.75 percent per month of the remaining loan proceeds after the maturity date calculated at a rate of 1/30 of the monthly rate in the contract for each calendar day the balance is outstanding.

(d) No insurance charges or other charges must be permitted to be charged, collected, or imposed on a consumer small loan except as authorized in this section.

(e) On a loan transaction in which cash is advanced in exchange for a personal check, a return check charge may be charged as authorized by section 604.113, subdivision 2, paragraph (a). The civil penalty provisions of section 604.113, subdivision 2, paragraph (b), may not be demanded or assessed against the borrower.

(f) A loan made under this section must not be repaid by the proceeds of another loan made under this section by the same lender or related interest. The proceeds from a loan made under this section must not be applied to another loan from the same lender or related interest. No loan to a single borrower made pursuant to this section shall be split or divided and no single borrower shall have outstanding more than one loan with the result of collecting a higher charge than permitted by this section or in an aggregate amount of principal exceed at any one time the maximum of $350.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2023, and applies to consumer small loans and consumer short-term loans originated on or after that date.

Sec. 6. Minnesota Statutes 2022, section 47.60, is amended by adding a subdivision to read:

Subd. 8. **No evasion.** (a) A person must not engage in any device, subterfuge, or pretense to evade the requirements of this section, including but not limited to:

(1) making loans disguised as a personal property sale and leaseback transaction;

(2) disguising loan proceeds as a cash rebate for the pretextual installment sale of goods or services; or

(3) making, offering, assisting, or arranging for a debtor to obtain a loan with a greater rate or amount of interest, consideration, charge, or payment than is permitted by this section through any method, including mail, telephone, Internet, or any electronic means, regardless of whether a person has a physical location in Minnesota.

(b) A person is a consumer small loan lender subject to the requirements of this section notwithstanding the fact that a person purports to act as an agent or service provider, or acts in another capacity for another person that is not subject to this section, if a person:

(1) directly or indirectly holds, acquires, or maintains the predominant economic interest, risk, or reward in a loan or lending business; or

(2) both: (i) markets, solicits, brokers, arranges, or facilitates a loan; and (ii) holds or holds the right, requirement, or first right of refusal to acquire loans, receivables, or other direct or interest in a loan.

(c) A person is a consumer small loan lender subject to the requirements of this section if the totality of the circumstances indicate that a person is a lender and the transaction is structured to evade the requirements of this section. Circumstances that weigh in favor of a person being a lender in a transaction include but are not limited to instances where a person:

(1) indemnifies, insures, or protects a person not subject to this section from any costs or risks related to a loan;

(2) predominantly designs, controls, or operates lending activity;

(3) holds the trademark or intellectual property rights in the brand, underwriting system, or other core aspects of a lending business; or

(4) purports to act as an agent or service provider, or acts in another capacity, for a person not subject to this section while acting directly as a lender in one or more states.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2023, and applies to consumer small loans and consumer short-term loans originated on or after that date.

Sec. 7. Minnesota Statutes 2022, section 47.601, subdivision 1, is amended to read:

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

(b) "Borrower" means an individual who obtains a consumer short-term loan primarily for personal, family, or household purposes.

(c) "Commissioner" means the commissioner of commerce.

(d) "Consumer short-term loan" means a loan to a borrower which has a principal amount, or an advance on a credit limit, of ~~$1,000~~ $1,300 or less and requires a minimum payment within 60 days of loan origination or credit advance of more than 25 percent of the principal balance or credit advance. For the purposes of this section, each new advance of money to a borrower under a consumer short-term loan agreement constitutes a new consumer short-term loan. A "consumer short-term loan" does not include any transaction made under chapter 325J or a loan made by a consumer short-term lender where, in the event of default on the loan, the sole recourse for recovery of the amount owed, other than a lawsuit for damages for the debt, is to proceed against physical goods pledged by the borrower as collateral for the loan.

(e) "Consumer short-term lender" means an individual or entity engaged in the business of making or arranging consumer short-term loans, other than a state or federally chartered bank, savings bank, or credit union. For the purposes of this paragraph, arranging consumer short-term loans includes but is not limited to any substantial involvement in facilitating, marketing, lead-generating, underwriting, servicing, or collecting consumer short-term loans.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2023, and applies to consumer small loans and consumer short-term loans originated on or after that date.

Sec. 8. Minnesota Statutes 2022, section 47.601, subdivision 2, is amended to read:

Subd. 2. **Consumer short-term loan contract.** (a) No contract or agreement between a consumer short-term loan lender and a borrower residing in Minnesota may contain the following:

(1) a provision selecting a law other than Minnesota law under which the contract is construed or enforced;

(2) a provision choosing a forum for dispute resolution other than the state of Minnesota; or

(3) a provision limiting class actions against a consumer short-term lender for violations of subdivision 3 or for making consumer short-term loans:

(i) without a required license issued by the commissioner; or

(ii) in which interest rates, fees, charges, or loan amounts exceed those allowable under section ~~47.59, subdivision 6, or~~ 47.60, subdivision 2~~, other than by de minimis amounts if no pattern or practice exists~~.

(b) Any provision prohibited by paragraph (a) is void and unenforceable.

(c) A consumer short-term loan lender must furnish a copy of the written loan contract to each borrower. The contract and disclosures must be written in the language in which the loan was negotiated with the borrower and must contain:

(1) the name; address, which may not be a post office box; and telephone number of the lender making the consumer short-term loan;

(2) the name and title of the individual employee or representative who signs the contract on behalf of the lender;

(3) an itemization of the fees and interest charges to be paid by the borrower;

(4) in bold, 24-point type, the annual percentage rate as computed under United States Code, chapter 15, section 1606; and

(5) a description of the borrower's payment obligations under the loan.

(d) The holder or assignee of a check or other instrument evidencing an obligation of a borrower in connection with a consumer short-term loan takes the instrument subject to all claims by and defenses of the borrower against the consumer short-term lender.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2023, and applies to consumer small loans and consumer short-term loans originated on or after that date.

Sec. 9. Minnesota Statutes 2022, section 47.601, is amended by adding a subdivision to read:

Subd. 5a. **No evasion.** (a) A person must not engage in any device, subterfuge, or pretense to evade the requirements of this section, including but not limited to:

(1) making loans disguised as a personal property sale and leaseback transaction;

(2) disguising loan proceeds as a cash rebate for the pretextual installment sale of goods or services; or

(3) making, offering, assisting, or arranging for a debtor to obtain a loan with a greater rate or amount of interest, consideration, charge, or payment than is permitted by this section through any method, including mail, telephone, Internet, or any electronic means, regardless of whether a person has a physical location in Minnesota.

(b) A person is a consumer short-term loan lender subject to the requirements of this section notwithstanding the fact that a person purports to act as an agent or service provider, or acts in another capacity for another person that is not subject to this section, if a person:

(1) directly or indirectly holds, acquires, or maintains the predominant economic interest, risk, or reward in a loan or lending business; or

(2) both: (i) markets, solicits, brokers, arranges, or facilitates a loan; and (ii) holds or holds the right, requirement, or first right of refusal to acquire loans, receivables, or other direct or interest in a loan.

(c) A person is a consumer short-term loan lender subject to the requirements of this section if the totality of the circumstances indicate that a person is a lender and the transaction is structured to evade the requirements of this section. Circumstances that weigh in favor of a person being a lender in a transaction include but are not limited to instances where a person:

(1) indemnifies, insures, or protects a person not subject to this section from any costs or risks related to a loan;

(2) predominantly designs, controls, or operates lending activity;

(3) holds the trademark or intellectual property rights in the brand, underwriting system, or other core aspects of a lending business; or

(4) purports to act as an agent or service provider, or acts in another capacity, for a person not subject to this section while acting directly as a lender in one or more states.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2023, and applies to consumer small loans and consumer short-term loans originated on or after that date.

Sec. 10. Minnesota Statutes 2022, section 47.601, subdivision 6, is amended to read:

Subd. 6. **Penalties for violation; private right of action.** (a) Except for a "bona fide error" as set forth under United States Code, chapter 15, section 1640, subsection (c), an individual or entity who violates subdivision 2 ~~or~~, 3, or 5a is liable to the borrower for:

(1) all money collected or received in connection with the loan;

(2) actual, incidental, and consequential damages;

(3) statutory damages of up to $1,000 per violation;

(4) costs, disbursements, and reasonable attorney fees; and

(5) injunctive relief.

(b) In addition to the remedies provided in paragraph (a), a loan is void, and the borrower is not obligated to pay any amounts owing if the loan is made:

(1) by a consumer short-term lender who has not obtained an applicable license from the commissioner;

(2) in violation of any provision of subdivision 2 or 3; or

(3) in which interest, fees, charges, or loan amounts exceed the interest, fees, charges, or loan amounts allowable under ~~sections 47.59, subdivision 6, and~~ section 47.60, subdivision 2.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2023, and applies to consumer small loans and consumer short-term loans originated on or after that date.

Sec. 11. **[48.591] CLIMATE RISK DISCLOSURE SURVEY.**

Subdivision 1. **Requirement.** By July 30 each year, a banking institution with more than $1,000,000,000 in assets must submit a completed climate risk disclosure survey to the commissioner. The commissioner must provide the form used to submit a climate risk disclosure survey.

Subd. 2. **Data.** Data submitted to the commissioner under this section are public, except that trade secret information is nonpublic under section 13.37.

Sec. 12. **[52.065] CLIMATE RISK DISCLOSURE SURVEY.**

Subdivision 1. **Requirement.** By July 30 each year, a credit union with more than $1,000,000,000 in assets must submit a completed climate risk disclosure survey to the commissioner. The commissioner must provide the form used to submit a climate risk disclosure survey.

Subd. 2. **Data.** Data submitted to the commissioner under this section are public, except that trade secret information is nonpublic under section 13.37.

Sec. 13. Minnesota Statutes 2022, section 53.04, subdivision 3a, is amended to read:

Subd. 3a. **Loans.** (a) The right to make loans, secured or unsecured, at the rates and on the terms and other conditions permitted under chapters 47 and 334. Loans made under this authority must be in amounts in compliance with section 53.05, clause (7). A licensee making a loan under this chapter secured by a lien on real estate shall comply with the requirements of section 47.20, subdivision 8. A licensee making a loan that is a consumer small loan, as defined in section 47.60, subdivision 1, paragraph (a), must comply with section 47.60. A licensee making a loan that is a consumer short-term loan, as defined in section 47.601, subdivision 1, paragraph (d), must comply with section 47.601.

(b) Loans made under this subdivision may be secured by real or personal property, or both. If the proceeds of a loan secured by a first lien on the borrower's primary residence are used to finance the purchase of the borrower's primary residence, the loan must comply with the provisions of section 47.20.

(c) An agency or instrumentality of the United States government or a corporation otherwise created by an act of the United States Congress or a lender approved or certified by the secretary of housing and urban development, or approved or certified by the administrator of veterans affairs, or approved or certified by the administrator of the Farmers Home Administration, or approved or certified by the Federal Home Loan Mortgage Corporation, or approved or certified by the Federal National Mortgage Association, that engages in the business of purchasing or taking assignments of mortgage loans and undertakes direct collection of payments from or enforcement of rights against borrowers arising from mortgage loans, is not required to obtain a certificate of authorization under this chapter in order to purchase or take assignments of mortgage loans from persons holding a certificate of authorization under this chapter.

(d) This subdivision does not authorize an industrial loan and thrift company to make loans under an overdraft checking plan.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2023, and applies to consumer small loans and consumer short-term loans originated on or after that date.

Sec. 14. **[53B.28] DEFINITIONS.**

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

Subd. 2. **Acting in concert.** "Acting in concert" means persons knowingly acting together with a common goal of jointly acquiring control of a licensee, whether or not pursuant to an express agreement.

Subd. 3. **Authorized delegate.** "Authorized delegate" means a person a licensee designates to engage in money transmission on behalf of the licensee.

Subd. 4. **Average daily money transmission liability.** "Average daily money transmission liability" means the amount of the licensee's outstanding money transmission obligations in Minnesota at the end of each day in a given period of time, added together, and divided by the total number of days in the given period of time. For purposes of calculating average daily money transmission liability under this chapter for any licensee required to do so, the given period of time shall be the quarters ending March 31, June 30, September 30, and December 31.

Subd. 5. **Bank Secrecy Act.** "Bank Secrecy Act" means the Bank Secrecy Act under United States Code, title 31, section 5311, et seq., and the Bank Secrecy Act's implementing regulations, as amended and recodified from time to time.

Subd. 6. **Closed loop stored value.** "Closed loop stored value" means stored value that is redeemable by the issuer only for a good or service provided by the issuer, the issuer's affiliate, the issuer's franchisees, or an affiliate of the issuer's franchisees, except to the extent required by applicable law to be redeemable in cash for the good or service's cash value.

Subd. 7. **Control.** "Control" means:

(1) the power to vote, directly or indirectly, at least 25 percent of the outstanding voting shares or voting interests of a licensee or person in control of a licensee;

(2) the power to elect or appoint a majority of key individuals or executive officers, managers, directors, trustees, or other persons exercising managerial authority of a person in control of a licensee; or

(3) the power to exercise, directly or indirectly, a controlling influence over the management or policies of a licensee or person in control of a licensee.

Subd. 8. **Eligible rating.** "Eligible rating" means a credit rating of any of the three highest rating categories provided by an eligible rating service, whereby each category may include rating category modifiers such as "plus" or "minus" or the equivalent for any other eligible rating service. Long-term credit ratings are deemed eligible if the rating is equal to A- or higher or the equivalent from any other eligible rating service. Short-term credit ratings are deemed eligible if the rating is equal to or higher than A-2 or SP-2 by S&P, or the equivalent from any other eligible rating service. In the event that ratings differ among eligible rating services, the highest rating shall apply when determining whether a security bears an eligible rating.

Subd. 9. **Eligible rating service.** "Eligible rating service" means any Nationally Recognized Statistical Rating Organization (NRSRO), as defined by the United States Securities and Exchange Commission and any other organization designated by the commissioner by rule or order.

Subd. 10. **Federally insured depository financial institution.** "Federally insured depository financial institution" means a bank, credit union, savings and loan association, trust company, savings association, savings bank, industrial bank, or industrial loan company organized under the laws of the United States or any state of the United States, when the bank, credit union, savings and loan association, trust company, savings association, savings bank, industrial bank, or industrial loan company has federally insured deposits.

Subd. 11. **In Minnesota.** "In Minnesota" means at a physical location within the state of Minnesota for a transaction requested in person. For a transaction requested electronically or by telephone, the provider of money transmission may determine if the person requesting the transaction is in Minnesota by relying on other information provided by the person regarding the location of the individual's residential address or a business entity's principal place of business or other physical address location, and any records associated with the person that the provider of money transmission may have that indicate the location, including but not limited to an address associated with an account.

Subd. 12. **Individual.** "Individual" means a natural person.

Subd. 13. **Key individual.** "Key individual" means any individual ultimately responsible for establishing or directing policies and procedures of the licensee, including but not limited to as an executive officer, manager, director, or trustee.

Subd. 14. **Licensee.** "Licensee" means a person licensed under this chapter.

Subd. 15. **Material litigation.** "Material litigation" means litigation that, according to United States generally accepted accounting principles, is significant to a person's financial health and would be required to be disclosed in the person's annual audited financial statements, report to shareholders, or similar records.

Subd. 16. **Money.** "Money" means a medium of exchange that is authorized or adopted by the United States or a foreign government. Money includes a monetary unit of account established by an intergovernmental organization or by agreement between two or more governments.

Subd. 17. **Monetary value.** "Monetary value" means a medium of exchange, whether or not redeemable in money.

Subd. 18. **Money transmission.** (a) "Money transmission" means:

(1) selling or issuing payment instruments to a person located in this state;

(2) selling or issuing stored value to a person located in this state; or

(3) receiving money for transmission from a person located in this state.

(b) Money includes payroll processing services. Money does not include the provision solely of online or telecommunications services or network access.

Subd. 19. **Money services business accredited state or MSB accredited state.** "Money services businesses accredited state" or "MSB accredited state" means a state agency that is accredited by the Conference of State Bank Supervisors and Money Transmitter Regulators Association for money transmission licensing and supervision.

Subd. 20. **Multistate licensing process.** "Multistate licensing process" means any agreement entered into by and among state regulators relating to coordinated processing of applications for money transmission licenses, applications for the acquisition of control of a licensee, control determinations, or notice and information requirements for a change of key individuals.

Subd. 21. **NMLS.** "NMLS" means the Nationwide Multistate Licensing System and Registry developed by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators and owned and operated by the State Regulatory Registry, LLC, or any successor or affiliated entity, for the licensing and registration of persons in financial services industries.

Subd. 22. **Outstanding money transmission obligations.** (a) "Outstanding money transmission obligations" must be established and extinguished in accordance with applicable state law and means:

(1) any payment instrument or stored value issued or sold by the licensee to a person located in the United States or reported as sold by an authorized delegate of the licensee to a person that is located in the United States that has not yet been paid or refunded by or for the licensee, or escheated in accordance with applicable abandoned property laws; or

(2) any money received for transmission by the licensee or an authorized delegate in the United States from a person located in the United States that has not been received by the payee or refunded to the sender, or escheated in accordance with applicable abandoned property laws.

(b) For purposes of this subdivision, "in the United States" includes, to the extent applicable, a person in any state, territory, or possession of the United States; the District of Columbia; the Commonwealth of Puerto Rico; or a U.S. military installation that is located in a foreign country.

Subd. 23. **Passive investor.** "Passive investor" means a person that:

(1) does not have the power to elect a majority of key individuals or executive officers, managers, directors, trustees, or other persons exercising managerial authority of a person in control of a licensee;

(2) is not employed by and does not have any managerial duties of the licensee or person in control of a licensee;

(3) does not have the power to exercise, directly or indirectly, a controlling influence over the management or policies of a licensee or person in control of a licensee; and

(4) attests to clauses (1), (2), and (3), in a form and in a medium prescribed by the commissioner, or commits to the passivity characteristics under clauses (1), (2), and (3) in a written document.

Subd. 24. **Payment instrument.** (a) "Payment instrument" means a written or electronic check, draft, money order, traveler's check, or other written or electronic instrument for the transmission or payment of money or monetary value, whether or not negotiable.

(b) Payment instrument does not include stored value or any instrument that is: (1) redeemable by the issuer only for goods or services provided by the issuer, the issuer's affiliate, the issuer's franchisees, or an affiliate of the issuer's franchisees, except to the extent required by applicable law to be redeemable in cash for its cash value; or (2) not sold to the public but issued and distributed as part of a loyalty, rewards, or promotional program.

Subd. 25. **Payroll processing services.** "Payroll processing services" means receiving money for transmission pursuant to a contract with a person to deliver wages or salaries, make payment of payroll taxes to state and federal agencies, make payments relating to employee benefit plans, or make distributions of other authorized deductions

from wages or salaries. The term payroll processing services does not include an employer performing payroll processing services on the employer's own behalf or on behalf of the employer's affiliate, or a professional employment organization subject to regulation under other applicable state law.

Subd. 26. **Person.** "Person" means any individual, general partnership, limited partnership, limited liability company, corporation, trust, association, joint stock corporation, or other corporate entity identified by the commissioner.

Subd. 27. **Receiving money for transmission or money received for transmission.** "Receiving money for transmission" or "money received for transmission" means receiving money or monetary value in the United States for transmission within or outside the United States by electronic or other means.

Subd. 28. **Stored value.** (a) "Stored value" means monetary value representing a claim against the issuer evidenced by an electronic or digital record, and that is intended and accepted for use as a means of redemption for money or monetary value, or payment for goods or services. Stored value includes but is not limited to prepaid access, as defined under Code of Federal Regulations, title 31, part 1010.100, as amended or recodified from time to time.

(b) Notwithstanding this subdivision, stored value does not include: (1) a payment instrument or closed loop stored value; or (2) stored value not sold to the public but issued and distributed as part of a loyalty, rewards, or promotional program.

Subd. 29. **Tangible net worth.** "Tangible net worth" means the aggregate assets of a licensee excluding all intangible assets, less liabilities, as determined in accordance with United States generally accepted accounting principles.

Sec. 15. **[53B.29] EXEMPTIONS.**

This chapter does not apply to:

(1) an operator of a payment system, to the extent the operator of a payment system provides processing, clearing, or settlement services between or among persons exempted by this section or licensees in connection with wire transfers, credit card transactions, debit card transactions, stored-value transactions, automated clearing house transfers, or similar funds transfers;

(2) a person appointed as an agent of a payee to collect and process a payment from a payor to the payee for goods or services, other than money transmission itself, provided to the payor by the payee, provided that:

(i) there exists a written agreement between the payee and the agent directing the agent to collect and process payments from payors on the payee's behalf;

(ii) the payee holds the agent out to the public as accepting payments for goods or services on the payee's behalf; and

(iii) payment for the goods and services is treated as received by the payee upon receipt by the agent so that the payor's obligation is extinguished and there is no risk of loss to the payor if the agent fails to remit the funds to the payee;

(3) a person that acts as an intermediary by processing payments between an entity that has directly incurred an outstanding money transmission obligation to a sender, and the sender's designated recipient, provided that the entity:

(i) is properly licensed or exempt from licensing requirements under this chapter;

(ii) provides a receipt, electronic record, or other written confirmation to the sender identifying the entity as the provider of money transmission in the transaction; and

(iii) bears sole responsibility to satisfy the outstanding money transmission obligation to the sender, including the obligation to make the sender whole in connection with any failure to transmit the funds to the sender's designated recipient;

(4) the United States; a department, agency, or instrumentality of the United States; or an agent of the United States;

(5) money transmission by the United States Postal Service or by an agent of the United States Postal Service;

(6) a state; county; city; any other governmental agency, governmental subdivision, or instrumentality of a state; or the state's agent;

(7) a federally insured depository financial institution; bank holding company; office of an international banking corporation; foreign bank that establishes a federal branch pursuant to the International Bank Act, United States Code, title 12, section 3102, as amended or recodified from time to time; corporation organized pursuant to the Bank Service Corporation Act, United States Code, title 12, sections 1861 to 1867, as amended or recodified from time to time; or corporation organized under the Edge Act, United States Code, title 12, sections 611 to 633, as amended or recodified from time to time;

(8) electronic funds transfer of governmental benefits for a federal, state, county, or governmental agency by a contractor on behalf of the United States or a department, agency, or instrumentality thereof, or on behalf of a state or governmental subdivision, agency, or instrumentality thereof;

(9) a board of trade designated as a contract market under the federal Commodity Exchange Act, United States Code, title 7, sections 1 to 25, as amended or recodified from time to time; or a person that in the ordinary course of business provides clearance and settlement services for a board of trade to the extent of its operation as or for a board;

(10) a registered futures commission merchant under the federal commodities laws, to the extent of the registered futures commission merchant's operation as a merchant;

(11) a person registered as a securities broker-dealer under federal or state securities laws, to the extent of the person's operation as a securities broker-dealer;

(12) an individual employed by a licensee, authorized delegate, or any person exempted from the licensing requirements under this chapter when acting within the scope of employment and under the supervision of the licensee, authorized delegate, or exempted person as an employee and not as an independent contractor;

(13) a person expressly appointed as a third-party service provider to or agent of an entity exempt under clause (7), solely to the extent that:

(i) the service provider or agent is engaging in money transmission on behalf of and pursuant to a written agreement with the exempt entity that sets forth the specific functions that the service provider or agent is to perform; and

(ii) the exempt entity assumes all risk of loss and all legal responsibility for satisfying the outstanding money transmission obligations owed to purchasers and holders of the outstanding money transmission obligations upon receipt of the purchaser's or holder's money or monetary value by the service provider or agent; or

(14) a person exempt by regulation or order if the commissioner finds that (i) the exemption is in the public interest, and (ii) the regulation of the person is not necessary for the purposes of this chapter.

Sec. 16. **[53B.30] AUTHORITY TO REQUIRE DEMONSTRATION OF EXEMPTION.**

The commissioner may require any person that claims to be exempt from licensing under section 53B.29 to provide to the commissioner information and documentation that demonstrates the person qualifies for any claimed exemption.

Sec. 17. **[53B.31] IMPLEMENTATION.**

Subdivision 1. **General authority.** In order to carry out the purposes of this chapter, the commissioner may, subject to section 53B.32, paragraphs (a) and (b):

(1) enter into agreements or relationships with other government officials or federal and state regulatory agencies and regulatory associations in order to (i) improve efficiencies and reduce regulatory burden by standardizing methods or procedures, and (ii) share resources, records, or related information obtained under this chapter;

(2) use, hire, contract, or employ analytical systems, methods, or software to examine or investigate any person subject to this chapter;

(3) accept from other state or federal government agencies or officials any licensing, examination, or investigation reports made by the other state or federal government agencies or officials; and

(4) accept audit reports made by an independent certified public accountant or other qualified third-party auditor for an applicant or licensee and incorporate the audit report in any report of examination or investigation.

Subd. 2. **Administrative authority.** The commissioner is granted broad administrative authority to: (1) administer, interpret, and enforce this chapter; (2) adopt regulations to implement this chapter; and (3) recover the costs incurred to administer and enforce this chapter by imposing and collecting proportionate and equitable fees and costs associated with applications, examinations, investigations, and other actions required to achieve the purpose of this chapter.

Sec. 18. **[53B.32] CONFIDENTIALITY.**

(a) All information or reports obtained by the commissioner contained in or related to an examination that is prepared by, on behalf of, or for the use of the commissioner are confidential and are not subject to disclosure under section 46.07.

(b) The commissioner may disclose information not otherwise subject to disclosure under paragraph (a) to representatives of state or federal agencies pursuant to section 53B.31, subdivision 1.

(c) This section does not prohibit the commissioner from disclosing to the public a list of all licensees or the aggregated financial or transactional data concerning those licensees.

Sec. 19. **[53B.33] SUPERVISION.**

(a) The commissioner may conduct an examination or investigation of a licensee or authorized delegate or otherwise take independent action authorized by this chapter, or by a rule adopted or order issued under this chapter, as reasonably necessary or appropriate to administer and enforce this chapter, rules implementing this chapter, and other applicable law, including the Bank Secrecy Act and the USA PATRIOT Act, Public Law 107-56. The commissioner may:

(1) conduct an examination either on site or off site as the commissioner may reasonably require;

(2) conduct an examination in conjunction with an examination conducted by representatives of other state agencies or agencies of another state or of the federal government;

(3) accept the examination report of another state agency or an agency of another state or of the federal government, or a report prepared by an independent accounting firm, which on being accepted is considered for all purposes as an official report of the commissioner; and

(4) summon and examine under oath a key individual or employee of a licensee or authorized delegate and require the person to produce records regarding any matter related to the condition and business of the licensee or authorized delegate.

(b) A licensee or authorized delegate must provide, and the commissioner has full and complete access to, all records the commissioner may reasonably require to conduct a complete examination. The records must be provided at the location and in the format specified by the commissioner. The commissioner may use multistate record production standards and examination procedures when the standards reasonably achieve the requirements of this paragraph.

(c) Unless otherwise directed by the commissioner, a licensee must pay all costs reasonably incurred in connection with an examination of the licensee or the licensee's authorized delegates.

Sec. 20. **[53B.34] NETWORKED SUPERVISION.**

(a) To efficiently and effectively administer and enforce this chapter and to minimize regulatory burden, the commissioner is authorized to participate in multistate supervisory processes established between states and coordinated through the Conference of State Bank Supervisors, the Money Transmitter Regulators Association, and the affiliates and successors of the Conference of State Bank Supervisors and the Money Transmitter Regulators Association for all licensees that hold licenses in this state and other states. As a participant in multistate supervision, the commissioner may:

(1) cooperate, coordinate, and share information with other state and federal regulators in accordance with section 53B.32;

(2) enter into written cooperation, coordination, or information-sharing contracts or agreements with organizations the membership of which is made up of state or federal governmental agencies; and

(3) cooperate, coordinate, and share information with organizations the membership of which is made up of state or federal governmental agencies, provided that the organizations agree in writing to maintain the confidentiality and security of the shared information in accordance with section 53B.32.

(b) The commissioner is prohibited from waiving, and nothing in this section constitutes a waiver of, the commissioner's authority to conduct an examination or investigation or otherwise take independent action authorized by this chapter, or a rule adopted or order issued under this chapter, to enforce compliance with applicable state or federal law.

(c) A joint examination or investigation, or acceptance of an examination or investigation report, does not waive an examination fee provided for in this chapter.

Sec. 21. **[53B.35] RELATIONSHIP TO FEDERAL LAW.**

(a) In the event state money transmission jurisdiction is conditioned on a federal law, any inconsistencies between a provision of this chapter and the federal law governing money transmission is governed by the applicable federal law to the extent of the inconsistency.

(b) In the event of any inconsistencies between this chapter and a federal law that governs pursuant to paragraph (a), the commissioner may provide interpretive guidance that:

(1) identifies the inconsistency; and

(2) identifies the appropriate means of compliance with federal law.

Sec. 22. **[53B.36] LICENSE REQUIRED.**

(a) A person is prohibited from engaging in the business of money transmission, or advertising, soliciting, or representing that the person provides money transmission, unless the person is licensed under this chapter.

(b) Paragraph (a) does not apply to:

(1) a person that is an authorized delegate of a person licensed under this chapter acting within the scope of authority conferred by a written contract with the licensee; or

(2) a person that is exempt under section 53B.29 and does not engage in money transmission outside the scope of the exemption.

(c) A license issued under section 53B.40 is not transferable or assignable.

Sec. 23. **[53B.37] CONSISTENT STATE LICENSING.**

(a) To establish consistent licensing between Minnesota and other states, the commissioner is authorized to:

(1) implement all licensing provisions of this chapter in a manner that is consistent with (i) other states that have adopted substantially similar licensing requirements, or (ii) multistate licensing processes; and

(2) participate in nationwide protocols for licensing cooperation and coordination among state regulators, provided that the protocols are consistent with this chapter.

(b) In order to fulfill the purposes of this chapter, the commissioner is authorized to establish relationships or contracts with NMLS or other entities designated by NMLS to enable the commissioner to:

(1) collect and maintain records;

(2) coordinate multistate licensing processes and supervision processes;

(3) process fees; and

(4) facilitate communication between the commissioner and licensees or other persons subject to this chapter.

(c) The commissioner is authorized to use NMLS for all aspects of licensing in accordance with this chapter, including but not limited to license applications, applications for acquisitions of control, surety bonds, reporting, criminal history background checks, credit checks, fee processing, and examinations.

(d) The commissioner is authorized to use NMLS forms, processes, and functions in accordance with this chapter. If NMLS does not provide functionality, forms, or processes for a requirement under this chapter, the commissioner is authorized to implement the requirements in a manner that facilitates uniformity with respect to licensing, supervision, reporting, and regulation of licensees which are licensed in multiple jurisdictions.

(e) For the purpose of participating in the NMLS registry, the commissioner is authorized to, by rule or order: (1) waive or modify, in whole or in part, any or all of the requirements; and (2) establish new requirements as reasonably necessary to participate in the NMLS registry.

Sec. 24. **[53B.38] APPLICATION FOR LICENSE.**

(a) An applicant for a license must apply in a form and in a medium as prescribed by the commissioner. The application must state or contain, as applicable:

(1) the legal name and residential and business addresses of the applicant and any fictitious or trade name used by the applicant in conducting business;

(2) a list of any criminal convictions of the applicant and any material litigation in which the applicant has been involved in the ten-year period next preceding the submission of the application;

(3) a description of any money transmission previously provided by the applicant and the money transmission that the applicant seeks to provide in this state;

(4) a list of the applicant's proposed authorized delegates and the locations in this state where the applicant and the applicant's authorized delegates propose to engage in money transmission;

(5) a list of other states in which the applicant is licensed to engage in money transmission and any license revocations, suspensions, or other disciplinary action taken against the applicant in another state;

(6) information concerning any bankruptcy or receivership proceedings affecting the licensee or a person in control of a licensee;

(7) a sample form of contract for authorized delegates, if applicable;

(8) a sample form of payment instrument or stored value, as applicable;

(9) the name and address of any federally insured depository financial institution through which the applicant plans to conduct money transmission; and

(10) any other information the commissioner or NMLS reasonably requires with respect to the applicant.

(b) If an applicant is a corporation, limited liability company, partnership, or other legal entity, the applicant must also provide:

(1) the date of the applicant's incorporation or formation and state or country of incorporation or formation;

(2) if applicable, a certificate of good standing from the state or country in which the applicant is incorporated or formed;

(3) a brief description of the structure or organization of the applicant, including any parents or subsidiaries of the applicant, and whether any parents or subsidiaries are publicly traded;

(4) the legal name, any fictitious or trade name, all business and residential addresses, and the employment, as applicable, in the ten-year period next preceding the submission of the application of each key individual and person in control of the applicant;

(5) a list of any criminal convictions and material litigation in which a person in control of the applicant that is not an individual has been involved in the ten-year period preceding the submission of the application;

(6) a copy of audited financial statements of the applicant for the most recent fiscal year and for the two-year period next preceding the submission of the application or, if the commissioner deems acceptable, certified unaudited financial statements for the most recent fiscal year or other period acceptable to the commissioner;

(7) a certified copy of unaudited financial statements of the applicant for the most recent fiscal quarter;

(8) if the applicant is a publicly traded corporation, a copy of the most recent report filed with the United States Securities and Exchange Commission under section 13 of the federal Securities Exchange Act of 1934, United States Code, title 15, section 78m, as amended or recodified from time to time;

(9) if the applicant is a wholly owned subsidiary of:

(i) a corporation publicly traded in the United States, a copy of audited financial statements for the parent corporation for the most recent fiscal year or a copy of the parent corporation's most recent report filed under section 13 of the Securities Exchange Act of 1934, United States Code, title 15, section 78m, as amended or recodified from time to time; or

(ii) a corporation publicly traded outside the United States, a copy of similar documentation filed with the regulator of the parent corporation's domicile outside the United States;

(10) the name and address of the applicant's registered agent in this state; and

(11) any other information the commissioner reasonably requires with respect to the applicant.

(c) A nonrefundable application fee of $4,000 must accompany an application for a license under this section.

(d) The commissioner may: (1) waive one or more requirements of paragraphs (a) and (b); or (2) permit an applicant to submit other information in lieu of the required information.

Sec. 25. **[53B.39] INFORMATION REQUIREMENTS; CERTAIN INDIVIDUALS.**

Subdivision 1. **Individuals with or seeking control.** Any individual in control of a licensee or applicant, any individual that seeks to acquire control of a licensee, and each key individual must furnish to the commissioner through NMLS:

(1) the individual's fingerprints for submission to the Federal Bureau of Investigation and the commissioner for a national criminal history background check, unless the person currently resides outside of the United States and has resided outside of the United States for the last ten years; and

(2) personal history and business experience in a form and in a medium prescribed by the commissioner, to obtain:

(i) an independent credit report from a consumer reporting agency;

(ii) information related to any criminal convictions or pending charges; and

(iii) information related to any regulatory or administrative action and any civil litigation involving claims of fraud, misrepresentation, conversion, mismanagement of funds, breach of fiduciary duty, or breach of contract.

Subd. 2. **Individuals having resided outside the United States.** (a) If an individual has resided outside of the United States at any time in the last ten years, the individual must also provide an investigative background report prepared by an independent search firm that meets the requirements of this subdivision.

(b) At a minimum, the search firm must:

(1) demonstrate that the search firm has sufficient knowledge, resources, and employs accepted and reasonable methodologies to conduct the research of the background report; and

(2) not be affiliated with or have an interest with the individual the search firm is researching.

(c) At a minimum, the investigative background report must be written in English and must contain:

(1) if available in the individual's current jurisdiction of residency, a comprehensive credit report, or any equivalent information obtained or generated by the independent search firm to accomplish a credit report, including a search of the court data in the countries, provinces, states, cities, towns, and contiguous areas where the individual resided and worked;

(2) criminal records information for the past ten years, including but not limited to felonies, misdemeanors, or similar convictions for violations of law in the countries, provinces, states, cities, towns, and contiguous areas where the individual resided and worked;

(3) employment history;

(4) media history, including an electronic search of national and local publications, wire services, and business applications; and

(5) financial services-related regulatory history, including but not limited to money transmission, securities, banking, consumer finance, insurance, and mortgage-related industries.

Sec. 26. **[53B.40] LICENSE ISSUANCE.**

(a) When an application for an original license under this chapter includes all of the items and addresses all of the matters that are required, the application is complete and the commissioner must promptly notify the applicant in a record of the date on which the application is determined to be complete.

(b) The commissioner's determination that an application is complete and accepted for processing means only that the application, on the application's face, appears to include all of the items, including the criminal background check response from the Federal Bureau of Investigation, and address all of the matters that are required. The commissioner's determination that an application is complete is not an assessment of the substance of the application or of the sufficiency of the information provided.

(c) When an application is filed and considered complete under this section, the commissioner must investigate the applicant's financial condition and responsibility, financial and business experience, character, and general fitness. The commissioner may conduct an investigation of the applicant, the reasonable cost of which the applicant must pay. The commissioner must issue a license to an applicant under this section if the commissioner finds:

(1) the applicant has complied with sections 53B.38 and 53B.39; and

(2) the financial condition and responsibility; financial and business experience, competence, character, and general fitness of the applicant; and the competence, experience, character, and general fitness of the key individuals and persons in control of the applicant indicate that it is in the interest of the public to permit the applicant to engage in money transmission.

(d) If an applicant avails itself of or is otherwise subject to a multistate licensing process:

(1) the commissioner is authorized to accept the investigation results of a lead investigative state for the purposes of paragraph (c); or

(2) if Minnesota is a lead investigative state, the commissioner is authorized to investigate the applicant pursuant to paragraph (c) and the time frames established by agreement through the multistate licensing process, provided that the time frame complies with the application review period provided under paragraph (e).

(e) The commissioner must approve or deny the application within 120 days after the date the application is deemed complete. If the application is not approved or denied within 120 days after the completion date, the application is approved and the license takes effect on the first business day after the 120-day period expires.

(f) The commissioner must issue a formal written notice of the denial of a license application within 30 days of the date the decision to deny the application is made. The commissioner must set forth in the notice of denial the specific reasons for the denial of the application. An applicant whose application is denied by the commissioner under this paragraph may appeal within 30 days of the date the written notice of the denial is received. The commissioner must set a hearing date that is not later than 60 days after service of the response, unless a later date is set with the consent of the denied applicant.

(g) The initial license term begins on the day the application is approved. The license expires on December 31 of the year in which the license term began, unless the initial license date is between November 1 and December 31, in which case the initial license term runs through December 31 of the following year. If a license is approved between November 1 and December 31, the applicant is subject to the renewal fee under section 53B.31, paragraph (a).

Sec. 27. **[53B.41] LICENSE RENEWAL.**

(a) A license under this chapter must be renewed annually. An annual renewal fee of $2,500 must be paid no more than 60 days before the license expires. The renewal term is a period of one year and begins on January 1 each year after the initial license term. The renewal term expires on December 31 of the year the renewal term begins.

(b) A licensee must submit a renewal report with the renewal fee, in a form and in a medium prescribed by the commissioner. The renewal report must state or contain a description of each material change in information submitted by the licensee in the licensee's original license application that has not been previously reported to the commissioner.

(c) The commissioner may grant an extension of the renewal date for good cause.

(d) The commissioner is authorized to use the NMLS to process license renewals, provided that the NMLS functionality is consistent with this section.

Sec. 28. **[53B.42] MAINTENANCE OF LICENSE.**

(a) If a licensee does not continue to meet the qualifications or satisfy the requirements that apply to an applicant for a new money transmission license, the commissioner may suspend or revoke the licensee's license in accordance with the procedures established by this chapter or other applicable state law for license suspension or revocation.

(b) An applicant for a money transmission license must demonstrate that the applicant meets or will meet, and a money transmission licensee must at all times meet, the requirements in sections 53B.59 to 53B.61.

Sec. 29. **[53B.43] ACQUISITION OF CONTROL.**

(a) Any person, or group of persons acting in concert, seeking to acquire control of a licensee must obtain the commissioner's written approval before acquiring control. An individual is not deemed to acquire control of a licensee and is not subject to these acquisition of control provisions when that individual becomes a key individual in the ordinary course of business.

(b) For the purpose of this section, a person is presumed to exercise a controlling influence when the person holds the power to vote, directly or indirectly, at least ten percent of the outstanding voting shares or voting interests of a licensee or person in control of a licensee. A person presumed to exercise a controlling influence as defined by this subdivision can rebut the presumption of control if the person is a passive investor.

(c) For purposes of determining the percentage of a person controlled by any other person, the person's interest must be aggregated with the interest of any other immediate family member, including the person's spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, and any other person who shares the person's home.

(d) A person, or group of persons acting in concert, seeking to acquire control of a licensee must, in cooperation with the licensee:

(1) submit an application in a form and in a medium prescribed by the commissioner; and

(2) submit a nonrefundable fee of $4,000 with the request for approval.

(e) Upon request, the commissioner may permit a licensee or the person, or group of persons acting in concert, to submit some or all information required by the commissioner pursuant to paragraph (d), clause (1), without using NMLS.

(f) The application required by paragraph (d), clause (1), must include information required by section 53B.39 for any new key individuals that have not previously completed the requirements of section 53B.39 for a licensee.

(g) When an application for acquisition of control under this section appears to include all of the items and address all of the matters that are required, the application is considered complete and the commissioner must promptly notify the applicant in a record of the date on which the application was determined to be complete.

(h) The commissioner must approve or deny the application within 60 days after the completion date. If the application is not approved or denied within 60 days after the completion date, the application is approved and the person, or group of persons acting in concert, are not prohibited from acquiring control. The commissioner may extend the application period for good cause.

(i) The commissioner's determination that an application is complete and is accepted for processing means only that the application, on the application's face, appears to include all of the items and address all of the matters that are required. The commissioner's determination that an application is complete is not an assessment of the application's substance or of the sufficiency of the information provided.

(j) When an application is filed and considered complete under paragraph (g), the commissioner must investigate the financial condition and responsibility; the financial and business experience; character; and the general fitness of the person, or group of persons acting in concert, seeking to acquire control. The commissioner must approve an acquisition of control under this section if the commissioner finds:

(1) the requirements of paragraphs (d) and (f) have been met, as applicable; and

(2) the financial condition and responsibility, financial and business experience, competence, character, and general fitness of the person, or group of persons acting in concert, seeking to acquire control; and the competence, experience, character, and general fitness of the key individuals and persons that control the licensee after the acquisition of control indicate that it is in the interest of the public to permit the person, or group of persons acting in concert, to control the licensee.

(k) If an applicant avails itself of or is otherwise subject to a multistate licensing process:

(1) the commissioner is authorized to accept the investigation results of a lead investigative state for the purposes of paragraph (j); or

(2) if Minnesota is a lead investigative state, the commissioner is authorized to investigate the applicant under paragraph (j) and consistent with the time frames established by agreement through the multistate licensing process.

(l) The commissioner must issue a formal written notice of the denial of an application to acquire control. The commissioner must set forth in the notice of denial the specific reasons the application was denied. An applicant whose application is denied by the commissioner under this paragraph may appeal the denial within 30 days of the date the written notice of the denial is received. Chapter 14 applies to appeals under this paragraph.

(m) Paragraphs (a) and (d) do not apply to:

(1) a person that acts as a proxy for the sole purpose of voting at a designated meeting of the shareholders or holders of voting shares or voting interests of a licensee or a person in control of a licensee;

(2) a person that acquires control of a licensee by devise or descent;

(3) a person that acquires control of a licensee as a personal representative, custodian, guardian, conservator, or trustee, or as an officer appointed by a court of competent jurisdiction or by operation of law;

(4) a person that is exempt under section 53B.29, clause (7);

(5) a person that the commissioner determines is not subject to paragraph (a), based on the public interest;

(6) a public offering of securities of a licensee or a person in control of a licensee; or

(7) an internal reorganization of a person controlling the licensee, where the ultimate person controlling the licensee remains the same.

(n) A person identified in paragraph (m), clause (2), (3), (4), or (6), that is cooperating with the licensee must notify the commissioner within 15 days of the date the acquisition of control occurs.

(o) Paragraphs (a) and (d) do not apply to a person that has complied with and received approval to engage in money transmission under this chapter, or that was identified as a person in control in a prior application filed with and approved by the commissioner or by another state pursuant to a multistate licensing process, provided that:

(1) the person has not had a license revoked or suspended or controlled a licensee that has had a license revoked or suspended while the person was in control of the licensee in the previous five years;

(2) if the person is a licensee, the person is well managed and has received at least a satisfactory rating for compliance at the person's most recent examination by an MSB-accredited state if a rating was given;

(3) the licensee to be acquired is projected to meet the requirements of sections 53B.59 to 53B.61 after the acquisition of control is completed, and if the person acquiring control is a licensee, the acquiring licensee is also projected to meet the requirements of sections 53B.59 to 53B.61 after the acquisition of control is completed;

(4) the licensee to be acquired does not implement any material changes to the acquired licensee's business plan as a result of the acquisition of control, and if the person acquiring control is a licensee, the acquiring licensee does not implement any material changes to the acquiring licensee's business plan as a result of the acquisition of control; and

(5) the person provides notice of the acquisition in cooperation with the licensee and attests to clauses (1), (2), (3), and (4) in a form and in a medium prescribed by the commissioner.

(p) If the notice under paragraph (o), clause (5), is not disapproved within 30 days after the date on which the notice was determined to be complete, the notice is deemed approved.

(q) Before filing an application for approval to acquire control of a licensee, a person may request in writing a determination from the commissioner as to whether the person would be considered a person in control of a licensee upon consummation of a proposed transaction. If the commissioner determines that the person would not be a person in control of a licensee, the proposed person and transaction is not subject to paragraphs (a) and (d).

(r) If a multistate licensing process includes a determination pursuant to paragraph (q) and an applicant avails itself or is otherwise subject to the multistate licensing process:

(1) the commissioner is authorized to accept the control determination of a lead investigative state with sufficient staffing, expertise, and minimum standards for the purposes of paragraph (q); or

(2) if Minnesota is a lead investigative state, the commissioner is authorized to investigate the applicant under paragraph (q) and consistent with the time frames established by agreement through the multistate licensing process.

Sec. 30. **[53B.44] CHANGE OF KEY INDIVIDUALS; NOTICE AND INFORMATION REQUIREMENTS.**

(a) A licensee that adds or replaces any key individual must:

(1) provide notice, in a manner prescribed by the commissioner, within 15 days after the effective date of the key individual's appointment; and

(2) provide the information required under section 53B.39 within 45 days of the effective date of the key individual's appointment.

(b) Within 90 days of the date on which the notice provided under section 53B.44, paragraph (a), was determined to be complete, the commissioner may issue a notice of disapproval of a key individual if the commissioner finds that the competence, business experience, character, or integrity of the individual is not in the best interests of the public or the customers of the licensee.

(c) A notice of disapproval must contain a statement of the basis for disapproval and must be sent to the licensee and the disapproved individual. A licensee may appeal a notice of disapproval pursuant to chapter 14 within 30 days of the date the notice of disapproval is received.

(d) If the notice provided under paragraph (a) is not disapproved within 90 days after the date on which the notice was determined to be complete, the key individual is deemed approved.

(e) If a multistate licensing process includes a key individual notice review and disapproval process under this section and the licensee avails itself of or is otherwise subject to the multistate licensing process:

(1) the commissioner is authorized to accept the determination of another state if the investigating state has sufficient staffing, expertise, and minimum standards for the purposes of this section; or

(2) if Minnesota is a lead investigative state, the commissioner is authorized to investigate the applicant under paragraph (b) and the time frames established by agreement through the multistate licensing process.

Sec. 31. **[53B.45] REPORT OF CONDITION.**

(a) Each licensee must submit a report of condition within 45 days of the end of the calendar quarter, or within any extended time the commissioner prescribes.

(b) The report of condition must include:

(1) financial information at the licensee level;

(2) nationwide and state-specific money transmission transaction information in every jurisdiction in the United States where the licensee is licensed to engage in money transmission;

(3) a permissible investments report;

(4) transaction destination country reporting for money received for transmission, if applicable; and

(5) any other information the commissioner reasonably requires with respect to the licensee.

(c) The commissioner is authorized to use NMLS to submit the report required under paragraph (a).

(d) The information required by paragraph (b), clause (4), must only be included in a report of condition submitted within 45 days of the end of the fourth calendar quarter.

Sec. 32. **[53B.46] AUDITED FINANCIAL STATEMENTS.**

(a) Each licensee must, within 90 days after the end of each fiscal year, or within any extended time the commissioner prescribes, file with the commissioner:

(1) an audited financial statement of the licensee for the fiscal year prepared in accordance with United States generally accepted accounting principles; and

(2) any other information the commissioner may reasonably require.

(b) The audited financial statements must be prepared by an independent certified public accountant or independent public accountant who is satisfactory to the commissioner.

(c) The audited financial statements must include or be accompanied by a certificate of opinion prepared by the independent certified public accountant or independent public accountant that is satisfactory in form and content to the commissioner. If the certificate or opinion is qualified, the commissioner may order the licensee to take any action the commissioner finds necessary to enable the independent or certified public accountant or independent public accountant to remove the qualification.

Sec. 33. **[53B.47] AUTHORIZED DELEGATE REPORTING.**

(a) Each licensee must submit a report of authorized delegates within 45 days of the end of the calendar quarter. The commissioner is authorized to use NMLS to submit the report required by this paragraph, provided that the functionality is consistent with the requirements of this section.

(b) The authorized delegate report must include, at a minimum, each authorized delegate's:

(1) company legal name;

(2) taxpayer employer identification number;

(3) principal provider identifier;

(4) physical address;

(5) mailing address;

(6) any business conducted in other states;

(7) any fictitious or trade name;

(8) contact person name, telephone number, and email;

(9) start date as the licensee's authorized delegate;

(10) end date acting as the licensee's authorized delegate, if applicable;

(11) court orders under section 53B.53; and

(12) any other information the commissioner reasonably requires with respect to the authorized delegate.

Sec. 34. **[53B.48] REPORTS OF CERTAIN EVENTS.**

(a) A licensee must file a report with the commissioner within ten business days after the licensee has reason to know any of the following events has occurred:

(1) a petition by or against the licensee under the United States Bankruptcy Code, United States Code, title 11, sections 101 to 110, as amended or recodified from time to time, for bankruptcy or reorganization has been filed;

(2) a petition by or against the licensee for receivership, the commencement of any other judicial or administrative proceeding for the licensee's dissolution or reorganization, or the making of a general assignment for the benefit of the licensee's creditors has been filed; or

(3) a proceeding to revoke or suspend the licensee's license in a state or country in which the licensee engages in business or is licensed has been commenced.

(b) A licensee must file a report with the commissioner within ten business days after the licensee has reason to know any of the following events has occurred:

(1) the licensee or a key individual or person in control of the licensee is charged with or convicted of a felony related to money transmission activities; or

(2) an authorized delegate is charged with or convicted of a felony related to money transmission activities.

Sec. 35. **[53B.49] BANK SECRECY ACT REPORTS.**

A licensee and an authorized delegate must file all reports required by federal currency reporting, record keeping, and suspicious activity reporting requirements as set forth in the Bank Secrecy Act and other federal and state laws pertaining to money laundering. A licensee and authorized delegate that timely files with the appropriate federal agency a complete and accurate report required under this section is deemed to comply with the requirements of this section.

Sec. 36. **[53B.50] RECORDS.**

(a) A licensee must maintain the following records, for purposes of determining the licensee's compliance with this chapter, for at least three years:

(1) a record of each outstanding money transmission obligation sold;

(2) a general ledger posted at least monthly containing all asset, liability, capital, income, and expense accounts;

(3) bank statements and bank reconciliation records;

(4) records of outstanding money transmission obligations;

(5) records of each outstanding money transmission obligation paid within the three-year period;

(6) a list of the last known names and addresses of all of the licensee's authorized delegates; and

(7) any other records the commissioner reasonably requires by administrative rule.

(b) The items specified in paragraph (a) may be maintained in any form of record.

(c) The records specified in paragraph (a) may be maintained outside of Minnesota if the records are made accessible to the commissioner upon seven business-days' notice that is sent in a record.

(d) All records maintained by the licensee as required under paragraphs (a) to (c) are open to inspection by the commissioner under section 53B.33, paragraph (a).

Sec. 37. **[53B.51] RELATIONSHIP BETWEEN LICENSEE AND AUTHORIZED DELEGATE.**

(a) For purposes of this section, "remit" means to make direct payments of money to (1) a licensee, or (2) a licensee's representative authorized to receive money or to deposit money in a bank in an account specified by the licensee.

(b) Before a licensee is authorized to conduct business through an authorized delegate or allows a person to act as the licensee's authorized delegate, the licensee must:

(1) adopt, and update as necessary, written policies and procedures reasonably designed to ensure that the licensee's authorized delegates comply with applicable state and federal law;

(2) enter into a written contract that complies with paragraph (d); and

(3) conduct a reasonable risk-based background investigation sufficient for the licensee to determine whether the authorized delegate has complied and will likely comply with applicable state and federal law.

(c) An authorized delegate must operate in full compliance with this chapter.

(d) The written contract required by paragraph (b) must be signed by the licensee and the authorized delegate. The written contract must, at a minimum:

(1) appoint the person signing the contract as the licensee's authorized delegate with the authority to conduct money transmission on behalf of the licensee;

(2) set forth the nature and scope of the relationship between the licensee and the authorized delegate and the respective rights and responsibilities of the parties;

(3) require the authorized delegate to agree to fully comply with all applicable state and federal laws, rules, and regulations pertaining to money transmission, including this chapter and regulations implementing this chapter, relevant provisions of the Bank Secrecy Act and the USA PATRIOT Act, Public Law 107-56;

(4) require the authorized delegate to remit and handle money and monetary value in accordance with the terms of the contract between the licensee and the authorized delegate;

(5) impose a trust on money and monetary value net of fees received for money transmission for the benefit of the licensee;

(6) require the authorized delegate to prepare and maintain records as required by this chapter or administrative rules implementing this chapter, or as reasonably requested by the commissioner;

(7) acknowledge that the authorized delegate consents to examination or investigation by the commissioner;

(8) state that the licensee is subject to regulation by the commissioner and that as part of that regulation the commissioner may (1) suspend or revoke an authorized delegate designation, or (2) require the licensee to terminate an authorized delegate designation; and

(9) acknowledge receipt of the written policies and procedures required under paragraph (b), clause (1).

(e) If the licensee's license is suspended, revoked, surrendered, or expired, within five business days the licensee must provide documentation to the commissioner that the licensee has notified all applicable authorized delegates of the licensee whose names are in a record filed with the commissioner of the suspension, revocation, surrender, or expiration of a license. Upon suspension, revocation, surrender, or expiration of a license, applicable authorized delegates must immediately cease to provide money transmission as an authorized delegate of the licensee.

(f) An authorized delegate of a licensee holds in trust for the benefit of the licensee all money net of fees received from money transmission. If an authorized delegate commingles any funds received from money transmission with other funds or property owned or controlled by the authorized delegate, all commingled funds and other property are considered held in trust in favor of the licensee in an amount equal to the amount of money net of fees received from money transmission.

(g) An authorized delegate is prohibited from using a subdelegate to conduct money transmission on behalf of a licensee.

Sec. 38. **[53B.52] UNAUTHORIZED ACTIVITIES.**

A person is prohibited from engaging in the business of money transmission on behalf of a person not licensed under this chapter or not exempt under sections 53B.29 and 53B.30. A person that engages in the business of money transmission on behalf of a person that is not licensed under this chapter or not exempt under sections 53B.29 and 53B.30 provides money transmission to the same extent as if the person were a licensee, and is jointly and severally liable with the unlicensed or nonexempt person.

Sec. 39. **[53B.53] PROHIBITED AUTHORIZED DELEGATES.**

(a) The district court in an action brought by a licensee has jurisdiction to grant appropriate equitable or legal relief, including without limitation prohibiting the authorized delegate from directly or indirectly acting as an authorized delegate for any licensee in Minnesota and the payment of restitution, damages, or other monetary relief, if the district court finds that an authorized delegate failed to remit money in accordance with the written contract required by section 53B.51, paragraph (b), or as otherwise directed by the licensee or required by law.

(b) If the district court issues an order prohibiting a person from acting as an authorized delegate for any licensee under paragraph (a), the licensee that brought the action must report the order to the commissioner within 30 days of the date of the order and must report the order through NMLS within 90 days of the date of the order.

Sec. 40. **[53B.54] TIMELY TRANSMISSION.**

(a) Every licensee must forward all money received for transmission in accordance with the terms of the agreement between the licensee and the sender, unless the licensee has a reasonable belief or a reasonable basis to believe that the sender may be a victim of fraud or that a crime or violation of law, rule, or regulation has occurred, is occurring, or may occur.

(b) If a licensee fails to forward money received for transmission as provided under this section, the licensee must respond to inquiries by the sender with the reason for the failure, unless providing a response would violate a state or federal law, rule, or regulation.

Sec. 41. **[53B.55] REFUNDS.**

(a) This section does not apply to:

(1) money received for transmission that is subject to the federal remittance rule under Code of Federal Regulations, title 12, part 1005, subpart B, as amended or recodified from time to time; or

(2) money received for transmission pursuant to a written agreement between the licensee and payee to process payments for goods or services provided by the payee.

(b) A licensee must refund to the sender within ten days of the date the licensee receives the sender's written request for a refund of any and all money received for transmission, unless:

(1) the money has been forwarded within ten days of the date on which the money was received for transmission;

(2) instructions have been given committing an equivalent amount of money to the person designated by the sender within ten days of the date on which the money was received for transmission;

(3) the agreement between the licensee and the sender instructs the licensee to forward the money at a time that is beyond ten days of the date on which the money was received for transmission. If money has not been forwarded in accordance with the terms of the agreement between the licensee and the sender, the licensee must issue a refund in accordance with the other provisions of this section; or

(4) the refund is requested for a transaction that the licensee has not completed based on a reasonable belief or a reasonable basis to believe that a crime or violation of law, rule, or regulation has occurred, is occurring, or may occur.

(c) A refund request does not enable the licensee to identify:

(1) the sender's name and address or telephone number; or

(2) the particular transaction to be refunded in the event the sender has multiple transactions outstanding.

Sec. 42. **[53B.56] RECEIPTS.**

Subdivision 1. **Definition.** For purposes of this section, "receipt" means a paper receipt, electronic record, or other written confirmation.

Subd. 2. **Exemption.** This section does not apply to:

(1) money received for transmission that is subject to the federal remittance rule under Code of Federal Regulations, title 12, part 1005, subpart B, as amended or recodified from time to time;

(2) money received for transmission that is not primarily for personal, family, or household purposes;

(3) money received for transmission pursuant to a written agreement between the licensee and payee to process payments for goods or services provided by the payee; or

(4) payroll processing services.

Subd. 3. **Transaction types; receipts form.** For a transaction conducted in person, the receipt may be provided electronically if the sender requests or agrees to receive an electronic receipt. For a transaction conducted electronically or by telephone, a receipt may be provided electronically. All electronic receipts must be provided in a retainable form.

Subd. 4. **Receipts required.** (a) Every licensee or the licensee's authorized delegate must provide the sender a receipt for money received for transmission.

(b) The receipt must contain, as applicable:

(1) the name of the sender;

(2) the name of the designated recipient;

(3) the date of the transaction;

(4) the unique transaction or identification number;

(5) the name of the licensee, NMLS Unique ID, the licensee's business address, and the licensee's customer service telephone number;

(6) the transaction amount, expressed in United States dollars;

(7) any fee the licensee charges the sender for the transaction; and

(8) any taxes the licensee collects from the sender for the transaction.

(c) The receipt required by this section must be provided in (1) English, and (2) the language principally used by the licensee or authorized delegate to advertise, solicit, or negotiate, either orally or in writing, for a transaction conducted in person, electronically, or by telephone, if the language principally used is a language other than English.

Sec. 43. **[53B.57] NOTICE.**

Every licensee or authorized delegate must include on a receipt or disclose on the licensee's website or mobile application the name and telephone number of the department and a statement that the licensee's customers can contact the department with questions or complaints about the licensee's money transmission services.

Sec. 44. **[53B.58] PAYROLL PROCESSING SERVICES; DISCLOSURES.**

(a) A licensee that provides payroll processing services must:

(1) issue reports to clients detailing client payroll obligations in advance of the payroll funds being deducted from an account; and

(2) make available worker pay stubs or an equivalent statement to workers.

(b) Paragraph (a) does not apply to a licensee providing payroll processing services if the licensee's client designates the intended recipients to the licensee and is responsible for providing the disclosures required by paragraph (a), clause (2).

Sec. 45. **[53B.59] NET WORTH.**

(a) A licensee under this chapter must maintain at all times a tangible net worth that is the greater of: (1) $100,000; or (2) three percent of total assets for the first $100,000,000; two percent of additional assets between $100,000,000 to $1,000,000,000; and one-half percent of additional assets over $1,000,000,000.

(b) Tangible net worth must be demonstrated in the initial application by the applicant's most recent audited or unaudited financial statements under section 53B.38, paragraph (b), clause (6).

(c) Notwithstanding paragraphs (a) and (b), the commissioner has the authority, for good cause shown, to exempt any applicant or licensee in-part or in whole from the requirements of this section.

Sec. 46. **[53B.60] SURETY BOND.**

(a) An applicant for a money transmission license must provide and a licensee must at all times maintain (1) security consisting of a surety bond in a form satisfactory to the commissioner, or (2) with the commissioner's approval, a deposit instead of a bond in accordance with this section.

(b) The amount of the required security under this section is:

(1) the greater of (i) $100,000, or (ii) an amount equal to one hundred percent of the licensee's average daily money transmission liability in Minnesota, calculated for the most recently completed three-month period, up to a maximum of $500,000; or

(2) in the event that the licensee's tangible net worth exceeds ten percent of total assets, the licensee must maintain a surety bond of $100,000.

(c) A licensee that maintains a bond in the maximum amount provided for in paragraph (b), clause (1) or (2), as applicable, is not required to calculate the licensee's average daily money transmission liability in Minnesota for purposes of this section.

(d) A licensee may exceed the maximum required bond amount pursuant to section 53B.62, paragraph (a), clause (5).

(e) The security device remains effective until cancellation, which may occur only after 30 days' written notice to the commissioner. Cancellation does not affect the rights of any claimant for any liability incurred or accrued during the period for which the bond was in force.

(f) The security device must remain in place for no longer than five years after the licensee ceases money transmission operations in Minnesota. Notwithstanding this paragraph, the commissioner may permit the security device to be reduced or eliminated before that time to the extent that the amount of the licensee's payment instruments outstanding in Minnesota are reduced. The commissioner may also permit a licensee to substitute a letter of credit or other form of security device acceptable to the commissioner for the security device in place at the time the licensee ceases money transmission operations in Minnesota.

Sec. 47. **[53B.61] MAINTENANCE OF PERMISSIBLE INVESTMENTS.**

(a) A licensee must maintain at all times permissible investments that have a market value computed in accordance with United States generally accepted accounting principles of not less than the aggregate amount of all of the licensee's outstanding money transmission obligations.

(b) Except for permissible investments enumerated in section 53B.62, paragraph (a), the commissioner may by administrative rule or order, with respect to any licensee, limit the extent to which a specific investment maintained by a licensee within a class of permissible investments may be considered a permissible investment, if the specific investment represents undue risk to customers not reflected in the market value of investments.

(c) Permissible investments, even if commingled with other assets of the licensee, are held in trust for the benefit of the purchasers and holders of the licensee's outstanding money transmission obligations in the event of insolvency; the filing of a petition by or against the licensee under the United States Bankruptcy Code, United States Code, title 11, sections 101 to 110, as amended or recodified from time to time, for bankruptcy or reorganization; the filing of a petition by or against the licensee for receivership; the commencement of any other judicial or administrative proceeding for the licensee's dissolution or reorganization; or in the event of an action by a creditor against the licensee who is not a beneficiary of this statutory trust. No permissible investments impressed with a trust pursuant to this paragraph are subject to attachment, levy of execution, or sequestration by order of any court, except for a beneficiary of the statutory trust.

(d) Upon the establishment of a statutory trust in accordance with paragraph (c), or when any funds are drawn on a letter of credit pursuant to section 53B.62, paragraph (a), clause (4), the commissioner must notify the applicable regulator of each state in which the licensee is licensed to engage in money transmission, if any, of the establishment of the trust or the funds drawn on the letter of credit, as applicable. Notice is deemed satisfied if performed pursuant

to a multistate agreement or through NMLS. Funds drawn on a letter of credit, and any other permissible investments held in trust for the benefit of the purchasers and holders of the licensee's outstanding money transmission obligations, are deemed held in trust for the benefit of the purchasers and holders of the licensee's outstanding money transmission obligations on a pro rata and equitable basis in accordance with statutes pursuant to which permissible investments are required to be held in Minnesota and other states, as defined by a substantially similar statute in the other state. Any statutory trust established under this section terminates upon extinguishment of all of the licensee's outstanding money transmission obligations.

(e) The commissioner may by rule or by order allow other types of investments that the commissioner determines are of sufficient liquidity and quality to be a permissible investment. The commissioner is authorized to participate in efforts with other state regulators to determine that other types of investments are of sufficient liquidity and quality to be a permissible investment.

Sec. 48. **[53B.62] PERMISSIBLE INVESTMENTS.**

Subdivision 1. **Certain investments permissible.** The following investments are permissible under section 53B.61:

(1) cash, including demand deposits, savings deposits, and funds in accounts held for the benefit of the licensee's customers in a federally insured depository financial institution; and cash equivalents, including ACH items in transit to the licensee and ACH items or international wires in transit to a payee, cash in transit via armored car, cash in smart safes, cash in licensee-owned locations, debit card or credit card funded transmission receivables owed by any bank, or money market mutual funds rated AAA or the equivalent from any eligible rating service;

(2) certificates of deposit or senior debt obligations of an insured depository institution, as defined in section 3 of the Federal Deposit Insurance Act, United States Code, title 12, section 1813, as amended or recodified from time to time, or as defined under the federal Credit Union Act, United States Code, title 12, section 1781, as amended or recodified from time to time;

(3) an obligation of the United States or a commission, agency, or instrumentality thereof; an obligation that is guaranteed fully as to principal and interest by the United States; or an obligation of a state or a governmental subdivision, agency, or instrumentality thereof;

(4) the full drawable amount of an irrevocable standby letter of credit, for which the stated beneficiary is the commissioner, that stipulates that the beneficiary need only draw a sight draft under the letter of credit and present the sight draft to obtain funds up to the letter of credit amount within seven days of presentation of the items required by subdivision 2, paragraph (c); and

(5) one hundred percent of the surety bond or deposit provided for under section 53B.60 that exceeds the average daily money transmission liability in Minnesota.

Subd. 2. **Letter of credit; requirements.** (a) A letter of credit under subdivision 1, clause (4), must:

(1) be issued by a federally insured depository financial institution, a foreign bank that is authorized under federal law to maintain a federal agency or federal branch office in a state or states, or a foreign bank that is authorized under state law to maintain a branch in a state that: (i) bears an eligible rating or whose parent company bears an eligible rating; and (ii) is regulated, supervised, and examined by United States federal or state authorities having regulatory authority over banks, credit unions, and trust companies;

(2) be irrevocable, unconditional, and indicate that it is not subject to any condition or qualifications outside of the letter of credit;

(3) not contain reference to any other agreements, documents, or entities, or otherwise provide for any security interest in the licensee; and

(4) contain an issue date and expiration date, and expressly provide for automatic extension without a written amendment, for an additional period of one year from the present or each future expiration date, unless the issuer of the letter of credit notifies the commissioner in writing by certified or registered mail or courier mail or other receipted means, at least 60 days before any expiration date, that the irrevocable letter of credit will not be extended.

(b) In the event of any notice of expiration or nonextension of a letter of credit issued under paragraph (a), clause (4), the licensee must demonstrate to the satisfaction of the commissioner, 15 days before the letter or credit's expiration, that the licensee maintains and will maintain permissible investments in accordance with section 53B.61, paragraph (a), upon the expiration of the letter of credit. If the licensee is not able to do so, the commissioner may draw on the letter of credit in an amount up to the amount necessary to meet the licensee's requirements to maintain permissible investments in accordance with section 53B.61, paragraph (a). Any draw under this paragraph must be offset against the licensee's outstanding money transmission obligations. The drawn funds must be held in trust by the commissioner or the commissioner's designated agent, to the extent authorized by law, as agent for the benefit of the purchasers and holders of the licensee's outstanding money transmission obligations.

(c) The letter of credit must provide that the issuer of the letter of credit must honor, at sight, a presentation made by the beneficiary to the issuer of the following documents on or before the expiration date of the letter of credit:

(1) the original letter of credit, including any amendments; and

(2) a written statement from the beneficiary stating that any of the following events have occurred:

(i) the filing of a petition by or against the licensee under the United States Bankruptcy Code, United States Code, title 11, sections 101 to 110, as amended or recodified from time to time, for bankruptcy or reorganization;

(ii) the filing of a petition by or against the licensee for receivership, or the commencement of any other judicial or administrative proceeding for the licensee's dissolution or reorganization;

(iii) the seizure of assets of a licensee by a commissioner of any other state pursuant to an emergency order issued in accordance with applicable law, on the basis of an action, violation, or condition that has caused or is likely to cause the insolvency of the licensee; or

(iv) the beneficiary has received notice of expiration or nonextension of a letter of credit and the licensee failed to demonstrate to the satisfaction of the beneficiary that the licensee will maintain permissible investments in accordance with section 53B.61, paragraph (a), upon the expiration or nonextension of the letter of credit.

(d) The commissioner may designate an agent to serve on the commissioner's behalf as beneficiary to a letter of credit, provided the agent and letter of credit meet requirements the commissioner establishes. The commissioner's agent may serve as agent for multiple licensing authorities for a single irrevocable letter of credit if the proceeds of the drawable amount for the purposes of subdivision 1, clause (4), and this subdivision are assigned to the commissioner.

(e) The commissioner is authorized to participate in multistate processes designed to facilitate the issuance and administration of letters of credit, including but not limited to services provided by the NMLS and State Regulatory Registry, LLC.

Subd. 3. **Other permissible investments.** Unless the commissioner by administrative rule or order otherwise permits an investment to exceed the limit set forth in this subdivision, the following investments are permissible under section 53B.61 to the extent specified:

(1) receivables that are payable to a licensee from its authorized delegates in the ordinary course of business that are less than seven days old, up to 50 percent of the aggregate value of the licensee's total permissible investments;

(2) of the receivables permissible under clause (1), receivables that are payable to a licensee from a single authorized delegate in the ordinary course of business may not exceed ten percent of the aggregate value of the licensee's total permissible investments;

(3) the following investments are permissible up to 20 percent per category and combined up to 50 percent of the aggregate value of the licensee's total permissible investments:

(i) a short-term investment of up to six months bearing an eligible rating;

(ii) commercial paper bearing an eligible rating;

(iii) a bill, note, bond, or debenture bearing an eligible rating;

(iv) United States tri-party repurchase agreements collateralized at 100 percent or more with United States government or agency securities, municipal bonds, or other securities bearing an eligible rating;

(v) money market mutual funds rated less than "AAA" and equal to or higher than "A-" by S&P, or the equivalent from any other eligible rating service; and

(vi) a mutual fund or other investment fund composed solely and exclusively of one or more permissible investments listed in subdivision 1, clauses (1) to (3); and

(4) cash, including demand deposits, savings deposits, and funds in accounts held for the benefit of the licensee's customers, at foreign depository institutions are permissible up to ten percent of the aggregate value of the licensee's total permissible investments, if the licensee has received a satisfactory rating in the licensee's most recent examination and the foreign depository institution:

(i) has an eligible rating;

(ii) is registered under the Foreign Account Tax Compliance Act, Public Law 111-147;

(iii) is not located in any country subject to sanctions from the Office of Foreign Asset Control; and

(iv) is not located in a high-risk or noncooperative jurisdiction, as designated by the Financial Action Task Force.

Sec. 49. **[53B.63] SUSPENSION; REVOCATION.**

(a) The commissioner may suspend or revoke a license or order a licensee to revoke the designation of an authorized delegate if:

(1) the licensee violates this chapter, or an administrative rule adopted or an order issued under this chapter;

(2) the licensee does not cooperate with an examination or investigation conducted by the commissioner;

(3) the licensee engages in fraud, intentional misrepresentation, or gross negligence;

(4) an authorized delegate is convicted of a violation of a state or federal statute prohibiting money laundering, or violates an administrative rule adopted or an order issued under this chapter, as a result of the licensee's willful misconduct or willful blindness;

(5) the competence, experience, character, or general fitness of the licensee, authorized delegate, person in control of a licensee, key individual, or responsible person of the authorized delegate indicates that it is not in the public interest to permit the person to provide money transmission;

(6) the licensee engages in an unsafe or unsound practice;

(7) the licensee is insolvent, suspends payment of the licensee's obligations, or makes a general assignment for the benefit of the licensee's creditors; or

(8) the licensee does not remove an authorized delegate after the commissioner issues and serves upon the licensee a final order that includes a finding that the authorized delegate has violated this chapter.

(b) When determining whether a licensee is engaging in an unsafe or unsound practice, the commissioner may consider the size and condition of the licensee's money transmission, the magnitude of the loss, the gravity of the violation of this chapter, and the previous conduct of the person involved.

Sec. 50. **[53B.64] AUTHORIZED DELEGATES; SUSPENSION AND REVOCATION.**

(a) The commissioner may issue an order suspending or revoking the designation of an authorized delegate if the commissioner finds:

(1) the authorized delegate violated this chapter, or an administrative rule adopted or an order issued under this chapter;

(2) the authorized delegate did not cooperate with an examination or investigation conducted by the commissioner;

(3) the authorized delegate engaged in fraud, intentional misrepresentation, or gross negligence;

(4) the authorized delegate is convicted of a violation of a state or federal anti-money laundering statute;

(5) the competence, experience, character, or general fitness of the authorized delegate or a person in control of the authorized delegate indicates that it is not in the public interest to permit the authorized delegate to provide money transmission; or

(6) the authorized delegate is engaging in an unsafe or unsound practice.

(b) When determining whether an authorized delegate is engaging in an unsafe or unsound practice, the commissioner may consider the size and condition of the authorized delegate's provision of money transmission, the magnitude of the loss, the gravity of the violation of this chapter, or an administrative rule adopted or order issued under this chapter, and the previous conduct of the authorized delegate.

(c) An authorized delegate may apply for relief from a suspension or revocation of designation as an authorized delegate in the same manner as a licensee.

Sec. 51. **[53B.65] ENFORCEMENT.**

Section 45.027 applies to this chapter.

Sec. 52. **[53B.66] CRIMINAL PENALTIES.**

(a) A person who intentionally makes a false statement, misrepresentation, or false certification in a record filed or required to be maintained under this chapter or that intentionally makes a false entry or omits a material entry in a record filed or required to be maintained under this chapter is guilty of a felony.

(b) A person who knowingly engages in an activity for which a license is required under this chapter without being licensed under this chapter, and who receives more than $1,000 in compensation within a 30-day period from the activity, is guilty of a felony.

(c) A person who knowingly engages in an activity for which a license is required under this chapter without being licensed under this chapter, and who receives more than $500 but less than $1,000 in compensation within a 30-day period from the activity, is guilty of a gross misdemeanor.

(d) A person who knowingly engages in an activity for which a license is required under this chapter without being licensed under this chapter, and who receives no more than $500 in compensation within a 30-day period from the activity, is guilty of a misdemeanor.

Sec. 53. **[53B.67] SEVERABILITY.**

If any provision of this chapter or the chapter's application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this chapter that can be given effect without the invalid provision or application.

Sec. 54. **[53B.68] TRANSITION PERIOD.**

(a) A person licensed in Minnesota to engage in the business of money transmission is not subject to the provisions of this chapter to the extent that this chapter's provisions conflict with current law or establish new requirements not imposed under current law until the licensee renews the licensee's current license or for five months after the effective date of this chapter, whichever is later.

(b) Notwithstanding paragraph (a), a licensee is only required to amend the licensee's authorized delegate contracts for contracts entered into or amended after the effective date or the completion of any transition period contemplated under paragraph (a). Nothing in this section limits an authorized delegate's obligations to operate in full compliance with this chapter, as required under section 53B.51, paragraph (c).

Sec. 55. **[53B.69] DEFINITIONS.**

Subdivision 1. **Terms.** For purposes of sections 53B.70 to 53B.74, the following terms have the meaning given them.

Subd. 2. **Control of virtual currency.** "Control of virtual currency," when used in reference to a transaction or relationship involving virtual currency, means the power to execute unilaterally or prevent indefinitely a virtual currency transaction.

Subd. 3. **Exchange.** "Exchange," used as a verb, means to assume control of virtual currency from or on behalf of a person, at least momentarily, to sell, trade, or convert:

(1) virtual currency for money, bank credit, or one or more forms of virtual currency; or

(2) money or bank credit for one or more forms of virtual currency.

Subd. 4. **Transfer.** "Transfer" means to assume control of virtual currency from or on behalf of a person and to:

(1) credit the virtual currency to the account of another person;

(2) move the virtual currency from one account of a person to another account of the same person; or

(3) relinquish control of virtual currency to another person.

Subd. 5. **United States dollar equivalent of virtual currency.** "United States dollar equivalent of virtual currency" means the equivalent value of a particular virtual currency in United States dollars shown on a virtual-currency exchange based in the United States for a particular date or period specified in this chapter.

Subd. 6. **Virtual currency.** (a) "Virtual currency" means a digital representation of value that:

(1) is used as a medium of exchange, unit of account, or store of value; and

(2) is not money, whether or not denominated in money.

(b) Virtual currency does not include:

(1) a transaction in which a merchant grants, as part of an affinity or rewards program, value that cannot be taken from or exchanged with the merchant for money, bank credit, or virtual currency; or

(2) a digital representation of value issued by or on behalf of a publisher and used solely within an online game, game platform, or family of games sold by the same publisher or offered on the same game platform.

Subd. 7. **Virtual-currency administration.** "Virtual-currency administration" means issuing virtual currency with the authority to redeem the currency for money, bank credit, or other virtual currency.

Subd. 8. **Virtual-currency business activity.** "Virtual-currency business activity" means:

(1) exchanging, transferring, or storing virtual currency or engaging in virtual-currency administration, whether directly or through an agreement with a virtual-currency control-services vendor;

(2) holding electronic precious metals or electronic certificates representing interests in precious metals on behalf of another person or issuing shares or electronic certificates representing interests in precious metals; or

(3) exchanging one or more digital representations of value used within one or more online games, game platforms, or family of games for:

(i) virtual currency offered by or on behalf of the same publisher from which the original digital representation of value was received; or

(ii) money or bank credit outside the online game, game platform, or family of games offered by or on behalf of the same publisher from which the original digital representation of value was received.

Subd. 9. **Virtual-currency control-services vendor.** "Virtual-currency control-services vendor" means a person that has control of virtual currency solely under an agreement with a person that, on behalf of another person, assumes control of virtual currency.

Sec. 56. **[53B.70] SCOPE.**

(a) Sections 53B.71 to 53B.74 do not apply to the exchange, transfer, or storage of virtual currency or to virtual-currency administration to the extent the Electronic Fund Transfer Act of 1978, United States Code, title 15, sections 1693 to 1693r, as amended or recodified from time to time; the Securities Exchange Act of 1934, United States Code, title 15, sections 78a to 78oo, as amended or recodified from time to time; the Commodities Exchange Act of 1936, United States Code, title 7, sections 1 to 27f, as amended or recodified from time to time; or chapter 80A govern the activity.

(b) Sections 53B.71 to 53B.74 do not apply to activity by:

(1) a person that:

(i) contributes only connectivity software or computing power to a decentralized virtual currency, or to a protocol governing transfer of the digital representation of value;

(ii) provides only data storage or security services for a business engaged in virtual-currency business activity and does not otherwise engage in virtual-currency business activity on behalf of another person; or

(iii) provides only to a person otherwise exempt from this chapter virtual currency as one or more enterprise solutions used solely among each other and has no agreement or relationship with a person that is an end-user of virtual currency;

(2) a person using virtual currency, including creating, investing, buying or selling, or obtaining virtual currency as payment for the purchase or sale of goods or services, solely:

(i) on the person's own behalf;

(ii) for personal, family, or household purposes; or

(iii) for academic purposes;

(3) a person whose virtual-currency business activity with or on behalf of persons is reasonably expected to be valued, in the aggregate, on an annual basis at $5,000 or less, measured by the United States dollar equivalent of virtual currency;

(4) an attorney to the extent of providing escrow services to a person;

(5) a title insurance company to the extent of providing escrow services to a person; or

(6) a securities intermediary, as defined under section 336.8-102(14), or a commodity intermediary, as defined under section 336.9-102(17), that:

(i) does not engage in the ordinary course of business in virtual-currency business activity with or on behalf of a person in addition to maintaining securities accounts or commodities accounts and is regulated as a securities intermediary or commodity intermediary under federal law, law of Minnesota other than this chapter, or law of another state; and

(ii) affords a person protections comparable to those set forth under section 53B.37.

(c) Sections 53B.71 to 53B.74 do not apply to a secured creditor, as defined under sections 336.9-101 to 336.9-809, or to a creditor with a judicial lien or lien arising by operation of law on collateral that is virtual currency, if the virtual-currency business activity of the creditor is limited to enforcement of the security interest in compliance with sections 336.9-101 to 336.9-809 or lien in compliance with the law applicable to the lien.

(d) Sections 53B.71 to 53B.74 do not apply to a virtual-currency control-services vendor.

(e) Sections 53B.71 to 53B.74 do not apply to a person that:

(1) does not receive compensation from a person to:

(i) provide virtual-currency products or services; or

(ii) conduct virtual-currency business activity; or

(2) is engaged in testing products or services with the person's own money.

(f) The commissioner may determine that a person or class of persons, given facts particular to the person or class, should be exempt from this chapter, whether the person or class is covered by requirements imposed under federal law on a money-service business.

Sec. 57. **[53B.71] VIRTUAL CURRENCY BUSINESS ACTIVITY; CONDITIONS PRECEDENT.**

(a) A person may not engage in virtual-currency business activity, or hold itself out as being able to engage in virtual-currency business activity, with or on behalf of another person unless the person is:

(1) licensed in Minnesota by the commissioner under section 53B.40; or

(2) exempt from licensing under section 53B.29.

(b) A person that is licensed to engage in virtual-currency business activity is engaged in the business of money transmission and is subject to the requirements of this chapter.

Sec. 58. **[53B.72] REQUIRED DISCLOSURES.**

(a) A licensee that engages in virtual currency business activity must provide to a person who uses the licensee's products or services the disclosures required by paragraph (b) and any additional disclosure the commissioner by administrative rule determines reasonably necessary to protect persons. The commissioner must determine by administrative rule the time and form required for disclosure. A disclosure required by this section must be made separately from any other information provided by the licensee and in a clear and conspicuous manner in a record the person may keep. A licensee may propose for the commissioner's approval alternate disclosures as more appropriate for the licensee's virtual-currency business activity with or on behalf of persons.

(b) Before establishing a relationship with a person, a licensee must disclose, to the extent applicable to the virtual-currency business activity the licensee undertakes with the person:

(1) a schedule of fees and charges the licensee may assess, the manner by which fees and charges are calculated if the fees and charges are not set in advance and disclosed, and the timing of the fees and charges;

(2) whether the product or service provided by the licensee is covered by:

(i) a form of insurance or is otherwise guaranteed against loss by an agency of the United States:

(A) up to the full United States dollar equivalent of virtual currency purchased from the licensee or for control of virtual currency by the licensee as of the date of the placement or purchase, including the maximum amount provided by insurance under the Federal Deposit Insurance Corporation or otherwise available from the Securities Investor Protection Corporation; or

(B) if not provided at the full United States dollar equivalent of virtual currency purchased from the licensee or for control of virtual currency by the licensee, the maximum amount of coverage for each person expressed in the United States dollar equivalent of the virtual currency; or

(ii) private insurance against theft or loss, including cyber theft or theft by other means;

(3) the irrevocability of a transfer or exchange and any exception to irrevocability;

(4) a description of:

(i) liability for an unauthorized, mistaken, or accidental transfer or exchange;

(ii) the person's responsibility to provide notice to the licensee of the transfer or exchange;

(iii) the basis for any recovery by the person from the licensee;

(iv) general error-resolution rights applicable to the transfer or exchange; and

(v) the method for the person to update the person's contact information with the licensee;

(5) that the date or time when the transfer or exchange is made and the person's account is debited may differ from the date or time when the person initiates the instruction to make the transfer or exchange;

(6) whether the person has a right to stop a preauthorized payment or revoke authorization for a transfer, and the procedure to initiate a stop-payment order or revoke authorization for a subsequent transfer;

(7) the person's right to receive a receipt, trade ticket, or other evidence of the transfer or exchange;

(8) the person's right to at least 30 days' prior notice of a change in the licensee's fee schedule, other terms and conditions of operating the licensee's virtual-currency business activity with the person, and the policies applicable to the person's account; and

(9) that virtual currency is not money.

(c) Except as otherwise provided in paragraph (d), at the conclusion of a virtual-currency transaction with or on behalf of a person, a licensee must provide the person a confirmation in a record. The record must contain:

(1) the name and contact information of the licensee, including information the person may need to ask a question or file a complaint;

(2) the type, value, date, precise time, and amount of the transaction; and

(3) the fee charged for the transaction, including any charge for conversion of virtual currency to money, bank credit, or other virtual currency.

(d) If a licensee discloses that it provides a daily confirmation in the initial disclosure under paragraph (c), the licensee may elect to provide a single, daily confirmation for all transactions with or on behalf of a person on that day instead of a per-transaction confirmation.

Sec. 59. **[53B.73] PROPERTY INTERESTS AND ENTITLEMENTS TO VIRTUAL CURRENCY.**

(a) A licensee that has control of virtual currency for one or more persons must maintain control of virtual currency in each type of virtual currency sufficient to satisfy the aggregate entitlements of the persons to the type of virtual currency.

(b) If a licensee violates paragraph (a), the property interests of the persons in the virtual currency are pro rata property interests in the type of virtual currency to which the persons are entitled, without regard to the time the persons became entitled to the virtual currency or the licensee obtained control of the virtual currency.

(c) The virtual currency referred to in this section is:

(1) held for the persons entitled to the virtual currency;

(2) not property of the licensee;

(3) not subject to the claims of creditors of the licensee; and

(4) a permissible investment under this chapter.

Sec. 60. **[53B.74] VIRTUAL CURRENCY BUSINESS ACTIVITIES; ADDITIONAL REQUIREMENTS.**

(a) A licensee engaged in virtual currency business activities may include virtual currency in the licensee's calculation of tangible net worth, by measuring the average value of the virtual currency in United States dollar equivalent over the prior six months, excluding control of virtual currency for a person entitled to the protections under section 53B.73.

(b) A licensee must maintain, for all virtual-currency business activity with or on behalf of a person five years after the date of the activity, a record of:

(1) each of the licensee's transactions with or on behalf of the person, or for the licensee's account in Minnesota, including:

(i) the identity of the person;

(ii) the form of the transaction;

(iii) the amount, date, and payment instructions given by the person; and

(iv) the account number, name, and United States Postal Service address of the person, and, to the extent feasible, other parties to the transaction;

(2) the aggregate number of transactions and aggregate value of transactions by the licensee with or on behalf of the person and for the licensee's account in this state, expressed in the United States dollar equivalent of the virtual currency for the previous 12 calendar months;

(3) each transaction in which the licensee exchanges one form of virtual currency for money or another form of virtual currency with or on behalf of the person;

(4) a general ledger posted at least monthly that lists all of the licensee's assets, liabilities, capital, income, and expenses;

(5) each business-call report the licensee is required to create or provide to the department or NMLS;

(6) bank statements and bank reconciliation records for the licensee and the name, account number, and United States Postal Service address of each bank the licensee uses to conduct virtual-currency business activity with or on behalf of the person;

(7) a report of any dispute with the person; and

(8) a report of any virtual-currency business activity transaction with or on behalf of a person which the licensee was unable to complete.

(c) A licensee must maintain records required by paragraph (b) in a form that enables the commissioner to determine whether the licensee is in compliance with this chapter, any court order, and law of Minnesota other than this chapter.

Sec. 61. Minnesota Statutes 2022, section 56.131, subdivision 1, is amended to read:

Subdivision 1. **Interest rates and charges.** (a) On any loan in a principal amount not exceeding $100,000 or 15 percent of a Minnesota corporate licensee's capital stock and surplus as defined in section 53.015, if greater, a licensee may contract for and receive interest, finance charges, and other charges as provided in section 47.59.

(b) A licensee making a loan that is a consumer small loan, as defined in section 47.60, subdivision 1, paragraph (a), must comply with section 47.60. A licensee making a loan that is a consumer short-term loan, as defined in section 47.601, subdivision 1, paragraph (d), must comply with section 47.601.

~~(b)~~ (c) With respect to a loan secured by an interest in real estate, and having a maturity of more than 60 months, the original schedule of installment payments must fully amortize the principal and interest on the loan. The original schedule of installment payments for any other loan secured by an interest in real estate must provide for payment amounts that are sufficient to pay all interest scheduled to be due on the loan.

~~(c)~~ (d) A licensee may contract for and collect a delinquency charge as provided for in section 47.59, subdivision 6, paragraph (a), clause (4).

~~(d)~~ (e) A licensee may grant extensions, deferments, or conversions to interest-bearing as provided in section 47.59, subdivision 5.

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2023, and applies to consumer small loans and consumer short-term loans originated on or after that date.

Sec. 62. **[58.20] DEFINITIONS.**

Subdivision 1. **Scope.** For purposes of this section to section 58.23, the terms defined in this section have the meanings given.

Subd. 2. **Allowable assets for liquidity.** "Allowable assets for liquidity" means assets that may be used to satisfy the liquidity requirements under section 58.22, including:

(1) unrestricted cash and cash equivalents; and

(2) unencumbered investment grade assets held for sale or trade, including agency mortgage-backed securities, obligations of government-sponsored enterprises, and United States Treasury obligations.

Subd. 3. **Board of directors.** "Board of directors" means the formal body established by a covered institution that is responsible for corporate governance and compliance with sections 58.21 to 58.23.

Subd. 4. **Corporate governance.** "Corporate governance" means the structure of the covered institution and how the covered institution is managed, including the corporate rules, policies, processes, and practices used to oversee and manage the covered institution.

Subd. 5. **Covered institution.** "Covered institution" means a mortgage servicer that services or subservices for others at least 2,000 or more residential mortgage loans in the United States, excluding whole loans owned, and loans being interim serviced prior to sale as of the most recent calendar year end, reported on the NMLS mortgage call report.

Subd. 6. **External audit.** "External audit" means the formal report, prepared by an independent certified public accountant, expressing an opinion on whether the financial statements are:

(1) presented fairly, in all material aspects, in accordance with the applicable financial reporting framework; and

(2) inclusive of an evaluation of the adequacy of a company's internal control structure.

Subd. 7. **Government-sponsored enterprises.** "Government-sponsored enterprises" means the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation.

Subd. 8. **Interim serviced prior to sale.** "Interim serviced prior to sale" means the collection of a limited number of contractual mortgage payments immediately after origination on loans held for sale but no longer than a period of ninety days prior to the loans being sold into the secondary market.

Subd. 9. **Internal audit.** "Internal audit" means the internal activity of performing independent and objective assurance and consulting to evaluate and improve the effectiveness of company operations, risk management, internal controls, and governance processes.

Subd. 10. **Mortgage-backed security.** "Mortgage-backed security" means a financial instrument, often debt securities, collateralized by residential mortgages.

Subd. 11. **Mortgage call report.** "Mortgage call report" means the quarterly or annual report of residential real estate loan origination, servicing, and financial information completed by companies licensed in NMLS.

Subd. 12. **Mortgage servicing rights.** "Mortgage servicing rights" means the contractual right to service a residential mortgage loan on behalf of the owner of the associated mortgage in exchange for compensation specified in the servicing contract.

Subd. 13. **Mortgage servicing rights investor.** "Mortgage servicing rights investor" or "master servicer" means an entity that (1) invests in and owns mortgage servicing rights; and (2) relies on subservicers to administer the loans on the mortgage servicing rights investor's behalf.

Subd. 14. **Nationwide Multistate Licensing System.** "Nationwide Multistate Licensing System" or "NMLS" has the meaning given in section 58A.02, subdivision 8.

Subd. 15. **Operating liquidity.** "Operating liquidity" means the money necessary for an entity to perform normal business operations, including payment of rent, salaries, interest expenses, and other typical expenses associated with operating the entity.

Subd. 16. **Residential mortgage loans serviced.** "Residential mortgage loans serviced" means the specific portfolio or portfolios of residential mortgage loans for which a licensee is contractually responsible to the owner or owners of the mortgage loans for the defined servicing activities.

Subd. 17. **Reverse mortgage.** "Reverse mortgage" has the meaning given in section 47.58, subdivision 1, paragraph (a).

Subd. 18. **Risk management assessment.** "Risk management assessment" means the functional evaluations performed under the risk management program and the reports provided to the board of directors under the relevant governance protocol.

Subd. 19. **Risk management program.** "Risk management program" means the policies and procedures designed to identify, measure, monitor, and mitigate risk commensurate with the covered institution's size and complexity.

Subd. 20. **Servicer.** "Servicer" has the meaning given in section 58.02, subdivision 20.

Subd. 21. **Servicing liquidity.** "Servicing liquidity" or "liquidity" means the financial resources necessary to manage liquidity risk arising from servicing functions required in acquiring and financing mortgage servicing rights; hedging costs, including margin calls, associated with the mortgage servicing rights asset and financing facilities; and advances or costs of advance financing for principal, interest, taxes, insurance, and any other servicing related advances.

Subd. 22. **Subservicer.** "Subservicer" means the entity performing routine administration of residential mortgage loans as the agent of a servicer or mortgage servicing rights investor under the terms of a subservicing contract.

Subd. 23. **Subservicing for others.** "Subservicing for others" means the contractual activities performed by subservicers on behalf of a servicer or mortgage servicing rights investor.

Subd. 24. **Tangible net worth.** "Tangible net worth" means total equity less receivables due from related entities, less goodwill and other intangibles, less pledged assets.

Subd. 25. **Whole loans.** "Whole loans" means a loan where a mortgage and the underlying credit risk is owned and held on a balance sheet of the entity possessing all ownership rights.

Sec. 63. **[58.21] APPLICABILITY; EXCLUSIONS.**

Subdivision 1. **Applicability.** Sections 58.20 to 58.23 apply to covered institutions. For entities within a holding company or an affiliated group of companies, sections 58.20 to 58.23 apply at the covered institution level.

Subd. 2. **Exclusions.** (a) Sections 58.20 to 58.23 do not apply to (1) persons exempt from licensing under sections 58.04 and 58.05, and (2) an institution of the Farm Credit System established and authorized in accordance with the Farm Credit Act of 1971, as amended, United States Code, title 12, section 2001 et seq.

(b) Section 58.22 does not apply to (1) servicers that solely own or conduct reverse mortgage servicing, or (2) the reverse mortgage portfolio administered by a covered institution.

Sec. 64. **[58.22] FINANCIAL CONDITION.**

Subdivision 1. **Compliance required.** A covered institution must maintain capital and liquidity in compliance with this section.

Subd. 2. **Generally accepted accounting principles.** For the purposes of complying with the capital and liquidity requirements of this section, all financial data must be determined in accordance with generally accepted accounting principles.

Subd. 3. **Federal Housing Finance Agency eligibility requirements; policies and procedures.** (a) A covered institution that meets the Federal Housing Finance Agency eligibility requirements for enterprise single-family sellers and servicers with respect to capital, net worth ratio, and liquidity meets the requirements of subdivisions 1 and 2, regardless of whether the servicer is approved for government-sponsored enterprise servicing.

(b) A covered institution must maintain written policies and procedures that implement the capital and servicing liquidity requirements of this section. The policies and procedures implemented pursuant to this paragraph must include a sustainable written methodology to satisfy the requirements of paragraph (a) and must be made available to the commissioner upon request.

Subd. 4. **Operating liquidity.** (a) A covered institution must maintain sufficient allowable assets for liquidity, in addition to the amounts required for servicing liquidity, to cover normal business operations.

(b) Covered institutions must have sound cash management and business operating plans that (1) match the complexity of the institution; and (2) ensure normal business operations.

(c) Management must develop, establish, and implement plans, policies, and procedures to maintain operating liquidity sufficient for the ongoing needs of the covered institution. Plans, policies, and procedures implemented pursuant to this paragraph must contain sustainable, written methodologies to maintain sufficient operating liquidity and must be made available to the commissioner upon request.

Sec. 65. **[58.23] CORPORATE GOVERNANCE.**

Subdivision 1. **Board of directors required.** A covered institution must establish and maintain a board of directors that is responsible for oversight of the covered institution.

Subd. 2. **Board of directors; alternative.** If a covered institution has not received approval to service loans by a government-sponsored enterprise or the Government National Mortgage Association, or if a government-sponsored enterprise or the Government National Mortgage Association has granted approval for a board of directors alternative, the covered institution may establish a similar body constituted to exercise oversight and fulfill the responsibilities specified under subdivision 3.

Subd. 3. **Board of directors; responsibilities.** The board of directors must:

(1) establish a written corporate governance framework, including appropriate internal controls designed to monitor corporate governance and assess compliance with the corporate governance framework, and must make the corporate governance framework available to the commissioner upon request;

(2) monitor and ensure the covered institution complies with (i) the corporate governance framework; and (ii) sections 58.20 to this section; and

(3) perform accurate and timely regulatory reporting, including filing the mortgage call report.

Subd. 4. **Internal audit.** The board of directors must establish internal audit requirements that (1) are appropriate for the size, complexity, and risk profile of the servicer; and (2) ensure appropriate independence to provide a reliable evaluation of the servicer's internal control structure, risk management, and governance. The board-established internal audit requirements and the results of internal audits must be made available to the commissioner upon request.

Subd. 5. **External audit.** (a) A covered institution must receive an external audit, including audited financial statements and audit reports, that is conducted by an independent public accountant annually. The external audit must be made available to the commissioner upon request.

(b) The external audit must include, at a minimum:

(1) annual financial statements, including (i) a balance sheet; (ii) a statement of operations and income statement; and (iii) cash flows, including notes and supplemental schedules prepared in accordance with generally accepted accounting principles;

(2) an assessment of the internal control structure;

(3) a computation of tangible net worth;

(4) validation of mortgage servicing rights valuation and reserve methodology, if applicable;

(5) verification of adequate fidelity and errors and omissions insurance; and

(6) testing of controls related to risk management activities, including compliance and stress testing, if applicable.

Subd. 6. **Risk management.** (a) Under oversight by the board of directors, a covered institution must establish a risk management program that identifies, measures, monitors, and controls risk commensurate with the covered institution's size and complexity. The risk management program must have appropriate processes and models in place to measure, monitor, and mitigate financial risks and changes to the servicer's risk profile and assets being serviced.

(b) The risk management program must be scaled to the size and complexity of the organization, including but not limited to:

(1) the potential that a borrower or counterparty fails to perform on an obligation;

(2) the potential that the servicer (i) is unable to meet the servicer's obligations as the obligations come due as a result of an inability to liquidate assets or obtain adequate funding; or (ii) cannot easily unwind or offset specific exposures;

(3) the risk resulting from (i) inadequate or failed internal processes, people, and systems; or (ii) external events;

(4) the risk to the servicer's condition resulting from adverse movements in market rates or prices;

(5) the risk of regulatory sanctions, fines, penalties, or losses resulting from the failure to comply with laws, rules, regulations, or other supervisory requirements that apply to the servicer;

(6) the potential that legal proceedings against the institution resulting in unenforceable contracts, lawsuits, legal sanctions, or adverse judgments can disrupt or otherwise negatively affect the servicer's operations or condition; and

(7) the risk to earnings and capital arising from negative publicity regarding the servicer's business practices.

Subd. 7. **Risk management assessment.** A covered institution must conduct a risk management assessment on an annual basis. The risk management assessment must conclude with a formal report to the board of directors and must be made available to the commissioner upon request. A covered institution must maintain evidence of risk management activities throughout the year and must include the evidence of risk management activities as part of the report. The risk management assessment must include issue findings and the response or action taken to address the issue findings.

Sec. 66. **[58B.011] STUDENT LOAN ADVOCATE.**

Subdivision 1. **Designation of a student loan advocate.** The commissioner of commerce must designate a student loan advocate within the Department of Commerce to provide timely assistance to borrowers and to effectuate this chapter.

Subd. 2. **Duties.** The student loan advocate has the following duties:

(1) receive, review, and attempt to resolve complaints from borrowers, including but not limited to attempts to resolve borrower complaints in collaboration with institutions of higher education, student loan servicers, and any other participants in student loan lending;

(2) compile and analyze data on borrower complaints received under clause (1);

(3) help borrowers understand the rights and responsibilities under the terms of student loans;

(4) provide information to the public, state agencies, legislators, and relevant stakeholders regarding the problems and concerns of borrowers;

(5) make recommendations to resolve the problems of borrowers;

(6) analyze and monitor the development and implementation of federal, state, and local laws, regulations, and policies relating to borrowers, and recommend any changes deemed necessary;

(7) review the complete student loan history for any borrower who has provided written consent to conduct the review;

(8) increase public awareness that the advocate is available to assist in resolving the student loan servicing concerns of potential and actual borrowers, institutions of higher education, student loan servicers, and any other participant in student loan lending; and

(9) take other actions as necessary to fulfill the duties of the advocate, as provided under this section.

Subd. 3. **Student loan education course.** The advocate must establish and maintain a borrower education course. The course must include educational presentations and materials regarding important topics in student loans, including but not limited to:

(1) the meaning of important terminology used in student lending;

(2) documentation requirements;

(3) monthly payment obligations;

(4) income-based repayment options;

(5) the availability of state and federal loan forgiveness programs; and

(6) disclosure requirements.

Subd. 4. **Reporting.** By January 15 of each odd-numbered year, the advocate must report to the legislative committees with primary jurisdiction over commerce and higher education. The report must describe the advocate's implementation of this section, the outcomes achieved by the advocate during the previous two years, and recommendations to improve the regulation of student loan servicers.

Sec. 67. Minnesota Statutes 2022, section 80A.50, is amended to read:

80A.50 SECTION 302; FEDERAL COVERED SECURITIES; SMALL CORPORATE OFFERING REGISTRATION.

(a) **Federal covered securities.**

(1) **Required filing of records.** With respect to a federal covered security, as defined in Section 18(b)(2) of the Securities Act of 1933 (15 U.S.C. Section 77r(b)(2)), that is not otherwise exempt under sections 80A.45 through 80A.47, a rule adopted or order issued under this chapter may require the filing of any or all of the following records:

(A) before the initial offer of a federal covered security in this state, all records that are part of a federal registration statement filed with the Securities and Exchange Commission under the Securities Act of 1933 and a consent to service of process complying with section 80A.88 signed by the issuer;

(B) after the initial offer of the federal covered security in this state, all records that are part of an amendment to a federal registration statement filed with the Securities and Exchange Commission under the Securities Act of 1933; and

(C) to the extent necessary or appropriate to compute fees, a report of the value of the federal covered securities sold or offered to persons present in this state, if the sales data are not included in records filed with the Securities and Exchange Commission.

(2) **Notice filing effectiveness and renewal.** A notice filing under subsection (a) is effective for one year commencing on the later of the notice filing or the effectiveness of the offering filed with the Securities and Exchange Commission. On or before expiration, the issuer may renew a notice filing by filing a copy of those records filed by the issuer with the Securities and Exchange Commission that are required by rule or order under this chapter to be filed. A previously filed consent to service of process complying with section 80A.88 may be incorporated by reference in a renewal. A renewed notice filing becomes effective upon the expiration of the filing being renewed.

(3) **Notice filings for federal covered securities under section 18(b)(4)(D).** With respect to a security that is a federal covered security under Section 18(b)(4)(D) of the Securities Act of 1933 (15 U.S.C. Section 77r(b)(4)(D)), a rule under this chapter may require a notice filing by or on behalf of an issuer to include a copy of Form D, including the Appendix, as promulgated by the Securities and Exchange Commission, and a consent to service of process complying with section 80A.88 signed by the issuer not later than 15 days after the first sale of the federal covered security in this state.

(4) **Stop orders.** Except with respect to a federal security under Section 18(b)(1) of the Securities Act of 1933 (15 U.S.C. Section 77r(b)(1)), if the administrator finds that there is a failure to comply with a notice or fee requirement of this section, the administrator may issue a stop order suspending the offer and sale of a federal covered security in this state. If the deficiency is corrected, the stop order is void as of the time of its issuance and no penalty may be imposed by the administrator.

(b) **Small corporation offering registration.**

(1) **Registration required.** A security meeting the conditions set forth in this section may be registered as set forth in this section.

(2) **Availability.** Registration under this section is available only to the issuer of securities and not to an affiliate of the issuer or to any other person for resale of the issuer's securities. The issuer must be organized under the laws of one of the states or possessions of the United States. The securities offered must be exempt from registration under the Securities Act of 1933 pursuant to Rule 504 of Regulation D (15 U.S.C. Section 77c).

(3) **Disqualification.** Registration under this section is not available to any of the following issuers:

(A) an issuer subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934;

(B) an investment company;

(C) a development stage company that either has no specific business plan or purpose or has indicated that its business plan is to engage in a merger or acquisition with an unidentified company or companies or other entity or person;

(D) an issuer if the issuer or any of its predecessors, officers, directors, governors, partners, ten percent stock or equity holders, promoters, or any selling agents of the securities to be offered, or any officer, director, governor, or partner of the selling agent:

(i) has filed a registration statement that is the subject of a currently effective registration stop order entered under a federal or state securities law within five years before the filing of the small corporate offering registration application;

(ii) has been convicted within five years before the filing of the small corporate offering registration application of a felony or misdemeanor in connection with the offer, purchase, or sale of a security or a felony involving fraud or deceit, including, but not limited to, forgery, embezzlement, obtaining money under false pretenses, larceny, or conspiracy to defraud;

(iii) is currently subject to a state administrative enforcement order or judgment entered by a state securities administrator or the Securities and Exchange Commission within five years before the filing of the small corporate offering registration application, or is subject to a federal or state administrative enforcement order or judgment in which fraud or deceit, including, but not limited to, making untrue statements of material facts or omitting to state material facts, was found and the order or judgment was entered within five years before the filing of the small corporate offering registration application;

(iv) is currently subject to an order, judgment, or decree of a court of competent jurisdiction temporarily restraining or enjoining, or is subject to an order, judgment, or decree of a court of competent jurisdiction permanently restraining or enjoining the party from engaging in or continuing any conduct or practice in connection with the purchase or sale of any security or involving the making of a false filing with a state or with the Securities and Exchange Commission entered within five years before the filing of the small corporate offering registration application; or

(v) is subject to a state's administrative enforcement order, or judgment that prohibits, denies, or revokes the use of an exemption for registration in connection with the offer, purchase, or sale of securities,

(I) except that clauses (i) to (iv) do not apply if the person subject to the disqualification is duly licensed or registered to conduct securities-related business in the state in which the administrative order or judgment was entered against the person or if the dealer employing the party is licensed or registered in this state and the form BD filed in this state discloses the order, conviction, judgment, or decree relating to the person, and

(II) except that the disqualification under this subdivision is automatically waived if the state securities administrator or federal agency that created the basis for disqualification determines upon a showing of good cause that it is not necessary under the circumstances to deny the registration.

(4) **Filing and effectiveness of registration statement.** A small corporate offering registration statement must be filed with the administrator. If no stop order is in effect and no proceeding is pending under section 80A.54, such registration statement shall become effective automatically at the close of business on the 20th day after filing of the registration statement or the last amendment of the registration statement or at such earlier time as the administrator may designate by rule or order. For the purposes of a nonissuer transaction, other than by an affiliate of the issuer, all outstanding securities of the same class identified in the small corporate offering registration statement as a security registered under this chapter are considered to be registered while the small corporate offering registration statement is effective. A small corporate offering registration statement is effective for one year after its effective date or for any longer period designated in an order under this chapter. A small corporate offering registration statement may be withdrawn only with the approval of the administrator.

(5) **Contents of registration statement.** A small corporate offering registration statement under this section shall be on Form U-7, including exhibits required by the instructions thereto, as adopted by the North American Securities Administrators Association, or such alternative form as may be designated by the administrator by rule or order and must include:

(A) a consent to service of process complying with section 80A.88;

(B) a statement of the type and amount of securities to be offered and the amount of securities to be offered in this state;

(C) a specimen or copy of the security being registered, unless the security is uncertificated, a copy of the issuer's articles of incorporation and bylaws or their substantial equivalents in effect, and a copy of any indenture or other instrument covering the security to be registered;

(D) a signed or conformed copy of an opinion of counsel concerning the legality of the securities being registered which states whether the securities, when sold, will be validly issued, fully paid, and nonassessable and, if debt securities, binding obligations of the issuer;

(E) the states (i) in which the securities are proposed to be offered; (ii) in which a registration statement or similar filing has been made in connection with the offering including information as to effectiveness of each such filing; and (iii) in which a stop order or similar proceeding has been entered or in which proceedings or actions seeking such an order are pending;

(F) a copy of the offering document proposed to be delivered to offerees; and

(G) a copy of any other pamphlet, circular, form letter, advertisement, or other sales literature intended as of the effective date to be used in connection with the offering and any solicitation of interest used in compliance with section 80A.46(17)(B).

(6) **Copy to purchaser.** A copy of the offering document as filed with the administrator must be delivered to each person purchasing the securities prior to sale of the securities to such person.

(c) **Offering limit.** Offers and sales of securities under a small corporate offering registration as set forth in this section are allowed up to the limit prescribed by Code of Federal Regulations, title 17, part 230.504(b)(2), as amended.

Sec. 68. **[332.71] DEFINITIONS.**

Subdivision 1. **Scope.** For the purposes of sections 332.71 to 332.75, the definitions in this section have the meanings given them.

Subd. 2. **Coerced debt.** (a) "Coerced debt" means all or a portion of debt in a debtor's name that has been incurred as a result of:

(1) the use of the debtor's personal information without the debtor's knowledge, authorization, or consent;

(2) the use or threat of force, intimidation, undue influence, harassment, fraud, deception, coercion, or other similar means against the debtor; or

(3) economic abuse perpetrated against the debtor.

(b) Coerced debt does not include secured debt.

Subd. 3. **Creditor.** "Creditor" means a person, or the person's successor, assignee, or agent, claiming to own or have the right to collect a debt owed by the debtor.

Subd. 4. **Debtor.** "Debtor" means a person who (1) is a victim of domestic abuse, harassment, or sex or labor trafficking, and (2) owes coerced debt.

Subd. 5. **Documentation.** "Documentation" means a writing that identifies a debt or a portion of a debt as coerced debt, describes the circumstances under which the coerced debt was incurred, and takes the form of:

(1) a police report;

(2) a Federal Trade Commission identity theft report;

(3) an order in a dissolution proceeding under chapter 518 that declares that one or more debts are coerced; or

(4) a sworn written certification.

Subd. 6. **Domestic abuse.** "Domestic abuse" has the meaning given in section 518B.01, subdivision 2.

Subd. 7. **Economic abuse.** "Economic abuse" means behavior in the context of a domestic relationship that controls, restrains, restricts, impairs, or interferes with the ability of a victim of domestic abuse, harassment, or sex or labor trafficking to acquire, use, or maintain economic resources, including but not limited to:

(1) withholding or restricting access to, or the acquisition of, money, assets, credit, or financial information;

(2) interfering with the victim's ability to work and earn wages; or

(3) exerting undue influence over a person's financial and economic behavior or decisions.

Subd. 8. **Harassment.** "Harassment" has the meaning given in section 609.748.

Subd. 9. **Labor trafficking.** "Labor trafficking" has the meaning given in section 609.281, subdivision 5.

Subd. 10. **Qualified third-party professional.** "Qualified third-party professional" means:

(1) a domestic abuse advocate, as defined under section 595.02, subdivision 1, paragraph (l);

(2) a sexual assault counselor, as defined under section 595.02, subdivision 1, paragraph (k);

(3) a licensed health care provider, mental health care provider, social worker, or marriage and family therapist; or

(4) a nonprofit organization in Minnesota that provides direct assistance to victims of domestic abuse, sexual assault, or sex or labor trafficking.

Subd. 11. **Sex trafficking.** "Sex trafficking" has the meaning given in section 609.321, subdivision 7a.

Subd. 12. **Sworn written certification.** "Sworn written certification" means a statement by a qualified third-party professional in the following form:

CERTIFICATION OF QUALIFIED THIRD-PARTY PROFESSIONAL

I, ... (name of qualified third-party professional), do hereby certify under penalty of perjury as follows:

1. I am a licensed health care provider, mental health care provider, social worker, marriage and family therapist, domestic abuse advocate, as that term is defined in Minnesota Statutes, section 595.02, subdivision 1, paragraph (l), or sexual assault counselor, as that term is defined in Minnesota Statutes, section 595.02, subdivision 1, paragraph (k), or a staff member of a nonprofit organization that provides direct assistance to victims of domestic abuse, sexual assault, or sex or labor trafficking, who has had in-person contact or face-to-face contact through an electronic medium with ..... (name of debtor).

2. Based on my professional interactions with the debtor and information presented to me in my professional capacity, I have a reasonable basis to believe ..... (name of debtor) is a victim of domestic abuse, harassment, sex trafficking or labor trafficking and has incurred all or a portion of debt that is coerced debt, as that term is defined in Minnesota Statutes, section 332.71, subdivision 2.

3. Based on my professional interactions with the debtor and on information presented to me, I have reason to believe that the circumstances under which the coerced debt was incurred are as follows:

4. The following debts or portions of the debts have been identified to me as coerced:

I attest that the foregoing is true and correct.

(Printed name of qualified third party)

(Signature of qualified third party)

(Business address and business telephone)

(Date)

EFFECTIVE DATE; APPLICATION. This section is effective January 1, 2024, and applies to all debts incurred on or after that date.

Sec. 69. **[332.72] COERCED DEBT PROHIBITED.**

A person is prohibited from causing another person to incur coerced debt.

EFFECTIVE DATE; APPLICATION. This section is effective January 1, 2024, and applies to all debts incurred on or after that date.

Sec. 70. **[332.73] NOTICE TO CREDITOR OF COERCED DEBT.**

Subdivision 1. **Notification.** (a) Before taking an affirmative action under section 332.74, a debtor must, by certified mail, notify a creditor that the debt or a portion of a debt on which the creditor demands payment is coerced debt and request that the creditor cease all collection activity on the coerced debt. The notification and request must be in writing and include documentation. The creditor, within 30 days of the date the notification and request is received, must notify the debtor in writing of the creditor's decision to either immediately cease all collection activity or continue to pursue collection.

(b) If a creditor ceases collection but subsequently decides to resume collection activity, the creditor must notify the debtor ten days prior to the date the collection activity resumes.

(c) A debtor must not proceed with an action under section 332.74 until the 30-day period provided under paragraph (a) has expired.

Subd. 2. **Sale or assignment of coerced debt.** A creditor may sell or assign a debt to another party if the creditor selling or assigning the debt includes notification to the buyer or assignee that the debtor has asserted the debt is coerced debt.

Subd. 3. **No inference upon cessation of collection activity.** The fact that a creditor ceases collection activity under this section or section 332.74 does not create an inference or presumption regarding the validity or invalidity of a debt for which a debtor is liable or not liable. The exercise or nonexercise of rights under this section is not a waiver of any other debtor or creditor rights or defenses.

EFFECTIVE DATE; APPLICATION. This section is effective January 1, 2024, and applies to all debts incurred on or after that date.

Sec. 71. **[332.74] DEBTOR REMEDIES.**

Subdivision 1. **Right to petition for declaration and injunction.** A debtor alleging violation of section 332.72 may petition for equitable relief in the district court in the county where the debtor lives or where the coerced debt was incurred. The petition must include:

(1) the notice to the creditor required under section 332.73, subdivision 1;

(2) consistent with Rule 11 of the Minnesota Rules of General Practice, information identifying (i) the account or accounts associated with the coerced debt, and (ii) the person in whose name the debt was incurred; and

(3) the identity and, if known, contact information of the person who caused the debtor to incur coerced debt, unless the debtor signs a sworn statement that disclosing the information is likely to result in domestic abuse or other harm to the debtor, the debtor's children, parents, other relatives, or a family pet.

Subd. 2. **Procedural safeguards.** The court must take appropriate steps necessary to prevent abuse of the debtor or to the debtor, the debtor's children, parents, other relatives, or a family pet. For purposes of this subdivision, appropriate steps include but are not limited to sealing the file, marking the file as confidential, redacting personally identifiable information about the debtor, and directing that any deposition or evidentiary hearing be conducted remotely.

Subd. 3. **Relief.** (a) If a debtor shows by a preponderance of the evidence that the debtor has been aggrieved by a violation of section 332.72 and the debtor has incurred coerced debt, the debtor is entitled to one or more of the following:

(1) a declaratory judgment that the debt or portion of a debt is coerced debt;

(2) an injunction prohibiting the creditor from (i) holding or attempting to hold the debtor liable for the debt or portion of a debt, or (ii) enforcing a judgment related to the coerced debt; and

(3) an order dismissing any cause of action brought by the creditor to enforce or collect the coerced debt from the debtor or, if only a portion of the debt is established as coerced debt, an order directing that the judgment, if any, in the action be amended to reflect only the portion of the debt that is not coerced debt.

(b) If the court orders relief for the debtor under paragraph (a), the court, after the creditor's motion has been served by United States mail to the last known address of the person who violated section 332.72, must issue a judgment in favor of the creditor against the person in the amount of the debt or a portion of the debt.

(c) This subdivision applies regardless of the judicial district in which the creditor's action or the debtor's petition was filed.

Subd. 4. **Affirmative defense.** In an action against a debtor to satisfy a debt, it is an affirmative defense that the debtor incurred coerced debt.

Subd. 5. **Burden.** In any affirmative action taken under subdivision 1 or any affirmative defense asserted in subdivision 3, the debtor bears the burden to show by a preponderance of the evidence that the debtor incurred coerced debt. There is a presumption that the debtor has incurred coerced debt if the person alleged to have caused the debtor to incur the coerced debt has been criminally convicted, entered a guilty plea, or entered an Alford plea under section 609.27, 609.282, 609.322, or 609.527.

Subd. 6. **Statute of limitations tolled.** (a) The statute of limitations under section 541.05 is tolled during the pendency of a proceeding instituted under this section.

(b) A creditor is prohibited from filing a collection action regarding a debt that is the subject of a proceeding instituted under this section while the proceeding is pending.

(c) If a debtor commences a proceeding under this section while a collection action is pending against the debtor regarding a debt that is subject to the proceeding, the court must immediately stay the collection action pending the disposition of the proceeding under this section.

EFFECTIVE DATE; APPLICATION. This section is effective January 1, 2024, and applies to all debts incurred on or after that date.

Sec. 72. **[332.75] CREDITOR REMEDIES.**

Nothing in sections 332.71 to 332.74 diminishes the rights of a creditor to seek payment recovery for a coerced debt from the person who caused the debtor to incur the coerced debt.

EFFECTIVE DATE; APPLICATION. This section is effective January 1, 2024, and applies to all debts incurred on or after that date.

Sec. 73. **UNAUDITED FINANCIAL STATEMENTS; RULEMAKING.**

The commissioner of commerce shall amend Minnesota Rules, part 2876.3021, subpart 2, to remove the prohibition on use of unaudited financial statements if the aggregate amount of all previous sales of securities by the applicant, exclusive of debt financing with banks and similar commercial lenders, exceeds $1,000,000. The commissioner of commerce may use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to amend the rule under this section, and Minnesota Statutes, section 14.386, does not apply except as provided under Minnesota Statutes, section 14.388.

Sec. 74. **MINNESOTA COUNCIL ON ECONOMIC EDUCATION; GRANTS.**

(a) The grants provided under article 1, section 3, to the Minnesota Council on Economic Education must be used by the council to:

(1) provide professional development to Minnesota teachers of courses or content related to personal finance or consumer protection for students in grades 9 through 12;

(2) support the direct-to-student ancillary personal finance programs that Minnesota teachers supervise and coach or that the Minnesota Council on Economic Education delivers directly to students; and

(3) provide support to geographically diverse affiliated higher education-based centers for economic education engaged in financial literacy education as it pertains to financial literacy education initiatives, including those based at Minnesota State University Mankato, St. Cloud State University, and St. Catherine University, as their work relates to activities in clauses (1) and (2).

(b) The Minnesota Council on Economic Education must prepare and submit reports to the commissioner of education in the form and manner prescribed by the commissioner that:

(1) describe the number and type of in-person and online teacher professional development opportunities provided by the Minnesota Council on Economic Education or its affiliated state centers;

(2) list the content, length, and location of the programs;

(3) identify the number of preservice and licensed teachers receiving professional development through each of these opportunities;

(4) summarize evaluations of professional opportunities for teachers; and

(5) list the number, types, and summary evaluations of the direct-to-student ancillary personal finance programs that are supported with funds from the grant.

(c) By February 15 of each year following the receipt of a grant, the Minnesota Council on Economic Education must provide a mid-year report to the commissioner of education and, on August 15 of each year following receipt of a grant, the Minnesota Council on Economic Education must prepare a year-end report according to the requirements of paragraph (b). The reports must be prepared and filed according to Minnesota Statutes, section 3.195. The commissioner may request additional information as necessary.

Sec. 75. **REPEALER.**

(a) Minnesota Statutes 2022, sections 53B.01; 53B.02; 53B.03; 53B.04; 53B.05; 53B.06; 53B.07; 53B.08; 53B.09; 53B.10; 53B.11; 53B.12; 53B.13; 53B.14; 53B.15; 53B.16; 53B.17; 53B.18; 53B.19; 53B.20; 53B.21; 53B.22; 53B.23; 53B.24; 53B.25; 53B.26; and 53B.27, subdivisions 1, 2, 5, 6, and 7, are repealed.

(b) Minnesota Statutes 2022, section 48.10, is repealed.

(c) Minnesota Rules, parts 2675.2610, subparts 1, 3, and 4; 2675.2620, subparts 1, 2, 3, 4, and 5; and 2675.2630, subpart 3, are repealed.

ARTICLE 4
COMMERCIAL REGULATION AND CONSUMER PROTECTION

Section 1. **[13.6505] ATTORNEY GENERAL DATA CODED ELSEWHERE.**

Subdivision 1. **Scope.** The sections referred to in this section are codified outside this chapter. Those sections classify attorney general data as other than public, place restrictions on access to government data, or involve data sharing.

Subd. 2. **Data protection impact assessments.** A data protection impact assessment collected or maintained by the attorney general under section 325O.04 is classified under section 325O.04, subdivision 4.

Sec. 2. Minnesota Statutes 2022, section 53C.01, is amended by adding a subdivision to read:

Subd. 4a. **Global positioning system starter interrupt device.** "Global positioning system starter interrupt device" or "GPS starter interrupt device" means a device installed on a motor vehicle by a motor vehicle dealer that enables an individual who is not in possession of the motor vehicle to remotely disable the motor vehicle's ignition. GPS starter interrupt device includes a device commonly referred to as a fuel or ignition kill switch.

Sec. 3. Minnesota Statutes 2022, section 53C.01, subdivision 12c, is amended to read:

Subd. 12c. **Theft deterrent device.** "Theft deterrent device" means the following devices:

(1) a vehicle alarm system;

(2) a window etch product;

(3) a body part marking product;

(4) a steering lock; or

(5) a pedal or ignition lock~~; or~~

~~(6) a fuel or ignition kill switch~~.

Sec. 4. Minnesota Statutes 2022, section 53C.08, subdivision 1a, is amended to read:

Subd. 1a. **Disclosures required.** Prior to the execution of a retail installment contract, the seller shall provide to a buyer, and obtain the buyer's signature on, a written disclosure that sets forth the following information:

(1) a description and the total price of all items sold in the following categories if the contract includes a charge for the item:

(i) a service contract;

(ii) an insurance product;

(iii) a debt cancellation agreement;

(iv) a theft deterrent device; or

(v) a surface protection product;

(2) whether a GPS starter interrupt device is installed on the motor vehicle, regardless of whether the contract includes a charge for the GPS starter interrupt device;

(3) the amount that would be calculated under the contract as the regular installment payment if charges for the items referenced under clause (1) are not included in the contract;

~~(3)~~ (4) the amount that would be calculated under the contract as the regular installment payment if charges for the items referenced under clause (1) are included in the contract; and

~~(4)~~ (5) the disclosures required under this subdivision must be in at least ten-point type and must be contained in a single document that is separate from the retail installment contract and any other vehicle purchase documents.

Sec. 5. Minnesota Statutes 2022, section 80E.041, subdivision 4, is amended to read:

Subd. 4. **Retail rate for labor.** (a) Compensation for warranty labor must equal the dealer's effective nonwarranty labor rate multiplied by the time ~~allowances recognized by the manufacturer to compensate its dealers for warranty work~~ guide used by the dealer for nonwarranty customer-paid service repair orders. If no time guide exists for a warranty repair, compensation for warranty labor must equal the dealer's effective nonwarranty labor rate multiplied by the time actually spent to complete the repair order and must not be less than the time charged to retail customers for the same or similar work performed. The effective nonwarranty labor rate is determined by dividing the total customer labor charges for qualifying nonwarranty repairs in the repair orders submitted under subdivision 2 by the total number of labor hours that generated those sales. Compensation for warranty labor must include ~~reasonable~~ all diagnostic time for repairs performed under this section, including but not limited to all time spent

communicating with the manufacturer's technical assistance or external manufacturer source in order to provide a warranty repair, and must not be less than the time charged to retail customers for the same or similar work performed.

(b) A manufacturer may disapprove a dealer's effective nonwarranty labor rate if:

(1) the disapproval is provided to the dealer in writing;

(2) the disapproval is sent to the dealer within 30 days of the submission of the effective nonwarranty labor rate by the dealer to the manufacturer;

(3) the disapproval includes a reasonable substantiation that the effective nonwarranty labor rate submission is inaccurate, incomplete, or unreasonable in light of a comparison to the retail rate charged by other similarly situated franchised motor vehicle dealers in a comparable geographic area in the state offering the same line-make vehicles; and

(4) the manufacturer proposes an adjustment of the effective nonwarranty labor rate.

(c) If a manufacturer fails to approve or disapprove the rate within this time period, the rate is approved. If a manufacturer disapproves a dealer's effective nonwarranty labor rate, and the dealer does not agree to the manufacturer's proposed adjustment, the parties shall use the manufacturer's internal dispute resolution procedure, if any, within a reasonable time after the dealer notifies the manufacturer of their failure to agree. If the manufacturer's internal dispute resolution procedure is unsuccessful, or if the procedure is not implemented within a reasonable time after the dealer notifies the manufacturer of their failure to agree, the dealer may use the civil remedies available under section 80E.17. A dealer must file a civil suit under section 80E.17, as permitted by this subdivision, within 60 days of receiving the manufacturer's proposed adjustment to the effective nonwarranty labor rate, or the conclusion of the manufacturer's internal dispute resolution procedure, whichever is later.

Sec. 6. Minnesota Statutes 2022, section 325D.01, subdivision 5, is amended to read:

Subd. 5. **Cost.** The term "cost," as applied to the wholesale or retail vendor, means:

(1) the actual current delivered invoice or replacement cost, whichever is lower, without deducting customary cash discounts, plus any excise or sales taxes imposed on such commodity, goods, wares or merchandise subsequent to the purchase thereof and prior to the resale thereof, plus the cost of doing business at that location by the vendor; and

(2) where a manufacturer publishes a list price and discounts, in determining such "cost" the manufacturer's published list price then currently in effect, less the published trade discount but without deducting the customary cash discount, plus any excise or sales taxes imposed on such commodity, goods, wares or merchandise subsequent to the purchase thereof and prior to the resale thereof, plus the cost of doing business by the vendor shall be prima facie evidence of "cost";.

~~(3) for purposes of gasoline offered for sale by way of posted price or indicating meter by a retailer, at a retail location where gasoline is dispensed into passenger automobiles and trucks by the consumer, "cost" means the average terminal price on the day, at the terminal from which the most recent supply of gasoline delivered to the retail location was acquired, plus all applicable state and federal excise taxes and fees, plus the lesser of six percent or eight cents.~~

Sec. 7. Minnesota Statutes 2022, section 325D.44, subdivision 1, is amended to read:

Subdivision 1. **Acts constituting.** A person engages in a deceptive trade practice when, in the course of business, vocation, or occupation, the person:

(1) passes off goods or services as those of another;

(2) causes likelihood of confusion or of misunderstanding as to the source, sponsorship, approval, or certification of goods or services;

(3) causes likelihood of confusion or of misunderstanding as to affiliation, connection, or association with, or certification by, another;

(4) uses deceptive representations or designations of geographic origin in connection with goods or services;

(5) represents that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have or that a person has a sponsorship, approval, status, affiliation, or connection that the person does not have;

(6) represents that goods are original or new if they are deteriorated, altered, reconditioned, reclaimed, used, or secondhand;

(7) represents that goods or services are of a particular standard, quality, or grade, or that goods are of a particular style or model, if they are of another;

(8) disparages the goods, services, or business of another by false or misleading representation of fact;

(9) advertises goods or services with intent not to sell them as advertised;

(10) advertises goods or services with intent not to supply reasonably expectable public demand, unless the advertisement discloses a limitation of quantity;

(11) makes false or misleading statements of fact concerning the reasons for, existence of, or amounts of price reductions;

(12) in attempting to collect delinquent accounts, implies or suggests that health care services will be withheld in an emergency situation; ~~or~~

(13) engages in (i) unfair methods of competition, or (ii) unfair or unconscionable acts or practices; or

~~(13)~~ (14) engages in any other conduct which similarly creates a likelihood of confusion or of misunderstanding.

Sec. 8. Minnesota Statutes 2022, section 325D.44, subdivision 2, is amended to read:

Subd. 2. **Proof.** (a) In order to prevail in an action under sections 325D.43 to 325D.48, a complainant need not prove competition between the parties or actual confusion or misunderstanding.

(b) For purposes of subdivision 1, clause (13), the standard of proof provided under section 325F.69, subdivision 7, applies.

Sec. 9. **[325E.72] DIGITAL FAIR REPAIR.**

Subdivision 1. **Short title.** This act may be cited as the "Digital Fair Repair Act."

Subd. 2. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

(b) "Authorized repair provider" means an individual or business who is unaffiliated with an original equipment manufacturer and who has: (1) an arrangement with the original equipment manufacturer, for a definite or indefinite period, under which the original equipment manufacturer grants to the individual or business a license to use a trade

name, service mark, or other proprietary identifier to offer diagnostic, maintenance, or repair services for digital electronic equipment under the name of the original equipment manufacturer; or (2) an arrangement with the original equipment manufacturer to offer diagnostic, maintenance, or repair services for digital electronic equipment on behalf of the original equipment manufacturer. An original equipment manufacturer that offers diagnostic, maintenance, or repair services for the original equipment manufacturer's digital electronic equipment is considered an authorized repair provider with respect to the digital electronic equipment if the original equipment manufacturer does not have an arrangement described in this paragraph with an unaffiliated individual or business.

(c) "Digital electronic equipment" or "equipment" means any product that depends, in whole or in part, on digital electronics embedded in or attached to the product in order for the product to function.

(d) "Documentation" means a manual, diagram, reporting output, service code description, schematic diagram, or similar information provided to an authorized repair provider to facilitate diagnostic, maintenance, or repair services for digital electronic equipment.

(e) "Embedded software" means any programmable instructions provided on firmware delivered with digital electronic equipment, or with a part for the equipment, in order to operate the equipment. Embedded software includes all relevant patches and fixes made by the manufacturer of the equipment or part in order to operate the equipment.

(f) "Fair and reasonable terms" means, with respect to:

(1) parts offered by an original equipment manufacturer:

(i) costs that are fair to both parties, considering the agreed-upon conditions, promised quality, and timeliness of delivery; and

(ii) terms that do not impose on an owner or an independent repair provider:

(A) a substantial obligation to use or restrict the use of the part to diagnose, maintain, or repair agricultural equipment sold, leased, or otherwise supplied by the original equipment manufacturer, including a condition that the owner or independent repair provider become an authorized repair provider of the original equipment manufacturer; or

(B) a requirement that a part be registered, paired with, or approved by the original equipment manufacturer or an authorized repair provider before the part is operational or prohibit an original equipment manufacturer from imposing any additional cost or burden that is not reasonably necessary or is designed to be an impediment on the owner or independent repair provider;

(2) tools, software, and documentation offered by an original equipment manufacturer:

(i) costs that are equivalent to the lowest actual cost for which the original equipment manufacturer offers the tool, software, or documentation to an authorized repair provider, including any discount, rebate, or other financial incentive offered to an authorized repair provider; and

(ii) terms that are equivalent to the most favorable terms under which an original equipment manufacturer offers the tool, software, or documentation to an authorized repair provider, including the methods and timeliness of delivery of the tool, software, or documentation, do not impose on an owner or an independent repair provider:

(A) a substantial obligation to use or restrict the use of the tool, software, or documentation to diagnose, maintain, or repair agricultural equipment sold, leased, or otherwise supplied by the original equipment manufacturer, including a condition that the owner or independent repair provider become an authorized repair provider of the original equipment manufacturer; or

(B) a requirement that a tool be registered, paired with, or approved by the original equipment manufacturer or an authorized repair provider before the part or tool is operational; and

(3) documentation offered by an original equipment manufacturer: that the documentation is made available by the original equipment manufacturer at no charge, except that when the documentation is requested in physical printed form, a charge may be included for the reasonable actual costs of preparing and sending the copy.

(g) "Firmware" means a software program or set of instructions programmed on digital electronic equipment, or on a part of the equipment, in order to allow the equipment or part to communicate with other computer hardware.

(h) "Independent repair provider" means an individual or business operating in Minnesota that: (1) does not have an arrangement described in paragraph (b) with an original equipment manufacturer; (2) is not affiliated with any individual or business that has an arrangement described in paragraph (b); and (3) is engaged in providing diagnostic, maintenance, or repair services for digital electronic equipment. An original equipment manufacturer or, with respect to the original equipment manufacturer, an individual or business that has an arrangement with the original equipment manufacturer or is affiliated with an individual or business that has an arrangement with that original equipment manufacturer, is considered an independent repair provider for purposes of the instances the original equipment manufacturer engages in diagnostic, maintenance, or repair services for digital electronic equipment that is not manufactured by or sold under the name of the original equipment manufacturer.

(i) "Manufacturer of motor vehicle equipment" means a business engaged in the business of manufacturing or supplying components used to manufacture, maintain, or repair a motor vehicle.

(j) "Motor vehicle" means a vehicle that is: (1) designed to transport persons or property on a street or highway; and (2) certified by the manufacturer under (i) all applicable federal safety and emissions standards, and (ii) all requirements for distribution and sale in the United States. Motor vehicle does not include a motorcycle, a recreational vehicle, or an auto home equipped for habitation.

(k) "Motor vehicle dealer" means an individual or business that, in the ordinary course of business: (1) is engaged in the business of selling or leasing new motor vehicles to an individual or business pursuant to a franchise agreement; (2) has obtained a license under section 168.27; and (3) is engaged in providing diagnostic, maintenance, or repair services for motor vehicles or motor vehicle engines pursuant to a franchise agreement.

(l) "Motor vehicle manufacturer" means a business engaged in the business of manufacturing or assembling new motor vehicles.

(m) "Original equipment manufacturer" means a business engaged in the business of selling or leasing to any individual or business new digital electronic equipment manufactured by or on behalf of the original equipment manufacturer.

(n) "Owner" means an individual or business that owns or leases digital electronic equipment purchased or used in Minnesota.

(o) "Part" means any replacement part, either new or used, made available by an original equipment manufacturer to facilitate the maintenance or repair of digital electronic equipment manufactured or sold by the original equipment manufacturer.

(p) "Trade secret" has the meaning given in section 325C.01, subdivision 5.

Subd. 3. **Requirements.** (a) For digital electronic equipment and parts for the equipment sold or used in Minnesota, an original equipment manufacturer must make available to any independent repair provider or to the owner of digital electronic equipment manufactured by or on behalf of, or sold by, the original equipment

manufacturer, on fair and reasonable terms, documentation, parts, and tools, inclusive of any updates to information or embedded software, for diagnostic, maintenance, or repair purposes. Nothing in this section requires an original equipment manufacturer to make available a part if the part is no longer available to the original equipment manufacturer.

(b) For equipment that contains an electronic security lock or other security-related function, the original equipment manufacturer must make available to the owner and to independent repair providers on fair and reasonable terms any special documentation, tools, and parts needed to reset the lock or function when disabled in the course of performing diagnostic, maintenance, or repair services on the equipment. Documentation, tools, and parts may be made available through appropriate secure release systems.

Subd. 4. **Enforcement by attorney general.** A violation of this section is an unlawful practice under section 325D.44. All remedies, penalties, and authority granted to the attorney general under section 8.31 are available to the attorney general to enforce this section.

Subd. 5. **Limitations.** (a) Nothing in this section requires an original equipment manufacturer to divulge a trade secret to an owner or an independent service provider, except as necessary to provide documentation, parts, and tools on fair and reasonable terms.

(b) Nothing in this section alters the terms of any arrangement described in subdivision 2, paragraph (b), including but not limited to the performance or provision of warranty or recall repair work by an authorized repair provider on behalf of an original equipment manufacturer pursuant to the arrangement, in force between an authorized repair provider and an original equipment manufacturer. A provision in the terms of an arrangement described in subdivision 2, paragraph (b), that purports to waive, avoid, restrict, or limit the original equipment manufacturer's obligations to comply with this section is void and unenforceable.

(c) Nothing in this section requires an original equipment manufacturer or an authorized repair provider to provide to an owner or independent repair provider access to information, other than documentation, that is provided by the original equipment manufacturer to an authorized repair provider pursuant to the terms of an arrangement described in subdivision 2, paragraph (b).

(d) Nothing in this section requires an original equipment manufacturer or authorized repair provider to make available any parts, tools, or documentation for the purpose of making modifications to any digital electronic equipment.

Subd. 6. **Exclusions.** (a) Nothing in this section applies to: (1) a motor vehicle manufacturer, manufacturer of motor vehicle equipment, or motor vehicle dealer acting in that capacity; or (2) any product or service of a motor vehicle manufacturer, manufacturer of motor vehicle equipment, or motor vehicle dealer acting in that capacity.

(b) Nothing in this section applies to manufacturers or distributors of a medical device, as defined in the Federal Food, Drug, and Cosmetic Act under United States Code, title 21, section 301 et seq., or a digital electronic product or software manufactured for use in a medical setting, including diagnostic, monitoring, or control equipment or any product or service that the manufacturer or distributor of a medical device offers.

Subd. 7. **Applicability.** This section applies to equipment sold or in use on or after January 1, 2024.

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

Sec. 10. **[325E.80] ABNORMAL MARKET DISRUPTIONS; UNCONSCIONABLY EXCESSIVE PRICES.**

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

(b) "Essential consumer good or service" means a good or service that is vital and necessary for the health, safety, and welfare of the public, including without limitation: food; water; fuel; gasoline; shelter; transportation; health care services; pharmaceuticals; and medical, personal hygiene, sanitation, and cleaning supplies.

(c) "Seller" means a manufacturer, supplier, wholesaler, distributor, or retail seller of goods and services.

(d) "Unconscionably excessive price" means a price that represents a gross disparity compared to the seller's average price of an essential good or service, offered for sale or sold in the usual course of business, in the 60-day period before an abnormal market disruption is declared under subdivision 2. None of the following is an unconscionably excessive price:

(1) a price that is substantially related to an increase in the cost of manufacturing, obtaining, replacing, providing, or selling a good or service;

(2) a price that is no more than 25 percent above the seller's average price during the 60-day period before an abnormal market disruption is declared under subdivision 2;

(3) a price that is consistent with the fluctuations in applicable commodity markets or seasonal fluctuations; or

(4) a contract price, or the results of a price formula, that was established before an abnormal market disruption is declared under subdivision 2.

Subd. 2. **Abnormal market disruption.** (a) The governor may by executive order declare an abnormal market disruption if, in the governor's sole determination, there has been or is likely to be a substantial and atypical change in the market for an essential consumer good or service caused by an event or circumstances that result in a declaration of a state of emergency by the governor. The governor may specify an effective period for a declaration under this section that is shorter than the effective period for the state of emergency declaration.

(b) The governor's abnormal market disruption declaration must state that the declaration is activating this section and must specify the geographic area of Minnesota to which the declaration applies.

(c) Unless an earlier date is specified by the governor, an abnormal market disruption declaration under this subdivision terminates 30 days after the date that the state of emergency for which it was activated ends.

Subd. 3. **Notice.** Upon the implementation, renewal, limitation, or termination of an abnormal market disruption declaration made under subdivision 2: (1) the governor must immediately post notice on applicable government websites and provide notice to the media; and (2) the commissioner of commerce must provide notice directly to sellers by any practical means.

Subd. 4. **Prohibition.** If the governor declares an abnormal market disruption, a person is prohibited from selling or offering to sell an essential consumer good or service for an amount that represents an unconscionably excessive price during the period in which the abnormal market disruption declaration is effective.

Subd. 5. **Civil penalty.** A person who is found to have violated this section is subject to a civil penalty of not more than $1,000 per sale or transaction, with a maximum penalty of $25,000 per day. No other penalties may be imposed for the same conduct regulated under this section.

Subd. 6. **Enforcement authority.** (a) The attorney general may investigate and bring an action against a seller for an alleged violation of this section.

(b) Nothing in this section creates a private cause of action in favor of a person injured by a violation of this section.

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

Sec. 11. Minnesota Statutes 2022, section 325F.662, subdivision 2, is amended to read:

Subd. 2. **Written warranty required.** (a) Every used motor vehicle sold by a dealer is covered by an express warranty which the dealer shall provide to the consumer in writing. At a minimum, the express warranty applies for the following terms:

(1) if the used motor vehicle has less than 36,000 miles, the warranty must remain in effect for at least 60 days or 2,500 miles, whichever comes first;

(2) if the used motor vehicle has 36,000 miles or more, but less than 75,000 miles, the warranty must remain in effect for at least 30 days or 1,000 miles, whichever comes first; and

(3) unless the vehicle is sold by a new motor vehicle dealer, as defined in section 168.27, subdivision 2, if the used motor vehicle has 75,000 miles or more, the warranty must remain in effect for at least 15 days or 500 miles, whichever comes first.

(b) The express warranty must require the dealer, in the event of a malfunction, defect, or failure in a covered part, to repair or replace the covered part, or at the dealer's election, to accept return of the used motor vehicle from the consumer and provide a refund to the consumer.

(c) For used motor vehicles with less than 36,000 miles, the dealer's express warranty shall cover, at minimum, the following parts:

(1) with respect to the engine, all lubricated parts, intake manifolds, engine block, cylinder head, rotary engine housings, and ring gear;

(2) with respect to the transmission, the automatic transmission case, internal parts, and the torque converter; or, the manual transmission case, and the internal parts;

(3) with respect to the drive axle, the axle housings and internal parts, axle shafts, drive shafts and output shafts, and universal joints; but excluding the secondary drive axle on vehicles, other than passenger vans, mounted on a truck chassis;

(4) with respect to the brakes, the master cylinder, vacuum assist booster, wheel cylinders, hydraulic lines and fittings, and disc brakes calipers;

(5) with respect to the steering, the steering gear housing and all internal parts, power steering pump, valve body, piston, and rack;

(6) the water pump;

(7) the externally mounted mechanical fuel pump;

(8) the radiator;

(9) the alternator, generator, and starter.

(d) For used motor vehicles with 36,000 miles or more~~, but less than 75,000 miles,~~ the dealer's express warranty shall cover, at minimum, the following parts:

(1) with respect to the engine, all lubricated parts, intake manifolds, engine block, cylinder head, rotary engine housings, and ring gear;

(2) with respect to the transmission, the automatic transmission case, internal parts, and the torque converter; or, the manual transmission case, and internal parts;

(3) with respect to the drive axle, the axle housings and internal parts, axle shafts, drive shafts and output shafts, and universal joints; but excluding the secondary drive axle on vehicles, other than passenger vans, mounted on a truck chassis;

(4) with respect to the brakes, the master cylinder, vacuum assist booster, wheel cylinders, hydraulic lines and fittings, and disc brake calipers;

(5) with respect to the steering, the steering gear housing and all internal parts, power steering pump, valve body, and piston;

(6) the water pump;

(7) the externally mounted mechanical fuel pump.

(e)(1) A dealer's obligations under the express warranty remain in effect notwithstanding the fact that the warranty period has expired, if the consumer promptly notified the dealer of the malfunction, defect, or failure in the covered part within the specified warranty period and, within a reasonable time after notification, brings the vehicle or arranges with the dealer to have the vehicle brought to the dealer for inspection and repair.

(2) If a dealer does not have a repair facility, the dealer shall designate where the vehicle must be taken for inspection and repair.

(3) In the event the malfunction, defect, or failure in the covered part occurs at a location which makes it impossible or unreasonable to return the vehicle to the selling dealer, the consumer may have the repairs completed elsewhere with the consent of the selling dealer, which consent may not be unreasonably withheld.

(4) Notwithstanding the provisions of this paragraph, a consumer may have nonwarranty maintenance and nonwarranty repairs performed other than by the selling dealer and without the selling dealer's consent.

(f) Nothing in this section diminishes the obligations of a manufacturer under an express warranty issued by the manufacturer. The express warranties created by this section do not require a dealer to repair or replace a covered part if the repair or replacement is covered by a manufacturer's new car warranty, or the manufacturer otherwise agrees to repair or replace the part.

(g) The express warranties created by this section do not cover defects or repair problems which result from collision, abuse, negligence, or lack of adequate maintenance following sale to the consumer.

(h) The terms of the express warranty, including the duration of the warranty and the parts covered, must be fully, accurately, and conspicuously disclosed by the dealer on the front of the Buyers Guide.

Sec. 12. Minnesota Statutes 2022, section 325F.662, subdivision 3, is amended to read:

Subd. 3. **Exclusions.** Notwithstanding the provisions of subdivision 2, a dealer is not required to provide an express warranty for a used motor vehicle:

(1) except for a used motor vehicle described in subdivision 2, paragraph (a), clause (3), sold for a total cash sale price of less than $3,000, including the trade-in value of any vehicle traded in by the consumer, but excluding tax, license fees, registration fees, and finance charges;

(2) with an engine designed to use diesel fuel;

(3) with a gross weight, as defined in section 168.002, subdivision 13, in excess of 9,000 pounds;

(4) that has been custom-built or modified for show or for racing;

(5) except for a used motor vehicle described in subdivision 2, paragraph (a), clause (3), that is eight years of age or older, as calculated from the first day in January of the designated model year of the vehicle;

(6) that has been produced by a manufacturer which has never manufactured more than 10,000 motor vehicles in any one year;

~~(7) that has 75,000 miles or more at time of sale;~~

~~(8)~~ (7) that has not been manufactured in compliance with applicable federal emission standards in force at the time of manufacture as provided by the Clean Air Act, United States Code, title 42, sections 7401 ~~through~~ to 7642, and regulations adopted pursuant thereto, and safety standards as provided by the National Traffic and Motor Safety Act, United States Code, title 15, sections 1381 ~~through~~ to 1431, and regulations adopted pursuant thereto; or

~~(9)~~ (8) that has been issued a certificate of title that bears a "salvage" brand or stamp under section 168A.151.

Sec. 13. Minnesota Statutes 2022, section 325F.6641, subdivision 2, is amended to read:

Subd. 2. **Disclosure requirements.** (a) If a motor vehicle dealer licensed under section 168.27 offers a vehicle for sale in the course of a sales presentation to any prospective buyer the dealer must provide a written disclosure~~,~~ and ~~an oral disclosure,~~ except for sales performed online, an oral disclosure of:

(1) prior vehicle damage as required under subdivision 1;

(2) the existence or requirement of any title brand under section 168A.05, subdivision 3, 168A.151, 325F.6642, or 325F.665, subdivision 14, if the dealer has actual knowledge of the brand; and

(3) if a motor vehicle, which is part of a licensed motor vehicle dealer's inventory, has been submerged or flooded above the bottom dashboard while parked on the dealer's lot.

(b) If a person receives a flood disclosure as described in paragraph (a), clause (3), whether from a motor vehicle dealer or another seller, and subsequently offers that vehicle for sale, the person must provide the same disclosure to any prospective subsequent buyer.

(c) Written disclosure under this subdivision must be signed by the buyer and maintained in the motor vehicle dealer's sales file in the manner prescribed by the registrar of motor vehicles.

(d) The disclosure required in subdivision 1 must be made in substantially the following form: "To the best of my knowledge, this vehicle has ..... has not ..... sustained damage in excess of 80 percent actual cash value."

Sec. 14. Minnesota Statutes 2022, section 325F.69, subdivision 1, is amended to read:

Subdivision 1. **Fraud, misrepresentation, deceptive or unfair practices.** The act, use, or employment by any person of any fraud, unfair or unconscionable practice, false pretense, false promise, misrepresentation, misleading statement or deceptive practice, with the intent that others rely thereon in connection with the sale of any merchandise, whether or not any person has in fact been misled, deceived, or damaged thereby, is enjoinable as provided in section 325F.70.

Sec. 15. Minnesota Statutes 2022, section 325F.69, is amended by adding a subdivision to read:

Subd. 7. **Unfair or unconscionable acts or practices; standard of proof.** For purposes of this section, an unfair method of competition or an unfair or unconscionable act or practice is any method of competition, act, or practice that: (1) offends public policy as established by the statutes, rules, or common law of Minnesota; (2) is unethical, oppressive, or unscrupulous; or (3) is substantially injurious to consumers.

Sec. 16. Minnesota Statutes 2022, section 325F.70, is amended by adding a subdivision to read:

Subd. 3. **Private enforcement.** (a) In addition to the remedies otherwise provided by law, an individual or family farmer injured by a violation of sections 325F.68 to 325F.70 may bring a civil action and recover damages, together with costs and disbursements, including costs of investigation and reasonable attorney fees, and receive other equitable relief as determined by the court. An action brought under this section benefits the public.

(b) For the purposes of this subdivision:

(1) "family farmer" means a person or persons operating a family farm; and

(2) "family farm" has the meaning given in section 116B.02, subdivision 6.

EFFECTIVE DATE. This section is effective on August 1, 2023, and applies to causes of action commenced on or after that date.

Sec. 17. **[325F.995] GENETIC INFORMATION PRIVACY ACT.**

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

(b) "Biological sample" means any material part of a human, discharge from a material part of a human, or derivative from a material part of a human, including but not limited to tissue, blood, urine, or saliva, that is known to contain deoxyribonucleic acid (DNA).

(c) "Consumer" means an individual who is a Minnesota resident.

(d) "Deidentified data" means data that cannot reasonably be used to infer information about, or otherwise be linked to, an identifiable consumer and that is subject to:

(1) administrative and technical measures to ensure the data cannot be associated with a particular consumer;

(2) public commitment by the company to (i) maintain and use data in deidentified form, and (ii) not attempt to reidentify the data; and

(3) legally enforceable contractual obligations that prohibit any recipients of the data from attempting to reidentify the data.

(e) "Direct-to-consumer genetic testing company" or "company" means an entity that: (1) offers consumer genetic testing products or services directly to consumers; or (2) collects, uses, or analyzes genetic data that was (i) collected via a direct-to-consumer genetic testing product or service, and (ii) provided to the company by a consumer. Direct-to-consumer genetic testing company does not include an entity that collects, uses, or analyzes genetic data or biological samples only in the context of research, as defined in Code of Federal Regulations, title 45, section 164.501, that is conducted in a manner that complies with the federal policy for the protection of human research subjects under Code of Federal Regulations, title 45, part 46; the Good Clinical Practice Guideline issued by the International Council for Harmonisation; or the United States Food and Drug Administration Policy for the Protection of Human Subjects under Code of Federal Regulations, title 21, parts 50 and 56.

(f) "Express consent" means a consumer's affirmative written response to a clear, meaningful, and prominent written notice regarding the collection, use, or disclosure of genetic data for a specific purpose. Written notices and responses may be presented and captured electronically.

(g) "Genetic data" means any data, regardless of the data's format, that concerns a consumer's genetic characteristics. Genetic data includes but is not limited to:

(1) raw sequence data that results from sequencing a consumer's complete extracted DNA or a portion of the extracted DNA;

(2) genotypic and phenotypic information that results from analyzing the raw sequence data; and

(3) self-reported health information that a consumer submits to a company regarding the consumer's health conditions and that is (i) used for scientific research or product development, and (ii) analyzed in connection with the consumer's raw sequence data.

Genetic data does not include deidentified data.

(h) "Genetic testing" means any laboratory test of a consumer's complete DNA, regions of a consumer's DNA, chromosomes, genes, or gene products to determine the presence of genetic characteristics.

(i) "Person" means an individual, partnership, corporation, association, business, business trust, sole proprietorship, other entity, or representative of an organization.

(j) "Service provider" means a person that is involved in the collection, transportation, analysis of, or any other service in connection with a consumer's biological sample, extracted genetic material, or genetic data on behalf of the direct-to-consumer genetic testing company, or on behalf of any other person that collects, uses, maintains, or discloses biological samples, extracted genetic material, or genetic data collected or derived from a direct-to-consumer genetic testing product or service, or is directly provided by a consumer, or the delivery of the results of the analysis of the biological sample, extracted genetic material, or genetic data.

Subd. 2. **Disclosure and consent requirements.** (a) To safeguard the privacy, confidentiality, security, and integrity of a consumer's genetic data, a direct-to-consumer genetic testing company must:

(1) provide easily accessible, clear, and complete information regarding the company's policies and procedures governing the collection, use, maintenance, and disclosure of genetic data by making available to a consumer all of the following written in plain language:

(i) a high-level privacy policy overview that includes basic, essential information about the company's collection, use, or disclosure of genetic data;

(ii) a prominent, publicly available privacy notice that includes at a minimum information about the company's data collection, consent, use, access, disclosure, maintenance, transfer, security, retention, and deletion practices of genetic data; and

(iii) information that clearly describes how to file a complaint alleging a violation of this section, pursuant to section 45.027;

(2) obtain a consumer's express consent to collect, use, and disclose the consumer's genetic data, including at a minimum:

(i) initial express consent that clearly (A) describes the uses of the genetic data collected through the genetic testing product service, and (B) specifies who has access to the test results and how the genetic data may be shared;

(ii) separate express consent, which must include the name of the person receiving the information, for each transfer or disclosure of the consumer's genetic data or biological sample to any person other than the company's vendors and service providers;

(iii) separate express consent for each use of genetic data or the biological sample that is beyond the primary purpose of the genetic testing product or service and inherent contextual uses;

(iv) separate express consent to retain any biological sample provided by the consumer following completion of the initial testing service requested by the consumer;

(v) informed consent in compliance with federal policy for the protection of human research subjects under Code of Federal Regulations, title 45, part 46, to transfer or disclose the consumer's genetic data to a third-party person for research purposes or research conducted under the control of the company for publication or generalizable knowledge purposes; and

(vi) express consent for marketing by (A) the direct-to-consumer genetic testing company to a consumer based on the consumer's genetic data, or (B) a third party to a consumer based on the consumer having ordered or purchased a genetic testing product or service. For purposes of this clause, "marketing" does not include customized content or offers provided on the websites or through the applications or services provided by the direct-to-consumer genetic testing company with the first-party relationship to the customer;

(3) not disclose genetic data to law enforcement or any other governmental agency without a consumer's express written consent, unless the disclosure is made pursuant to a valid search warrant or court order;

(4) develop, implement, and maintain a comprehensive security program and measures to protect a consumer's genetic data against unauthorized access, use, or disclosure; and

(5) provide a process for a consumer to:

(i) access the consumer's genetic data;

(ii) delete the consumer's account and genetic data; and

(iii) request and obtain the destruction of the consumer's biological sample.

(b) Notwithstanding any other provisions in this section, a direct-to-consumer genetic testing company is prohibited from disclosing a consumer's genetic data without the consumer's written consent to: (1) any entity offering health insurance, life insurance, disability insurance, or long-term care insurance; or (2) any employer of the consumer. Any consent under this paragraph must clearly identify the recipient of the consumer's genetic data proposed to be disclosed.

(c) A company that is subject to the requirements described in paragraph (a), clause (2), shall provide effective mechanisms, without any unnecessary steps, for a consumer to revoke any consent of the consumer or all of the consumer's consents after a consent is given, including at least one mechanism which utilizes the primary medium through which the company communicates to the consumer. If a consumer revokes consent provided pursuant to paragraph (a), clause (2), the company shall honor the consumer's consent revocation as soon as practicable, but not later than 30 days after the consumer revokes consent. The company shall destroy a consumer's biological sample within 30 days of receipt of revocation of consent to store the sample.

(d) A direct-to-consumer genetic testing company must provide a clear and complete notice to a consumer that the consumer's deidentified data may be shared with or disclosed to third parties for research purposes in accordance with Code of Federal Regulations, title 45, part 46.

Subd. 3. **Service provider agreements.** (a) A contract between the company and a service provider must prohibit the service provider from retaining, using, or disclosing any biological sample, extracted genetic material, genetic data, or information regarding the identity of the consumer, including whether that consumer has solicited or received genetic testing, as applicable, for any purpose other than for the specific purpose of performing the services specified in the service contract. The mandatory prohibition set forth in this subdivision requires a service contract to include, at minimum, the following provisions:

(1) a provision prohibiting the service provider from retaining, using, or disclosing the biological sample, extracted genetic material, genetic data, or any information regarding the identity of the consumer, including whether the consumer has solicited or received genetic testing, as applicable, for any purpose other than providing the services specified in the service contract; and

(2) a provision prohibiting the service provider from associating or combining the biological sample, extracted genetic material, genetic data, or any information regarding the identity of the consumer, including whether that consumer has solicited or received genetic testing, as applicable, with information the service provider has received from or on behalf of another person or persons, or has collected from the service provider's own interaction with consumers or as required by law.

(b) A service provider subject to this subdivision is subject to the same confidentiality obligations as a direct-to-consumer genetic testing company with respect to all biological samples, extracted genetic materials, and genetic material, or any information regarding the identity of any consumer in the service provider's possession.

Subd. 4. **Enforcement.** The commissioner of commerce may enforce this section under section 45.027.

Subd. 5. **Limitations.** This section does not apply to:

(1) protected health information that is collected by a covered entity or business associate, as those terms are defined in Code of Federal Regulations, title 45, parts 160 and 164;

(2) a public or private institution of higher education; or

(3) an entity owned or operated by a public or private institution of higher education.

Subd. 6. **Construction.** This section does not supersede the requirements and rights described in section 13.386 or the remedies available under chapter 13 for violations of section 13.386.

Sec. 18. Minnesota Statutes 2022, section 325G.051, subdivision 1, is amended to read:

Subdivision 1. **Limitation; prohibition.** (a) A seller or lessor of goods or services doing business in Minnesota may impose a surcharge on transactions in Minnesota with a ~~purchaser~~ customer who elects to use a credit or charge card in lieu of payment by cash, check, or similar means, provided:

(1) if the sale or lease of goods or services is processed in person, the seller or lessor informs the ~~purchaser~~ customer of the surcharge both orally at the time of sale and by a sign conspicuously posted on the seller's or lessor's premises~~.~~;

(2) if the sale or lease of goods or services is processed through a website or mobile device, the seller or lessor informs the customer of the surcharge by conspicuously posting a surcharge notice during the sale, at the point of sale, on the customer order summary, or on the checkout page of the website;

(3) if the sale or lease of services is processed over the telephone, the seller or lessor informs the customer of the surcharge orally; and

~~(2)~~ (4) the surcharge does not exceed five percent of the purchase price.

(b) A seller or lessor of goods or services that establishes and is responsible for ~~its~~ the seller or lessor's own customer credit or charge card may not impose a surcharge on a ~~purchaser~~ customer who elects to use that credit or charge card in lieu of payment by cash, check, or similar means.

(c) For purposes of this section "surcharge" means a fee or charge imposed by a seller or lessor upon a ~~buyer~~ customer that increases the price of goods or services to the ~~buyer~~ customer because the ~~buyer~~ customer uses a credit or charge card to purchase or lease the goods or services. The term does not include a discount offered by a seller or lessor to a ~~buyer~~ customer who makes payment for goods or services by cash, check, or similar means not involving a credit or charge card if the discount is offered to all prospective ~~buyers~~ customers and its availability is clearly and conspicuously disclosed to all prospective ~~buyers~~ customers.

(d) This subdivision applies to an agent of a seller or lessor.

Sec. 19. **[325O.01] CITATION; CONSTRUCTION.**

Subdivision 1. **Citation.** This chapter may be cited as the "Minnesota Age-Appropriate Design Code Act."

Subd. 2. **Construction.** (a) A business that develops and provides online services, products, or features that children are likely to access must consider the best interests of children when designing, developing, and providing that online service, product, or feature.

(b) If a conflict arises between commercial interests of a business and the best interests of children likely to access an online product, service, or feature, the business must prioritize the privacy, safety, and well-being of children over the business's commercial interests.

Sec. 20. **[325O.02] DEFINITIONS.**

(a) For purposes of this chapter, the following terms have the meanings given.

(b) "Affiliate" means a legal entity that controls, is controlled by, or is under common control with that other legal entity. For these purposes, "control" or "controlled" means: ownership of or the power to vote more than 50 percent of the outstanding shares of any class of voting security of a company; control in any manner over the election of a majority of the directors or of individuals exercising similar functions; or the power to exercise a controlling influence over the management of a company.

(c) "Business" means:

(1) a sole proprietorship, partnership, limited liability company, corporation, association, or other legal entity that is organized or operated for the profit or financial benefit of its shareholders or other owners; and

(2) an affiliate of a business that shares common branding with the business. For purposes of this clause, "common branding" means a shared name, servicemark, or trademark that the average consumer would understand that two or more entities are commonly owned.

For purposes of this chapter, for a joint venture or partnership composed of businesses in which each business has at least a 40 percent interest, the joint venture or partnership and each business that composes the joint venture or partnership shall separately be considered a single business, except that personal data in the possession of each business and disclosed to the joint venture or partnership must not be shared with the other business.

(d) "Child" means a consumer who is under 18 years of age.

(e) "Collect" means buying, renting, gathering, obtaining, receiving, or accessing any personal data pertaining to a consumer by any means. This includes receiving data from the consumer, either actively or passively, or by observing the consumer's behavior.

(f) "Consumer" means a natural person who is a Minnesota resident, however identified, including by any unique identifier.

(g) "Dark pattern" means a user interface designed or manipulated with the substantial effect of subverting or impairing user autonomy, decision making, or choice.

(h) "Data protection impact assessment" means a systematic survey to assess and mitigate risks to children who are reasonably likely to access the online service, product, or feature that arise from the data management practices of the business.

(i) "Default" means a preselected option adopted by the business for the online service, product, or feature.

(j) "Deidentified" means data that cannot reasonably be used to infer information about, or otherwise be linked to, an identified or identifiable natural person, or a device linked to such person, provided that the business that possesses the data:

(1) takes reasonable measures to ensure that the data cannot be associated with a natural person;

(2) publicly commits to maintain and use the data only in a deidentified fashion and not attempt to reidentify the data; and

(3) contractually obligates any recipients of the data to comply with all provisions of this paragraph.

(k) "Likely to be accessed by children" means an online service, product, or feature that it is reasonable to expect would be accessed by children based on any of the following indicators:

(1) the online service, product, or feature is directed to children, as defined by the Children's Online Privacy Protection Act, United States Code, title 15, section 6501 et seq.;

(2) the online service, product, or feature is determined, based on competent and reliable evidence regarding audience composition, to be routinely accessed by a significant number of children;

(3) the online service, product, or feature contains advertisements marketed to children;

(4) the online service, product, or feature is substantially similar or the same as an online service, product, or feature subject to clause (2);

(5) the online service, product, or feature has design elements that are known to be of interest to children, including but not limited to games, cartoons, music, and celebrities who appeal to children; or

(6) a significant amount of the audience of the online service, product, or feature is determined, based on internal company research, to be children.

(l) "Online service, product, or feature" does not mean any of the following:

(1) telecommunications service, as defined in United States Code, title 47, section 153;

(2) broadband service, as defined in section 116J.39, subdivision 1; or

(3) the delivery or use of a physical product.

(m) "Personal data" means any information that is linked or reasonably linkable to an identified or identifiable natural person. Personal data does not include deidentified data or publicly available information. For purposes of this paragraph, "publicly available information" means information that (1) is lawfully made available from federal, state, or local government records or widely distributed media, and (2) a controller has a reasonable basis to believe a consumer has lawfully made available to the general public.

(n) "Precise geolocation" means any data that is derived from a device and that is used or intended to be used to locate a consumer within a geographic area that is equal to or less than the area of a circle with a radius of 1,850 feet, except as prescribed by regulations.

(o) "Process" or "processing" means any operation or set of operations that are performed on personal data or on sets of personal data, whether or not by automated means, such as the collection, use, storage, disclosure, analysis, deletion, or modification of personal data.

(p) "Profiling" means any form of automated processing of personal data to evaluate, analyze, or predict personal aspects concerning an identified or identifiable natural person's economic situation, health, personal preferences, interests, reliability, behavior, location, or movements.

(q) "Sale," "sell," or "sold" means the exchange of personal data for monetary or other valuable consideration by a business to a third party. Sale does not include the following:

(1) the disclosure of personal data to a third party who processes the personal data on behalf of the business;

(2) the disclosure of personal data to a third party with whom the consumer has a direct relationship for purposes of providing a product or service requested by the consumer;

(3) the disclosure or transfer of personal data to an affiliate of the business;

(4) the disclosure of data that the consumer intentionally made available to the general public via a channel of mass media and did not restrict to a specific audience; or

(5) the disclosure or transfer of personal data to a third party as an asset that is part of a completed or proposed merger, acquisition, bankruptcy, or other transaction in which the third party assumes control of all or part of the business's assets.

(r) "Share" means sharing, renting, releasing, disclosing, disseminating, making available, transferring, or otherwise communicating orally, in writing, or by electronic or other means a consumer's personal data by the business to a third party for cross-context behavioral advertising, whether or not for monetary or other valuable consideration, including transactions between a business and a third party for cross-context behavioral advertising for the benefit of a business in which no money is exchanged.

(s) "Third party" means a natural or legal person, public authority, agency, or body other than the consumer or the business.

Sec. 21. **[325O.03] SCOPE; EXCLUSIONS.**

(a) A business is subject to this chapter if the business:

(1) collects consumers' personal data or has consumers' personal data collected on the business's behalf by a third party;

(2) alone or jointly with others, determines the purposes and means of the processing of consumers' personal data;

(3) does business in Minnesota; and

(4) satisfies one or more of the following thresholds:

(i) has annual gross revenues in excess of $25,000,000, as adjusted every odd-numbered year to reflect the Consumer Price Index;

(ii) alone or in combination, annually buys, receives for the business's commercial purposes, sells, or shares for commercial purposes, alone or in combination, the personal data of 50,000 or more consumers, households, or devices; or

(iii) derives 50 percent or more of its annual revenues from selling consumers' personal data.

(b) This chapter does not apply to:

(1) protected health information that is collected by a covered entity or business associate governed by the privacy, security, and breach notification rules issued by the United States Department of Health and Human Services, Code of Federal Regulations, title 45, parts 160 and 164, established pursuant to the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, and the Health Information Technology for Economic and Clinical Health Act, Public Law 111-5;

(2) a covered entity governed by the privacy, security, and breach notification rules issued by the United States Department of Health and Human Services, Code of Federal Regulations, title 45, parts 160 and 164, established pursuant to the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, to the extent the provider or covered entity maintains patient information in the same manner as medical information or protected health information as described in clause (1); or

(3) information collected as part of a clinical trial subject to the federal policy for the protection of human subjects, also known as the common rule, pursuant to good clinical practice guidelines issued by the International Council for Harmonisation or pursuant to human subject protection requirements of the United States Food and Drug Administration.

Sec. 22. **[325O.04] BUSINESS OBLIGATIONS.**

Subdivision 1. **Requirements for businesses.** A business that provides an online service, product, or feature likely to be accessed by children must:

(1) before any new online services, products, or features are offered to the public, complete a data protection impact assessment for any online service, product, or feature likely to be accessed by children and maintain documentation of this assessment as long as the online service, product, or feature is likely to be accessed by children;

(2) biennially review all data protection impact assessments;

(3) document any risk of material detriment to children that arises from the data management practices of the business identified in the data protection impact assessment required by clause (1) and create a timed plan to mitigate or eliminate the risk before the online service, product, or feature is accessed by children;

(4) within three business days of a written request by the attorney general, provide to the attorney general a list of all data protection impact assessments the business has completed;

(5) within five business days of a written request by the attorney general, provide the attorney general with a copy of any data protection impact assessment;

(6) estimate the age of child users with a reasonable level of certainty appropriate to the risks that arise from the data management practices of the business or apply the privacy and data protections afforded to children to all consumers;

(7) configure all default privacy settings provided to children by the online service, product, or feature to settings that offer a high level of privacy, unless the business can demonstrate a compelling reason that a different setting is in the best interests of children;

(8) provide any privacy information, terms of service, policies, and community standards concisely, prominently, and using clear language suited to the age of children likely to access that online service, product, or feature;

(9) if the online service, product, or feature allows a child's parent, guardian, or any other consumer to monitor the child's online activity or track the child's location, provide an obvious signal to the child when the child is being monitored or tracked;

(10) enforce published terms, policies, and community standards established by the business, including but not limited to privacy policies and those concerning children; and

(11) provide prominent, accessible, and responsive tools to help children, or if applicable their parents or guardians, exercise their privacy rights and report concerns.

Subd. 2. **Data protection impact assessments; requirements.** (a) A data protection impact assessment required by this section must:

(1) identify the purpose of the online service, product, or feature; how it uses children's personal data; and the risks of material detriment to children that arise from the data management practices of the business; and

(2) address, to the extent applicable:

(i) whether the design of the online product, service, or feature could harm children, including by exposing children to harmful, or potentially harmful, content on the online product, service, or feature;

(ii) whether the design of the online product, service, or feature could lead to children experiencing or being targeted by harmful, or potentially harmful, contacts on the online product, service, or feature;

(iii) whether the design of the online product, service, or feature could permit children to witness, participate in, or be subject to harmful, or potentially harmful, conduct on the online product, service, or feature;

(iv) whether the design of the online product, service, or feature could allow children to be party to or exploited by a harmful, or potentially harmful, contact on the online product, service, or feature;

(v) whether algorithms used by the online product, service, or feature could harm children;

(vi) whether targeted advertising systems used by the online product, service, or feature could harm children;

(vii) whether and how the online product, service, or feature uses system design features to increase, sustain, or extend use of the online product, service, or feature by children, including the automatic playing of media, rewards for time spent, and notifications; and

(viii) whether, how, and for what purpose the online product, service, or feature collects or processes personal data of children.

(b) A data protection impact assessment conducted by a business for the purpose of compliance with any other law complies with this section if the data protection impact assessment meets the requirements of this chapter.

(c) A single data protection impact assessment may contain multiple similar processing operations that present similar risks only if each relevant online service, product, or feature is addressed.

Subd. 3. **Prohibitions on businesses.** A business that provides an online service, product, or feature likely to be accessed by children must not:

(1) use the personal data of any child in a way that the business knows, or has reason to know, is materially detrimental to the physical health, mental health, or well-being of a child;

(2) profile a child by default unless both of the following criteria are met:

(i) the business can demonstrate it has appropriate safeguards in place to protect children; and

(ii) either of the following is true:

(A) profiling is necessary to provide the online service, product, or feature requested and only with respect to the aspects of the online service, product, or feature with which a child is actively and knowingly engaged; or

(B) the business can demonstrate a compelling reason that profiling is in the best interests of children;

(3) collect, sell, share, or retain any personal data that is not necessary to provide an online service, product, or feature with which a child is actively and knowingly engaged, or as described below, unless the business can demonstrate a compelling reason that the collecting, selling, sharing, or retaining of the personal data is in the best interests of children likely to access the online service, product, or feature;

(4) if the end user is a child, use personal data for any reason other than a reason for which that personal data was collected, unless the business can demonstrate a compelling reason that use of the personal data is in the best interests of children;

(5) collect, sell, or share any precise geolocation information of children by default, unless the collection of that precise geolocation information is strictly necessary for the business to provide the service, product, or feature requested and then only for the limited time that the collection of precise geolocation information is necessary to provide the service, product, or feature;

(6) collect any precise geolocation information of a child without providing an obvious sign to the child for the duration of that collection that precise geolocation information is being collected;

(7) use dark patterns to lead or encourage children to provide personal data beyond what is reasonably expected to provide that online service, product, or feature to forego privacy protections, or to take any action that the business knows, or has reason to know, is materially detrimental to the child's physical health, mental health, or well-being; or

(8) use any personal data collected to estimate age or age range for any purpose other than to fulfill the requirements of subdivision 1, clause (6), or retain that personal data longer than necessary to estimate age. Age assurance must be proportionate to the risks and data practice of an online service, product, or feature.

Subd. 4. **Data practices.** (a) A data protection impact assessment collected or maintained by the attorney general under subdivision 1 is classified as nonpublic data or private data on individuals under section 13.02, subdivisions 9 and 12.

(b) To the extent any information contained in a data protection impact assessment disclosed to the attorney general includes information subject to attorney-client privilege or work product protection, disclosure pursuant to this section does not constitute a waiver of the privilege or protection.

Sec. 23. **[325O.05] ATTORNEY GENERAL ENFORCEMENT.**

(a) A business that violates this chapter may be subject to an injunction and liable for a civil penalty of not more than $2,500 per affected child for each negligent violation, or not more than $7,500 per affected child for each intentional violation, which may be assessed and recovered only in a civil action brought by the attorney general in accordance with section 8.31. If the state prevails in an action to enforce this chapter, the state may, in addition to penalties provided by this paragraph or other remedies provided by law, be allowed an amount determined by the court to be the reasonable value of all or part of the state's litigation expenses incurred.

(b) Any penalties, fees, and expenses recovered in an action brought under this chapter must be deposited in an account in the special revenue fund and are appropriated to the attorney general to offset costs incurred by the attorney general in connection with enforcement of this chapter.

(c) If a business is in substantial compliance with the requirements of section 325O.04, subdivision 1, clauses (1) to (5), the attorney general must, before initiating a civil action under this section, provide written notice to the business identifying the specific provisions of this chapter that the attorney general alleges have been or are being violated. If, within 90 days of the notice required by this paragraph, the business cures any noticed violation and provides the attorney general a written statement that the alleged violations have been cured, and sufficient measures have been taken to prevent future violations, the business is not liable for a civil penalty for any violation cured pursuant to this section.

(d) Nothing in this chapter provides a private right of action under this chapter, section 8.31, or any other law.

Sec. 24. **REPEALER.**

Minnesota Statutes 2022, section 325D.71, is repealed.

Sec. 25. **EFFECTIVE DATE.**

(a) Sections 15 to 19 are effective July 1, 2024.

(b) By July 1, 2025, a business must complete a data protection impact assessment for any online service, product, or feature likely to be accessed by children offered to the public before July 1, 2024, unless that online service, product, or feature is exempt under paragraph (c).

(c) Sections 15 to 19 do not apply to an online service, product, or feature that is not offered to the public on or after July 1, 2024.

ARTICLE 5
MISCELLANEOUS COMMERCE POLICY

Section 1. Minnesota Statutes 2022, section 103G.291, subdivision 4, is amended to read:

Subd. 4. **Demand reduction measures.** (a) For the purposes of this section, "demand reduction measures" means measures that reduce water demand, water losses, peak water demands, and nonessential water uses. Demand reduction measures must include a conservation rate structure, or a uniform rate structure with a conservation program that achieves demand reduction. A "conservation rate structure" means a rate structure that encourages conservation and may include increasing block rates, seasonal rates, time of use rates, individualized goal rates, or excess use rates. If a conservation rate is applied to multifamily dwellings or a manufactured home park, as defined in section 327C.015, subdivision 8, the rate structure must consider each residential unit as an individual user.

(b) To encourage conservation, a public water supplier serving more than 1,000 people must implement demand reduction measures by January 1, 2015.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to a billing period that begins on or after that date.

Sec. 2. Minnesota Statutes 2022, section 237.066, is amended to read:

237.066 STATE GOVERNMENT PRICING PLANS.

Subdivision 1. **Purpose.** A state government or Tribal government telecommunications pricing plan is authorized and found to be in the public interest as it will:

(1) provide and ensure availability of high-quality, technologically advanced telecommunications services at a reasonable cost to the state or Tribal government; and

(2) further the state telecommunications goals as set forth in section 237.011.

Subd. 2. **Program participation.** A state government or Tribal government telecommunications pricing plan may be available to serve individually or collectively: state agencies; Tribal governments; educational institutions, including public schools and Tribal schools complying with section 120A.05, subdivision 9, 11, 13, or 17, and nonpublic schools complying with sections 120A.22, 120A.24, and 120A.41; private colleges; public corporations; and political subdivisions of the state or a Tribal Nation. Plans shall be available to carry out the commissioner of administration's duties under sections 16E.17 and 16E.18 and shall also be available to those entities not using the commissioner for contracting for telecommunications services.

Subd. 3. **Rates.** Notwithstanding section 237.09, 237.14, 237.60, subdivision 3, or 237.74, a telephone company or a telecommunications carrier may, individually or in cooperation with other telephone companies or telecommunications carriers, develop and offer basic or advanced telecommunications services at discounted or reduced rates as a state government or Tribal government telecommunications pricing plan. Any telecommunications services provided under any state government or Tribal government telecommunications pricing plan shall be used exclusively by ~~those~~ the entities described in subdivision 2 subject to the plan solely for ~~their~~ the entities' own use and shall not be made available to any other entities by resale, sublease, or in any other way.

Subd. 4. **Applicability to other customers.** A telephone company or telecommunications carrier providing telecommunications services under a state government or Tribal government telecommunications pricing plan is not required to provide any other person or entity those services at the rates made available to the state or Tribal government.

Subd. 5. **Commission review.** (a) The terms and conditions of any state government or Tribal government telecommunications pricing plan must be submitted to the commission for ~~its~~ review and approval within 90 days before implementation to:

(1) ensure that the terms and conditions benefit the state or Tribal Nation and not any private entity;

(2) ensure that the rates for any telecommunications service in any state government or Tribal government telecommunications pricing plan are at or below any applicable tariffed rates; and

(3) ensure that the state telecommunications or Tribal government pricing plan meets the requirements of this section and is in the public interest.

(b) The commission shall reject any state government or Tribal government telecommunications pricing plan that does not meet ~~these~~ the criteria in paragraph (a).

Sec. 3. Minnesota Statutes 2022, section 327C.015, is amended by adding a subdivision to read:

Subd. 3a. **Commodity rate.** "Commodity rate" means the per unit price for utility service that varies directly with the volume of a resident's consumption of utility service and that is established or approved by the Minnesota Public Utilities Commission or a municipal public utilities commission, an electric cooperative association, or a municipality and charged to a user of the service.

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

Sec. 4. Minnesota Statutes 2022, section 327C.015, is amended by adding a subdivision to read:

Subd. 11a. **Public utility.** "Public utility" has the meaning given in section 216B.02, subdivision 4.

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

Sec. 5. Minnesota Statutes 2022, section 327C.015, subdivision 17, is amended to read:

Subd. 17. **Substantial modification.** "Substantial modification" means any change in a rule which: (a) significantly diminishes or eliminates any material obligation of the park owner; (b) significantly diminishes or eliminates any material right, privilege or freedom of action of a resident; or (c) involves a significant new expense for a resident. The installation of water and sewer meters and the subsequent metering of and billing for water and sewer service is not a substantial modification of the lease, provided the park owner complies with section 327C.04, subdivision 6.

EFFECTIVE DATE. This section is effective for meter installations initiated on or after August 1, 2023.

Sec. 6. Minnesota Statutes 2022, section 327C.015, is amended by adding a subdivision to read:

Subd. 17a. **Utility provider.** "Utility provider" means a public utility, an electric cooperative association, or a municipal utility.

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

Sec. 7. Minnesota Statutes 2022, section 327C.04, subdivision 1, is amended to read:

Subdivision 1. **Billing permitted.** A park owner who either provides utility service directly to residents or who redistributes to residents utility service provided to the park owner by a utility provider may charge the residents for that service, only if the charges comply with this section.

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

Sec. 8. Minnesota Statutes 2022, section 327C.04, subdivision 2, is amended to read:

Subd. 2. **Metering required.** A park owner who charges residents for a utility service must charge each household the same amount, unless the park owner has installed measuring devices which accurately meter each household's use of the utility. Utility measuring devices installed by the park owner must be installed or repaired only by a licensed plumber, licensed electrician, or licensed manufactured home installer.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to meters installed or repaired on or after that date.

Sec. 9. Minnesota Statutes 2022, section 327C.04, is amended by adding a subdivision to read:

Subd. 5. **Utility charge for metered service.** (a) A park owner who redistributes utility service may not charge a resident a commodity rate that exceeds the commodity rate at which the park owner purchases utility service from a utility provider. Before billing residents for redistributed utility service, a park owner must deduct utility service used exclusively or primarily for the park owner's purposes.

(b) If a utility bill that a park owner receives from a utility provider separates from variable consumption charges a fixed service or meter charge or fee, taxes, surcharges, or other miscellaneous charges, the park owner must deduct the park owner's pro rata share of these separately itemized charges and apportion the remaining fixed portion of the bill equally among residents based on the total number of occupied units in the park.

(c) A park owner may not charge to or collect from residents any administrative, capital, or other expenses associated with the distribution of utility services, including but not limited to disconnection, reconnection, and late payment fees.

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

Sec. 10. Minnesota Statutes 2022, section 327C.04, is amended by adding a subdivision to read:

Subd. 6. **Rent increases following the installation of water meters.** A park owner may not increase lot rents for 13 months following the commencement of utility bills for a resident whose lease included water and sewer service. In each of the three months prior to commencement of utility billing, a park owner must provide the resident with a sample bill for water and sewer service.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to meter installations initiated on or after that date.

Sec. 11. Minnesota Statutes 2022, section 515B.3-102, is amended to read:

515B.3-102 POWERS OF UNIT OWNERS' ASSOCIATION.

(a) Except as provided in subsections (b), (c), (d), ~~and~~ (e), and (f) and subject to the provisions of the declaration or bylaws, the association shall have the power to:

(1) adopt, amend and revoke rules and regulations not inconsistent with the articles of incorporation, bylaws and declaration, as follows: (i) regulating the use of the common elements; (ii) regulating the use of the units, and conduct of unit occupants, which may jeopardize the health, safety or welfare of other occupants, which involves noise or other disturbing activity, or which may damage the common elements or other units; (iii) regulating or prohibiting animals; (iv) regulating changes in the appearance of the common elements and conduct which may damage the common interest community; (v) regulating the exterior appearance of the common interest community, including, for example, balconies and patios, window treatments, and signs and other displays, regardless of whether inside a unit; (vi) implementing the articles of incorporation, declaration and bylaws, and exercising the powers granted by this section; and (vii) otherwise facilitating the operation of the common interest community;

(2) adopt and amend budgets for revenues, expenditures and reserves, and levy and collect assessments for common expenses from unit owners;

(3) hire and discharge managing agents and other employees, agents, and independent contractors;

(4) institute, defend, or intervene in litigation or administrative proceedings (i) in its own name on behalf of itself or two or more unit owners on matters affecting the common elements or other matters affecting the common interest community or, (ii) with the consent of the owners of the affected units on matters affecting only those units;

(5) make contracts and incur liabilities;

(6) regulate the use, maintenance, repair, replacement, and modification of the common elements and the units;

(7) cause improvements to be made as a part of the common elements, and, in the case of a cooperative, the units;

(8) acquire, hold, encumber, and convey in its own name any right, title, or interest to real estate or personal property, but (i) common elements in a condominium or planned community may be conveyed or subjected to a security interest only pursuant to section 515B.3-112, or (ii) part of a cooperative may be conveyed, or all or part of a cooperative may be subjected to a security interest, only pursuant to section 515B.3-112;

(9) grant or amend easements for public utilities, public rights-of-way or other public purposes, and cable television or other communications, through, over or under the common elements; grant or amend easements, leases, or licenses to unit owners for purposes authorized by the declaration; and, subject to approval by a vote of unit owners other than declarant or its affiliates, grant or amend other easements, leases, and licenses through, over or under the common elements;

(10) impose and receive any payments, fees, or charges for the use, rental, or operation of the common elements, other than limited common elements, and for services provided to unit owners;

(11) impose interest and late charges for late payment of assessments and, after notice and an opportunity to be heard before the board or a committee appointed by it, levy reasonable fines for violations of the declaration, bylaws, and rules and regulations of the association, provided that attorney fees and costs must not be charged or collected from a unit owner who disputes a fine or assessment and, if after being heard by the board or a committee of the board, the board does not adopt a resolution levying the fine or upholding the assessment against the unit owner or owner's unit;

(12) impose reasonable charges for the review, preparation and recordation of amendments to the declaration, resale certificates required by section 515B.4-107, statements of unpaid assessments, or furnishing copies of association records;

(13) provide for the indemnification of its officers and directors, and maintain directors' and officers' liability insurance;

(14) provide for reasonable procedures governing the conduct of meetings and election of directors;

(15) exercise any other powers conferred by law, or by the declaration, articles of incorporation or bylaws; and

(16) exercise any other powers necessary and proper for the governance and operation of the association.

(b) Notwithstanding subsection (a) the declaration or bylaws may not impose limitations on the power of the association to deal with the declarant which are more restrictive than the limitations imposed on the power of the association to deal with other persons.

(c) An association that levies a fine pursuant to subsection (a)(11), or an assessment pursuant to section 515B.3-115(g), or 515B.3-1151(g), must provide a dated, written notice to a unit owner that:

(1) states the amount and reason for the fine or assessment;

(2) for fines levied under section 515B.3-102(a)(11), specifies: (i) the violation for which a fine is being levied; and (ii) the specific section of the declaration, bylaws, rules, or regulations allegedly violated;

(3) for assessments levied under section 515B.3-115(g) or 515B.3-1151(g), identifies: (i) the damage caused; and (ii) the act or omission alleged to have caused the damage;

(4) states that all unpaid fines and assessments are liens which, if not satisfied, could lead to foreclosure of the lien against the owner's unit;

(5) describes the unit owner's right to be heard by the board or a committee appointed by the board;

(6) states that if the assessment, fine, late fees, and other allowable charges are not paid, the amount may increase as a result of the imposition of attorney fees and other collection costs; and

(7) informs the unit owner that homeownership assistance is available from, and includes the contact information for, the Minnesota Homeownership Center.

~~(c)~~ (d) Notwithstanding subsection (a), powers exercised under this section must comply with section 500.215.

~~(d)~~ (e) Notwithstanding subsection (a)(4) or any other provision of this chapter, the association, before instituting litigation or arbitration involving construction defect claims against a development party, shall:

(1) mail or deliver written notice of the anticipated commencement of the action to each unit owner at the addresses, if any, established for notices to owners in the declaration and, if the declaration does not state how notices are to be given to owners, to the owner's last known address. The notice shall specify the nature of the construction defect claims to be alleged, the relief sought, and the manner in which the association proposes to fund the cost of pursuing the construction defect claims; and

(2) obtain the approval of owners of units to which a majority of the total votes in the association are allocated. Votes allocated to units owned by the declarant, an affiliate of the declarant, or a mortgagee who obtained ownership of the unit through a foreclosure sale are excluded. The association may obtain the required approval by a vote at an annual or special meeting of the members or, if authorized by the statute under which the association is created and taken in compliance with that statute, by a vote of the members taken by electronic means or mailed ballots. If the association holds a meeting and voting by electronic means or mailed ballots is authorized by that statute, the association shall also provide for voting by those methods. Section 515B.3-110(c) applies to votes taken by electronic means or mailed ballots, except that the votes must be used in combination with the vote taken at a meeting and are not in lieu of holding a meeting, if a meeting is held, and are considered for purposes of determining whether a quorum was present. Proxies may not be used for a vote taken under this paragraph unless the unit owner executes the proxy after receipt of the notice required under subsection ~~(d)(1)~~ (e)(1) and the proxy expressly references this notice.

~~(e)~~ (f) The association may intervene in a litigation or arbitration involving a construction defect claim or assert a construction defect claim as a counterclaim, crossclaim, or third-party claim before complying with subsections ~~(d)(1)~~ (e)(1) and ~~(d)(2)~~ (e)(2) but the association's complaint in an intervention, counterclaim, crossclaim, or third-party claim shall be dismissed without prejudice unless the association has complied with the requirements of subsection ~~(d)~~ (e) within 90 days of the association's commencement of the complaint in an intervention or the assertion of the counterclaim, crossclaim, or third-party claim.

EFFECTIVE DATE. This section is effective January 1, 2024, for fines and assessments levied on or after that date.

Sec. 12. Minnesota Statutes 2022, section 515B.3-115, is amended to read:

515B.3-115 ASSESSMENTS FOR COMMON EXPENSES; CIC CREATED BEFORE AUGUST 1, 2010.

(a) The obligation of a unit owner to pay common expense assessments shall be as follows:

(1) If a common expense assessment has not been levied, the declarant shall pay all operating expenses of the common interest community, and shall fund the replacement reserve component of the common expenses as required by subsection (b).

(2) If a common expense assessment has been levied, all unit owners, including the declarant, shall pay the assessments allocated to their units, subject to the following:

(i) If the declaration so provides, a declarant's liability, and the assessment lien, for the common expense assessments, exclusive of replacement reserves, on any unit owned by the declarant may be limited to 25 percent or more of any assessment, exclusive of replacement reserves, until the unit or any building located in the unit is substantially completed. Substantial completion shall be evidenced by a certificate of occupancy in any jurisdiction that issues the certificate.

(ii) If the declaration provides for a reduced assessment pursuant to paragraph (2)(i), the declarant shall be obligated, within 60 days following the termination of the period of declarant control, to make up any operating deficit incurred by the association during the period of declarant control. The existence and amount, if any, of the operating deficit shall be determined using the accrual basis of accounting applied as of the date of termination of the period of declarant control, regardless of the accounting methodology previously used by the association to maintain its accounts.

(b) The replacement reserve component of the common expenses shall be funded for each unit in accordance with the projected annual budget required by section 515B.4-102(a)(23) provided that the funding of replacement reserves with respect to a unit shall commence no later than the date that the unit or any building located within the unit boundaries is substantially completed. Substantial completion shall be evidenced by a certificate of occupancy in any jurisdiction that issues the certificate.

(c) After an assessment has been levied by the association, assessments shall be levied at least annually, based upon a budget approved at least annually by the association.

(d) Except as modified by subsections (a)(1) and (2), (e), (f), and (g), all common expenses shall be assessed against all the units in accordance with the allocations established by the declaration pursuant to section 515B.2-108.

(e) Unless otherwise required by the declaration:

(1) any common expense associated with the maintenance, repair, or replacement of a limited common element shall be assessed against the units to which that limited common element is assigned, equally, or in any other proportion the declaration provides;

(2) any common expense or portion thereof benefiting fewer than all of the units may be assessed exclusively against the units benefited, equally, or in any other proportion the declaration provides;

(3) the costs of insurance may be assessed in proportion to risk or coverage, and the costs of utilities may be assessed in proportion to usage;

(4) reasonable ~~attorneys~~ attorney fees and costs incurred by the association in connection with (i) the collection of assessments against a unit owner, and~~,~~ (ii) the enforcement of this chapter, the articles, bylaws, declaration, or rules and regulations~~,~~ against a unit owner, may be assessed against the unit owner's unit subject to section 515B.3-116(h); and

(5) fees, charges, late charges, fines and interest may be assessed as provided in section 515B.3-116(a).

(f) Assessments levied under section 515B.3-116 to pay a judgment against the association may be levied only against the units in the common interest community at the time the judgment was entered, in proportion to their common expense liabilities.

(g) If any damage to the common elements or another unit is caused by the act or omission of any unit owner, or occupant of a unit, or their invitees, the association may assess the costs of repairing the damage exclusively against the unit owner's unit to the extent not covered by insurance.

(h) Subject to any shorter period specified by the declaration or bylaws, if any installment of an assessment becomes more than 60 days past due, then the association may, upon ten days' written notice to the unit owner, declare the entire amount of the assessment immediately due and payable in full, except that any portion of the assessment that represents installments that are not due and payable without acceleration as of the date of reinstatement must not be included in the amount that a unit owner must pay to reinstate under section 580.30 or chapter 581.

(i) If common expense liabilities are reallocated for any purpose authorized by this chapter, common expense assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated common expense liabilities.

(j) An assessment against fewer than all of the units must be levied within three years after the event or circumstances forming the basis for the assessment, or shall be barred.

(k) This section applies only to common interest communities created before August 1, 2010.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 13. Minnesota Statutes 2022, section 515B.3-1151, is amended to read:

515B.3-1151 ASSESSMENTS FOR COMMON EXPENSES; CIC CREATED ON OR AFTER AUGUST 1, 2010.

(a) The association shall approve an annual budget of common expenses at or prior to the conveyance of the first unit in the common interest community to a purchaser and annually thereafter. The annual budget shall include all customary and necessary operating expenses and replacement reserves for the common interest community, consistent with this section and section 515B.3-114. For purposes of replacement reserves under subsection (b), until an annual budget has been approved, the reserves shall be paid based upon the budget contained in the disclosure statement required by section 515B.4-102. The obligation of a unit owner to pay common expenses shall be as follows:

(1) If a common expense assessment has not been levied by the association, the declarant shall pay all common expenses of the common interest community, including the payment of the replacement reserve component of the common expenses for all units in compliance with subsection (b).

(2) If a common expense assessment has been levied by the association, all unit owners, including the declarant, shall pay the assessments levied against their units, except as follows:

(i) The declaration may provide for an alternate common expense plan whereby the declarant's common expense liability, and the corresponding assessment lien against the units owned by the declarant, is limited to: (A) paying when due, in compliance with subsection (b), an amount equal to the full share of the replacement reserves allocated to units owned by the declarant, as set forth in the association's annual budget approved as provided in this subsection; and (B) paying when due all accrued expenses of the common interest community in excess of the aggregate assessments payable with respect to units owned by persons other than a declarant; provided, that the alternate common expense plan shall not affect a declarant's obligation to make up any operating deficit pursuant to item (iv), and shall terminate upon the termination of any period of declarant control unless terminated earlier pursuant to item (iii).

(ii) The alternate common expense plan may be authorized only by including in the declaration and the disclosure statement required by section 515B.4-102 provisions authorizing and disclosing the alternate common expense plan as described in item (i), and including in the disclosure statement either (A) a statement that the alternate common expense plan will have no effect on the level of services or amenities anticipated by the association's budget contained in the disclosure statement, or (B) a statement describing how the services or amenities may be affected.

(iii) A declarant shall give notice to the association of its intent to utilize the alternate common expense plan and a commencement date after the date the notice is given. The alternate common expense plan shall be valid only for periods after the notice is given. A declarant may terminate its right to utilize the alternate common expense plan prior to the termination of the period of declarant control only by giving notice to the association and the unit owners at least 30 days prior to a selected termination date set forth in the notice.

(iv) If a declarant utilizes an alternate common expense plan, that declarant shall cause to be prepared and delivered to the association, at the declarant's expense, within 90 days after the termination of the period of declarant control, an audited balance sheet and profit and loss statement certified to the association and prepared by an accountant having the qualifications set forth in section 515B.3-121(b). The audit shall be binding on the declarant and the association.

(v) If the audited profit and loss statement shows an accumulated operating deficit, the declarant shall be obligated to make up the deficit within 15 days after delivery of the audit to the association, and the association shall have a claim against the declarant for an amount equal to the deficit until paid. A declarant who does not utilize an alternate common expense plan is not liable to make up any operating deficit. If more than one declarant utilizes an alternate common expense plan, all declarants who utilize the plan are jointly and severally liable to the association for any operating deficit.

(vi) The existence and amount, if any, of the operating deficit shall be determined using the accrual method of accounting applied as of the date of termination of the period of declarant control, regardless of the accounting methodology previously used by the association to maintain its accounts.

(vii) Unless approved by a vote of the unit owners other than the declarant and its affiliates, the operating deficit shall not be made up, prior to the election by the unit owners of a board of directors pursuant to section 515B.3-103(d), through the use of a special assessment described in subsection (c) or by assessments described in subsections (e), (f), and (g).

(viii) The use by a declarant of an alternate common expense plan shall not affect the obligations of the declarant or the association as provided in the declaration, the bylaws, or this chapter, or as represented in the disclosure statement required by section 515B.4-102, except as to matters authorized by this chapter.

(b) The replacement reserves required by section 515B.3-114 shall be paid to the association by each unit owner for each unit owned by that unit owner in accordance with the association's annual budget approved pursuant to subsection (a), regardless of whether an annual assessment has been levied or whether the declarant has utilized an alternate common expense plan under subsection (a)(2). Replacement reserves shall be paid with respect to a unit commencing as of the later of (1) the date of creation of the common interest community or (2) the date that the structure and exterior of the building containing the unit, or the structure and exterior of any building located within the unit boundaries, but excluding the interior finishing of the structure itself, are substantially completed. If the association has not approved an annual budget as of the commencement date for the payment of replacement reserves, then the reserves shall be paid based upon the budget contained in the disclosure statement required by section 515B.4-102.

(c) After an assessment has been levied by the association, assessments shall be levied at least annually, based upon an annual budget approved by the association. In addition to and not in lieu of annual assessments, an association may, if so provided in the declaration, levy special assessments against all units in the common interest community based upon the same formula required by the declaration for levying annual assessments. Special assessments may be levied only (1) to cover expenditures of an emergency nature, (2) to replenish underfunded replacement reserves, (3) to cover unbudgeted capital expenditures or operating expenses, or (4) to replace certain components of the common interest community described in section 515B.3-114(a), if such alternative method of funding is approved under section 515B.3-114(a)(5). The association may also levy assessments against fewer than all units as provided in subsections (e), (f), and (g). An assessment under subsection (e)(2) for replacement reserves is subject to the requirements of section 515B.3-1141(a)(5).

(d) Except as modified by subsections (a), clauses (1) and (2), (e), (f), and (g), all common expenses shall be assessed against all the units in accordance with the allocations established by the declaration pursuant to section 515B.2-108.

(e) Unless otherwise required by the declaration:

(1) any common expense associated with the maintenance, repair, or replacement of a limited common element shall be assessed against the units to which that limited common element is assigned, equally, or in any other proportion the declaration provides;

(2) any common expense or portion thereof benefiting fewer than all of the units may be assessed exclusively against the units benefited, equally, or in any other proportion the declaration provides;

(3) the costs of insurance may be assessed in proportion to risk or coverage, and the costs of utilities may be assessed in proportion to usage;

(4) reasonable attorney fees and costs incurred by the association in connection with (i) the collection of assessments, and (ii) the enforcement of this chapter, the articles, bylaws, declaration, or rules and regulations, against a unit owner, may be assessed against the unit owner's unit, subject to section 515B.3-116(h); and

(5) fees, charges, late charges, fines, and interest may be assessed as provided in section 515B.3-116(a).

(f) Assessments levied under section 515B.3-116 to pay a judgment against the association may be levied only against the units in the common interest community at the time the judgment was entered, in proportion to their common expense liabilities.

(g) If any damage to the common elements or another unit is caused by the act or omission of any unit owner, or occupant of a unit, or their invitees, the association may assess the costs of repairing the damage exclusively against the unit owner's unit to the extent not covered by insurance.

(h) Subject to any shorter period specified by the declaration or bylaws, if any installment of an assessment becomes more than 60 days past due, then the association may, upon ten days' written notice to the unit owner, declare the entire amount of the assessment immediately due and payable in full, except that any portion of the assessment that represents installments that are not due and payable without acceleration as of the date of reinstatement must not be included in the amount that a unit owner must pay to reinstate under section 580.30 or chapter 581.

(i) If common expense liabilities are reallocated for any purpose authorized by this chapter, common expense assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated common expense liabilities.

(j) An assessment against fewer than all of the units must be levied within three years after the event or circumstances forming the basis for the assessment, or shall be barred.

(k) This section applies only to common interest communities created on or after August 1, 2010.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 14. Minnesota Statutes 2022, section 515B.3-116, is amended to read:

515B.3-116 LIEN FOR ASSESSMENTS.

(a) The association has a lien on a unit for any assessment levied against that unit from the time the assessment becomes due. If an assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment thereof becomes due. Unless the declaration otherwise provides, fees, charges, late charges, fines and interest charges pursuant to section 515B.3-102(a)(10), (11) and (12) are liens, and are enforceable as assessments, under this section. Recording of the declaration constitutes record notice and perfection of any assessment lien under this section, and no further recording of any notice of or claim for the lien is required.

(b) Subject to subsection (c), a lien under this section is prior to all other liens and encumbrances on a unit except (i) liens and encumbrances recorded before the declaration and, in a cooperative, liens and encumbrances which the association creates, assumes, or takes subject to, (ii) any first mortgage encumbering the fee simple interest in the unit, or, in a cooperative, any first security interest encumbering only the unit owner's interest in the unit, (iii) liens for real estate taxes and other governmental assessments or charges against the unit, and (iv) a master association lien under section 515B.2-121(h). This subsection shall not affect the priority of mechanic's liens.

(c) If a first mortgage on a unit is foreclosed, the first mortgage was recorded after June 1, 1994, and no owner or person who acquires the owner's interest in the unit redeems pursuant to chapter 580, 581, or 582, the holder of the sheriff's certificate of sale from the foreclosure of the first mortgage or any person who acquires title to the unit by redemption as a junior creditor shall take title to the unit subject to a lien in favor of the association for unpaid assessments for common expenses levied pursuant to section 515B.3-115(a), (e)(1) to (3), (f), and (i) which became due, without acceleration, during the six months immediately preceding the end of the owner's period of redemption. The common expenses shall be based upon the association's then current annual budget, notwithstanding the use of an alternate common expense plan under section 515B.3-115(a)(2). If a first security interest encumbering a unit owner's interest in a cooperative unit which is personal property is foreclosed, the secured party or the purchaser at the sale shall take title to the unit subject to unpaid assessments for common expenses levied pursuant to section 515B.3-115(a), (e)(1) to (3), (f), and (i) which became due, without acceleration, during the six months immediately preceding the first day following either the disposition date pursuant to section 336.9-610 or the date on which the obligation of the unit owner is discharged pursuant to section 336.9-622.

(d) Proceedings to enforce an assessment lien shall be instituted within three years after the last installment of the assessment becomes payable, or shall be barred.

(e) The unit owner of a unit at the time an assessment is due shall be personally liable to the association for payment of the assessment levied against the unit. If there are multiple owners of the unit, they shall be jointly and severally liable.

(f) This section does not prohibit actions to recover sums for which subsection (a) creates a lien nor prohibit an association from taking a deed in lieu of foreclosure.

(g) The association shall furnish to a unit owner or the owner's authorized agent upon written request of the unit owner or the authorized agent a statement setting forth the amount of unpaid assessments currently levied against the owner's unit. If the unit owner's interest is real estate, the statement shall be in recordable form. The statement shall be furnished within ten business days after receipt of the request and is binding on the association and every unit owner.

(h) The association's lien may be foreclosed as provided in this subsection.

(1) In a condominium or planned community, the association's lien may be foreclosed in a like manner as a mortgage containing a power of sale pursuant to chapter 580, or by action pursuant to chapter 581. The association shall have a power of sale to foreclose the lien pursuant to chapter 580, except that any portion of the assessment that represents attorney fees or costs shall not be included in the amount a unit owner must pay to reinstate under section 580.30 or chapter 581.

(2) In a cooperative whose unit owners' interests are real estate, the association's lien shall be foreclosed in a like manner as a mortgage on real estate as provided in paragraph (1).

(3) In a cooperative whose unit owners' interests in the units are personal property, the association's lien shall be foreclosed in a like manner as a security interest under article 9 of chapter 336. In any disposition pursuant to section 336.9-610 or retention pursuant to sections 336.9-620 to 336.9-622, the rights of the parties shall be the same as those provided by law, except (i) notice of sale, disposition, or retention shall be served on the unit owner 90 days prior to sale, disposition, or retention, (ii) the association shall be entitled to its reasonable costs and attorney fees not exceeding the amount provided by section 582.01, subdivision 1a, (iii) the amount of the association's lien shall be deemed to be adequate consideration for the unit subject to disposition or retention, notwithstanding the value of the unit, and (iv) the notice of sale, disposition, or retention shall contain the following statement in capital letters with the name of the association or secured party filled in:

"THIS IS TO INFORM YOU THAT BY THIS NOTICE (fill in name of association or secured party) HAS BEGUN PROCEEDINGS UNDER MINNESOTA STATUTES, CHAPTER 515B, TO FORECLOSE ON YOUR INTEREST IN YOUR UNIT FOR THE REASON SPECIFIED IN THIS NOTICE. YOUR INTEREST IN YOUR UNIT WILL TERMINATE 90 DAYS AFTER SERVICE OF THIS NOTICE ON YOU UNLESS BEFORE THEN:

(a) THE PERSON AUTHORIZED BY (fill in the name of association or secured party) AND DESCRIBED IN THIS NOTICE TO RECEIVE PAYMENTS RECEIVES FROM YOU:

(1) THE AMOUNT THIS NOTICE SAYS YOU OWE; PLUS

(2) THE COSTS INCURRED TO SERVE THIS NOTICE ON YOU; PLUS

(3) $500 TO APPLY TO ~~ATTORNEYS~~ ATTORNEY FEES ACTUALLY EXPENDED OR INCURRED; PLUS

(4) ANY ADDITIONAL AMOUNTS FOR YOUR UNIT BECOMING DUE TO (fill in name of association or secured party) AFTER THE DATE OF THIS NOTICE; OR

(b) YOU SECURE FROM A DISTRICT COURT AN ORDER THAT THE FORECLOSURE OF YOUR RIGHTS TO YOUR UNIT BE SUSPENDED UNTIL YOUR CLAIMS OR DEFENSES ARE FINALLY DISPOSED OF BY TRIAL, HEARING, OR SETTLEMENT. YOUR ACTION MUST SPECIFICALLY STATE THOSE FACTS AND GROUNDS THAT DEMONSTRATE YOUR CLAIMS OR DEFENSES.

IF YOU DO NOT DO ONE OR THE OTHER OF THE ABOVE THINGS WITHIN THE TIME PERIOD SPECIFIED IN THIS NOTICE, YOUR OWNERSHIP RIGHTS IN YOUR UNIT WILL TERMINATE AT THE END OF THE PERIOD, YOU WILL LOSE ALL THE MONEY YOU HAVE PAID FOR YOUR UNIT, YOU WILL LOSE YOUR RIGHT TO POSSESSION OF YOUR UNIT, YOU MAY LOSE YOUR RIGHT TO ASSERT ANY CLAIMS OR DEFENSES THAT YOU MIGHT HAVE, AND YOU WILL BE EVICTED. IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE, CONTACT AN ATTORNEY IMMEDIATELY."

(4) In any foreclosure pursuant to chapter 580, 581, or 582, the rights of the parties shall be the same as those provided by law, except (i) the period of redemption for unit owners shall be six months from the date of sale or a lesser period authorized by law, (ii) in a foreclosure by advertisement under chapter 580, the foreclosing party shall be entitled to costs and disbursements of foreclosure and ~~attorneys~~ attorney fees authorized by the declaration or bylaws, notwithstanding the provisions of section 582.01, subdivisions 1 and 1a, (iii) in a foreclosure by action under chapter 581, the foreclosing party shall be entitled to costs and disbursements of foreclosure and attorneys fees as the court shall determine, and (iv) the amount of the association's lien shall be deemed to be adequate consideration for the unit subject to foreclosure, notwithstanding the value of the unit.

(i) If a holder of a sheriff's certificate of sale, prior to the expiration of the period of redemption, pays any past due or current assessments, or any other charges lienable as assessments, with respect to the unit described in the sheriff's certificate, then the amount paid shall be a part of the sum required to be paid to redeem under section 582.03.

(j) In a cooperative, if the unit owner fails to redeem before the expiration of the redemption period in a foreclosure of the association's assessment lien, the association may bring an action for eviction against the unit owner and any persons in possession of the unit, and in that case section 504B.291 shall not apply.

(k) An association may assign its lien rights in the same manner as any other secured party.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to foreclosures initiated on or after that date.

Sec. 15. Laws 2022, chapter 93, article 1, section 2, subdivision 5, is amended to read:

Subd. 5. **Enforcement and Examinations**		-0-	522,000

$522,000 in fiscal year 2023 is for the auto theft prevention library under Minnesota Statutes, section 65B.84, subdivision 1, paragraph (d). This is a onetime appropriation and is available until June 30, 2024.

Sec. 16. **REPEALER.**

Minnesota Statutes 2022, section 327C.04, subdivision 4, is repealed.

EFFECTIVE DATE. This section is effective July 1, 2023."

Delete the title and insert:

"A bill for an act relating to commerce; establishing a biennial budget for Department of Commerce and related activities; adding and modifying various provisions governing health, property, life, homeowner's, and automobile insurance; regulating financial institutions; modifying provisions governing financial institutions; providing for certain consumer protections and privacy; modifying provisions governing commerce; making technical changes; establishing civil and criminal penalties; authorizing administrative rulemaking; requiring reports; appropriating money; amending Minnesota Statutes 2022, sections 46.131, subdivision 11; 47.0153, subdivision 1; 47.59, subdivision 2; 47.60, subdivisions 1, 2, by adding a subdivision; 47.601, subdivisions 1, 2, 6, by adding a subdivision; 53.04, subdivision 3a; 53C.01, subdivision 12c, by adding a subdivision; 53C.08, subdivision 1a; 56.131, subdivision 1; 60A.08, subdivision 15; 60A.14, subdivision 1; 61A.031; 61A.60, subdivision 3; 62A.152, subdivision 3; 62A.3099, by adding a subdivision; 62A.31, subdivisions 1, 1f, 1h, 1p, 1u, 4, by adding a subdivision; 62A.44, subdivision 2; 62D.02, by adding a subdivision; 62D.095, subdivisions 2, 3, 4, 5; 62J.26, subdivisions 1, 2; 62K.10, subdivision 4; 62Q.096; 62Q.19, subdivision 1; 62Q.46, subdivisions 1, 3; 62Q.47; 62Q.735, subdivisions 1, 5; 62Q.76, by adding a subdivision; 62Q.78, by adding subdivisions; 62Q.81, subdivision 4, by adding a subdivision; 65B.49, by adding a subdivision; 80A.50; 80E.041, subdivision 4; 103G.291, subdivision 4; 151.071, subdivisions 1, 2; 237.066; 256B.0631, subdivision 1; 256B.69, subdivision 5a; 256L.03, subdivision 5; 325D.01, subdivision 5; 325D.44, subdivisions 1, 2; 325F.662, subdivisions 2, 3; 325F.6641, subdivision 2; 325F.69, subdivision 1, by adding a subdivision; 325F.70, by adding a subdivision; 325G.051, subdivision 1; 327C.015, subdivision 17, by adding subdivisions; 327C.04, subdivisions 1, 2, by adding subdivisions; 515B.3-102; 515B.3-115; 515B.3-1151; 515B.3-116; Laws 2022, chapter 93, article 1, section 2, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 13; 48; 52; 53B; 58; 58B; 60A; 62J; 62Q; 62W; 65A; 325E; 325F; 332; proposing coding for new law as Minnesota Statutes, chapter 325O; repealing Minnesota Statutes 2022, sections 48.10; 53B.01; 53B.02; 53B.03; 53B.04; 53B.05; 53B.06; 53B.07; 53B.08; 53B.09; 53B.10; 53B.11; 53B.12; 53B.13; 53B.14; 53B.15; 53B.16; 53B.17; 53B.18; 53B.19; 53B.20; 53B.21; 53B.22; 53B.23; 53B.24; 53B.25; 53B.26; 53B.27, subdivisions 1, 2, 5, 6, 7; 62A.31, subdivisions 1b, 1i; 325D.71; 327C.04, subdivision 4; Minnesota Rules, parts 2675.2610, subparts 1, 3, 4; 2675.2620, subparts 1, 2, 3, 4, 5; 2675.2630, subpart 3."

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

The report was adopted.

Nelson, M., from the Committee on Labor and Industry Finance and Policy to which was referred:

H. F. No. 2755, A bill for an act relating to state government; establishing the governor's biennial budget for the Department of Labor and Industry, Workers' Compensation Court of Appeals, and Bureau of Mediation Services; providing earned sick and safe time; protecting agricultural and food processing workers; establishing nursing home workforce standards; protecting petroleum refinery workers; modifying combative sports; modifying other miscellaneous policy provisions; requiring reports; appropriating money; amending Minnesota Statutes 2022, sections 13.43, subdivision 6; 175.16, subdivision 1; 177.26, subdivisions 1, 2; 177.27, subdivisions 2, 4, 7; 178.01; 178.011, subdivision 7; 178.03, subdivision 1; 178.11; 179.86, subdivisions 1, 3, by adding subdivisions; 179A.041, by adding a subdivision; 181.14, subdivision 1; 181.635, subdivisions 1, 2, 3, 4, 6; 181.85, subdivisions 2, 4; 181.86, subdivision 1; 181.87, subdivisions 2, 3, 7; 181.88; 181.89, subdivision 2, by adding a subdivision; 181.942, subdivision 1; 181.9435, subdivision 1; 181.9436; 181.944; 182.666, subdivisions 1, 2, 3, 4, 5, by adding a subdivision; 326B.092, subdivision 6; 326B.096; 326B.103, subdivision 13, by adding subdivisions; 326B.106, subdivision 1, by adding a subdivision; 341.21, subdivisions 2a, 2b, 2c, 4f, 7, by adding a subdivision; 341.221; 341.25; 341.27; 341.28, subdivisions 2, 3, by adding subdivisions; 341.30, subdivision 4; 341.32, subdivision 2; 341.321; 341.33; 341.355; proposing coding for new law in Minnesota Statutes, chapters 13; 177; 181; 341; repealing Minnesota Statutes 2022, sections 177.26, subdivision 3; 181.9413.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

(a) The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2024" and "2025" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium" is fiscal years 2024 and 2025.

(b) If an appropriation in this article is enacted more than once in the 2023 regular or special legislative session, the appropriation must be given effect only once.

	APPROPRIATIONS Available for the Year Ending June 30	
	2024	**2025**
Sec. 2. **DEPARTMENT OF LABOR AND INDUSTRY**		
Subdivision 1. **Total Appropriation**	**$47,412,000**	**$43,625,000**

Appropriations by Fund

	2024	2025
General	7,244,000	4,854,000
Workers' Compensation	29,854,000	31,603,000
Workforce Development	10,314,000	7,168,000

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

Subd. 2. **General Support**	8,765,000	9,106,000

This appropriation is from the workers' compensation fund.

Subd. 3. **Labor Standards**	6,564,000	6,235,000

Appropriations by Fund

General	5,001,000	4,600,000
Workforce Development	1,563,000	1,635,000

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

(b) $1,563,000 the first year and $1,635,000 the second year are from the workforce development fund for prevailing wage enforcement.

(c) $268,000 the first year and $276,000 the second year are for outreach and enforcement efforts related to changes to the nursing mothers, lactating employees, and pregnancy accommodations law.

(d) $184,000 the first year and $142,000 the second year are to strengthen workplace protections for agricultural and food processing workers.

(e) $50,000 the first year is for outreach and education for the safe and skilled worker act, which establishes minimum training standards for contractors performing work at petroleum refineries in Minnesota.

(f) $641,000 the first year and $322,000 the second year are to perform work for the Nursing Home Workforce Standards Board.

(g) $225,000 the first year and $169,000 the second year are for the purposes of the Safe Workplaces for Meat and Poultry Processing Workers Act.

(h) $27,000 the first year is for the creation and distribution of a veterans' benefits and services poster under Minnesota Statutes, section 181.536.

Subd. 4. **Workers' Compensation** 15,190,000 15,725,000

This appropriation is from the workers' compensation fund.

Subd. 5. **Workplace Safety** 7,899,000 6,772,000

Appropriations by Fund

General	2,000,000	-0-
Workers' Compensation	5,899,000	6,772,000

(a) $477,000 the first year and $1,128,000 the second year are from the workers' compensation fund for education and outreach, staffing, and technology development of the ergonomics program under Minnesota Statutes, section 182.677. The base appropriation is $1,487,000 in fiscal year 2026 and $1,196,000 in fiscal year 2027.

(b) $2,000,000 the first year is for the ergonomics safety grant program. This appropriation is available until June 30, 2026. This is a onetime appropriation.

(c) $115,000 the first year and $91,000 the second year are from the workers' compensation fund for enforcement and other duties related to warehouse distribution workers safety under Minnesota Statutes, section 182.6526.

Subd. 6. **Workforce Development Initiatives**	2,359,000	2,371,000

(a) This appropriation is from the workforce development fund.

(b) $300,000 each year is from the workforce development fund for the pipeline program.

(c) $200,000 each year is from the workforce development fund for identification of competency standards under Minnesota Statutes, section 175.45.

(d) $1,500,000 each year is from the workforce development fund for youth skills training grants under Minnesota Statutes, section 175.46.

(e) $359,000 the first year and $371,000 the second year are from the workforce development fund for administration of the youth skills training grants under Minnesota Statutes, section 175.46.

Subd. 7. **Combative Sports**	243,000	254,000
Subd. 8. **Apprenticeship**	6,392,000	3,162,000

(a) This appropriation is from the workforce development fund.

(b) $1,464,000 the first year and $1,534,000 the second year are from the workforce development fund for the apprenticeship program under Minnesota Statutes, chapter 178.

(c) $1,000,000 the first year and $1,000,000 the second year are from the workforce development fund for labor education and advancement program grants under Minnesota Statutes, section 178.11.

(d) $3,000,000 the first year is from the workforce development fund for grants to registered apprenticeship programs for clean economy occupations. Of this amount, up to five percent is for administration and monitoring of the program. This appropriation is onetime and available until June 30, 2026. Grant money may be used to:

(1) purchase equipment or training materials in clean technologies;

(2) fund instructor professional development in clean technologies;

(3) design and refine curriculum in clean technologies; and

(4) train apprentices and upskill incumbent workers in clean technologies.

(e) $400,000 the first year and $400,000 the second year are from the workforce development fund for a grant to Building Strong Communities, Inc., for a statewide apprenticeship readiness program to prepare women, BIPOC community members, and veterans to enter the building and construction trades. These are onetime appropriations and are not added to the base for this purpose.

(f) $228,000 the first year and $228,000 the second year are from the workforce development fund for grants to Building Strong Communities, Inc., for the Helmets to Hardhats Minnesota initiative. The following requirements apply:

(1) grant money must be used to recruit, retain, assist, and support National Guard, reserve, and active duty military members' and veterans' participation in apprenticeship programs registered with the Department of Labor and Industry and connect service members and veterans with career training and employment in the building and construction industry. The recruitment, selection, employment, and training must be without discrimination due to race, color, creed, religion, national origin, sex, sexual orientation, marital status, physical or mental disability, receipt of public assistance, or age; and

(2) Building Strong Communities, Inc., must report to the commissioner of labor and industry and the chairs and ranking members of the house of representatives and senate committees overseeing labor and industry policy and finance and veterans affairs policy and finance by January 15 of each year on the Helmets to Hardhats program. The report must include an overview of the program's budget, a detailed explanation of program expenditures, the number of veterans and service members that participated in apprenticeship programs, the number of veterans and service members that received career training, the number of veterans and service members that gained employment in the building and construction industry, and an audit completed by an independent auditor.

(g) $300,000 the first year is from the workforce development fund for a grant to Independent School District No. 294, Houston, for the Minnesota Virtual Academy's career pathways program with Operating Engineers Local 49. This appropriation does not cancel and is available until June 30, 2025. The following requirements apply:

(1) the career pathways program must encourage, support, and provide continuity for student participation in structured career pathways. The program may include up to five semesters of coursework and must lead to eligibility for the Operating Engineers Local 49 apprenticeship program. The career pathways program must provide outreach to and encourage participation in the program by students of color, Indigenous students, students from low-income families, students located throughout Minnesota, and underserved students;

(2) the grant may be used to encourage and support student participation in the career pathways program through additional academic, counseling, and other support services provided by the student's enrolling school district. The Minnesota Virtual Academy may contract with a student's enrolling school district to provide these services; and

(3) on January 15 of each year following the receipt of a grant, Independent School District No. 294, Houston, must submit a written report to the legislative committees having jurisdiction over education and workforce development. A grant award and report must be in accordance with the provisions of Minnesota Statutes, sections 3.195 and 127A.20. The report must describe students' experiences with the program; document the program's spending and the number of students participating in the program and entering into the apprenticeship program; include geographic and demographic information on the program participants; make recommendations to improve the support of career pathways programs statewide; and make recommendations to improve student participation in career pathways programs.

Sec. 3. **WORKERS' COMPENSATION COURT OF APPEALS** **$2,583,000** **$2,563,000**

This appropriation is from the workers' compensation fund.

Sec. 4. **BUREAU OF MEDIATION SERVICES** **$3,707,000** **$3,789,000**

(a) $750,000 each year is for purposes of the Public Employment Relations Board under Minnesota Statutes, section 179A.041.

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

(c) $47,000 each year is for rulemaking, staffing, and other costs associated with peace officer grievance procedures.

ARTICLE 2
AGRICULTURE AND FOOD PROCESSING WORKERS

Section 1. Minnesota Statutes 2022, section 177.27, subdivision 4, is amended to read:

Subd. 4. **Compliance orders.** The commissioner may issue an order requiring an employer to comply with sections 177.21 to 177.435, 179.86, 181.02, 181.03, 181.031, 181.032, 181.101, 181.11, 181.13, 181.14, 181.145, 181.15, 181.172, paragraph (a) or (d), 181.275, subdivision 2a, 181.635, 181.722, 181.79, 181.85 to 181.89, and 181.939 to 181.943, or with any rule promulgated under section 177.28. The commissioner shall issue an order requiring an employer to comply with sections 177.41 to 177.435 if the violation is repeated. For purposes of this subdivision only, a violation is repeated if at any time during the two years that preceded the date of violation, the commissioner issued an order to the employer for violation of sections 177.41 to 177.435 and the order is final or the commissioner and the employer have entered into a settlement agreement that required the employer to pay back wages that were required by sections 177.41 to 177.435. The department shall serve the order upon the employer or the employer's authorized representative in person or by certified mail at the employer's place of business. An employer who wishes to contest the order must file written notice of objection to the order with the commissioner within 15 calendar days after being served with the order. A contested case proceeding must then be held in accordance with sections 14.57 to 14.69. If, within 15 calendar days after being served with the order, the employer fails to file a written notice of objection with the commissioner, the order becomes a final order of the commissioner.

Sec. 2. Minnesota Statutes 2022, section 179.86, subdivision 1, is amended to read:

Subdivision 1. **Definition.** For the purpose of this section, "employer" means an employer in the meatpacking or poultry processing industry.

Sec. 3. Minnesota Statutes 2022, section 179.86, subdivision 3, is amended to read:

Subd. 3. **Information provided to employee by employer.** (a) At the start of employment, an employer must provide an explanation in an employee's native language of the employee's rights and duties as an employee ~~either~~ both person to person ~~or~~ and through written materials that, at a minimum, include:

(1) a complete description of the salary and benefits plans as they relate to the employee;

(2) a job description for the employee's position;

(3) a description of leave policies;

(4) a description of the work hours and work hours policy; ~~and~~

(5) a description of the occupational hazards known to exist for the position~~.~~; and

(6) when workers' compensation insurance coverage is required by chapter 176, the name of the employer's workers' compensation insurance carrier, the carrier's telephone number, and the insurance policy number.

(b) The explanation must also include information on the following employee rights as protected by state or federal law and a description of where additional information about those rights may be obtained:

(1) the right to organize and bargain collectively and refrain from organizing and bargaining collectively;

(2) the right to a safe workplace; ~~and~~

(3) the right to be free from discrimination.; and

(4) the right to workers' compensation insurance coverage.

(c) The Department of Labor and Industry shall provide a standard explanation form for use at the employer's option for providing the information required in this subdivision. The form shall be available in English and Spanish and additional languages upon request.

(d) The requirements under this subdivision are in addition to the requirements under section 181.032.

Sec. 4. Minnesota Statutes 2022, section 179.86, is amended by adding a subdivision to read:

Subd. 5. **Civil action.** An employee injured by a violation of this section has a cause of action for damages for the greater of $1,000 per violation or twice the employee's actual damages, plus costs and reasonable attorney fees. A damage award shall be the greater of $1,400 or three times actual damages for an employee injured by an intentional violation of this section.

Sec. 5. Minnesota Statutes 2022, section 179.86, is amended by adding a subdivision to read:

Subd. 6. **Fine.** The commissioner of labor and industry shall fine an employer not less than $400 or more than $1,000 for each violation of subdivision 3. The fine shall be payable to the employee aggrieved.

Sec. 6. Minnesota Statutes 2022, section 181.14, subdivision 1, is amended to read:

Subdivision 1. **Prompt payment required.** (a) When any such employee quits or resigns employment, the wages or commissions earned and unpaid at the time the employee quits or resigns shall be paid in full not later than the first regularly scheduled payday following the employee's final day of employment, unless an employee is subject to a collective bargaining agreement with a different provision. Wages are earned and unpaid if the employee was not paid for all time worked at the employee's regular rate of pay or at the rate required by law, including any applicable statute, regulation, rule, ordinance, government resolution or policy, contract, or other legal authority, whichever rate of pay is greater. If the first regularly scheduled payday is less than five calendar days following the employee's final day of employment, full payment may be delayed until the second regularly scheduled payday but shall not exceed a total of 20 calendar days following the employee's final day of employment.

(b) Notwithstanding the provisions of paragraph (a), in the case of migrant workers, as defined in section 181.85, the wages or commissions earned and unpaid at the time the employee quits or resigns shall become due and payable within ~~five~~ three days thereafter.

Sec. 7. Minnesota Statutes 2022, section 181.635, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** The definitions in this subdivision apply to this section.

(a) "Employer" means a person who employs another to perform a service for hire. Employer includes any agent or attorney of an employer who, for money or other valuable consideration paid or promised to be paid, performs any recruiting.

(b) "Person" means a corporation, partnership, limited liability company, limited liability partnership, association, individual, or group of persons.

(c) "Recruits" means to induce an individual, directly or through an agent, to relocate to Minnesota or within Minnesota to work in food processing by an offer of employment or of the possibility of employment.

(d) "Food processing" means canning, packing, or otherwise processing poultry or meat for consumption.

(e) "Terms and conditions of employment" means the following:

(1) nature of the work to be performed;

(2) wage rate, nature and amount of deductions for tools, clothing, supplies, or other items;

(3) anticipated hours of work per week, including overtime;

(4) anticipated slowdown or shutdown or if hours of work per week vary more than 25 percent from clause (3);

(5) duration of the work;

(6) workers' compensation coverage and name, address, and telephone number of insurer and Department of Labor and Industry;

(7) employee benefits available, including any health plans, sick leave, or paid vacation;

(8) transportation and relocation arrangements with allocation of costs between employer and employee;

(9) availability and description of housing and any costs to employee associated with housing; and

(10) any other item of value offered, and allocation of costs of item between employer and employee.

Sec. 8. Minnesota Statutes 2022, section 181.635, subdivision 2, is amended to read:

Subd. 2. **Recruiting; required disclosure.** (a) An employer shall provide written disclosure of the terms and conditions of employment to a person at the time it recruits the person to relocate to work in the food processing industry. The disclosure requirement does not apply to an exempt employee as defined in United States Code, title 29, section 213(a)(1). The disclosure must be written in English and Spanish, or another language if the person's preferred language is not Spanish, dated and signed by the employer and the person recruited, and maintained by the employer for ~~two~~ three years. A copy of the signed and completed disclosure must be delivered immediately to the recruited person. The disclosure may not be construed as an employment contract.

(b) The requirements under this subdivision are in addition to the requirements under section 181.032.

Sec. 9. Minnesota Statutes 2022, section 181.635, subdivision 3, is amended to read:

Subd. 3. **Civil action.** A person injured by a violation of this section has a cause of action for damages for the greater of ~~$500~~ $1,000 per violation or twice their actual damages, plus costs and reasonable attorney's fees. A damage award shall be the greater of ~~$750~~ $1,400 or three times actual damages for a person injured by an intentional violation of this section.

Sec. 10. Minnesota Statutes 2022, section 181.635, subdivision 4, is amended to read:

Subd. 4. **Fine.** The Department of Labor and Industry shall fine an employer not less than ~~$200~~ $400 or more than ~~$500~~ $1,000 for each violation of this section. The fine shall be payable to the employee aggrieved.

Sec. 11. Minnesota Statutes 2022, section 181.635, subdivision 6, is amended to read:

Subd. 6. **Standard disclosure form.** The Department of Labor and Industry shall provide a standard form for use at the employer's option in making the disclosure required in subdivision 2. The form shall be available in English and Spanish and additional languages upon request.

Sec. 12. Minnesota Statutes 2022, section 181.85, subdivision 2, is amended to read:

Subd. 2. **Agricultural labor.** "Agricultural labor" means field labor associated with the cultivation and harvest of fruits and vegetables and work performed in processing fruits and vegetables for market, as well as labor performed in agriculture as defined in Minnesota Rules, part 5200.0260.

Sec. 13. Minnesota Statutes 2022, section 181.85, subdivision 4, is amended to read:

Subd. 4. **Employer.** "Employer" means ~~a processor of fruits or vegetables~~ an individual, partnership, association, corporation, business trust, or any person or group of persons that employs, either directly or indirectly through a recruiter, ~~more than 30~~ one or more migrant workers ~~per day for more than seven days~~ in any calendar year.

Sec. 14. Minnesota Statutes 2022, section 181.86, subdivision 1, is amended to read:

Subdivision 1. **Terms.** (a) An employer that recruits a migrant worker shall provide the migrant worker, at the time the worker is recruited, with a written employment statement which shall state clearly and plainly, in English and Spanish, or another language if the worker's preferred language is not Spanish:

(1) the date on which and the place at which the statement was completed and provided to the migrant worker;

(2) the name and permanent address of the migrant worker, of the employer, and of the recruiter who recruited the migrant worker;

(3) the date on which the migrant worker is to arrive at the place of employment, the date on which employment is to begin, the approximate hours of employment, and the minimum period of employment;

(4) the crops and the operations on which the migrant worker will be employed;

(5) the wage rates to be paid;

(6) the payment terms, as provided in section 181.87;

(7) any deduction to be made from wages; ~~and~~

(8) whether housing will be provided~~.~~; and

(9) when workers' compensation insurance coverage is required by chapter 176, the name of the employer's workers' compensation insurance carrier, the carrier's telephone number, and the insurance policy number.

(b) The Department of Labor and Industry shall provide a standard employment statement form for use at the employer's option for providing the information required in subdivision 1. The form shall be available in English and Spanish and additional languages upon request.

(c) The requirements under this subdivision are in addition to the requirements under section 181.032.

Sec. 15. Minnesota Statutes 2022, section 181.87, subdivision 2, is amended to read:

Subd. 2. **Biweekly pay.** The employer shall pay wages due to the migrant worker at least every two weeks, except on termination, when the employer shall pay within three days unless payment is required sooner pursuant to section 181.13.

Sec. 16. Minnesota Statutes 2022, section 181.87, subdivision 3, is amended to read:

Subd. 3. **Guaranteed hours.** The employer shall guarantee to each recruited migrant worker a minimum of 70 hours pay for work in any two successive weeks and, should the pay for hours actually offered by the employer and worked by the migrant worker provide a sum of pay less than the minimum guarantee, the employer shall pay the migrant worker the difference within three days after the scheduled payday for the pay period involved. Payment for the guaranteed hours shall be at the hourly wage rate, if any, specified in the employment statement, or the federal, state, or local minimum wage, whichever is ~~higher~~ highest. Any pay in addition to the hourly wage rate specified in the employment statement shall be applied against the guarantee. This guarantee applies for the minimum period of employment specified in the employment statement beginning with the date on which employment is to begin as specified in the employment statement. The date on which employment is to begin may be changed by the employer by written, telephonic, or telegraphic notice to the migrant worker, at the worker's last known physical address or email address, no later than ten days prior to the previously stated beginning date. The migrant worker shall contact the recruiter to obtain the latest information regarding the date upon which employment is to begin no later than five days prior to the previously stated beginning date. This guarantee shall be reduced, when there is no work available for a period of seven or more consecutive days during any two-week period subsequent to the commencement of work, by five hours pay for each such day, when the unavailability of work is caused by climatic conditions or an act of God, provided that the employer pays the migrant worker, on the normal payday, the sum of ~~$5~~ $50 for each such day.

Sec. 17. Minnesota Statutes 2022, section 181.87, subdivision 7, is amended to read:

Subd. 7. **Statement itemizing deductions from wages.** The employer shall provide a written statement at the time wages are paid clearly itemizing each deduction from wages. The written statement shall also comply with all other requirements for an earnings statement in section 181.032.

Sec. 18. Minnesota Statutes 2022, section 181.88, is amended to read:

181.88 RECORD KEEPING.

Every employer subject to the provisions of sections 181.85 to 181.90 shall maintain complete and accurate records ~~of the names of, the daily hours worked by, the rate of pay for and the wages paid each pay period to~~ for every individual migrant worker recruited by that employer~~,~~ as required by section 177.30 and shall ~~preserve the records~~ also maintain the employment statements required under section 181.86 for a period of at least three years.

Sec. 19. Minnesota Statutes 2022, section 181.89, subdivision 2, is amended to read:

Subd. 2. **Judgment; damages.** If the court finds that any defendant has violated the provisions of sections 181.86 to 181.88, the court shall enter judgment for the actual damages incurred by the plaintiff or the appropriate penalty as provided by this subdivision, whichever is greater. The court may also award court costs and a reasonable attorney's fee. The penalties shall be as follows:

(1) whenever the court finds that an employer has violated the record-keeping requirements of section 181.88, ~~$50~~ $200;

(2) whenever the court finds that an employer has recruited a migrant worker without providing a written employment statement as provided in section 181.86, subdivision 1, ~~$250~~ $800;

(3) whenever the court finds that an employer has recruited a migrant worker after having provided a written employment statement, but finds that the employment statement fails to comply with the requirement of section 181.86, subdivision 1 or section 181.87, ~~$250~~ $800;

(4) whenever the court finds that an employer has failed to comply with the terms of an employment statement which the employer has provided to a migrant worker or has failed to comply with any payment term required by section 181.87, ~~$500~~ $1,600;

(5) whenever the court finds that an employer has failed to pay wages to a migrant worker within a time period set forth in section 181.87, subdivision 2 or 3, ~~$500~~ $1,600; and

(6) whenever penalties are awarded, they shall be awarded severally in favor of each migrant worker plaintiff and against each defendant found liable.

Sec. 20. Minnesota Statutes 2022, section 181.89, is amended by adding a subdivision to read:

Subd. 3. **Enforcement.** In addition to any other remedies available, the commissioner may assess the penalties in subdivision 2 and provide the penalty to the migrant worker aggrieved by the employer's noncompliance.

ARTICLE 3
NURSING HOME WORKFORCE STANDARDS

Section 1. **TITLE.**

Minnesota Statutes, sections 181.211 to 181.217, shall be known as the "Minnesota Nursing Home Workforce Standards Board Act."

Sec. 2. Minnesota Statutes 2022, section 177.27, subdivision 4, is amended to read:

Subd. 4. **Compliance orders.** The commissioner may issue an order requiring an employer to comply with sections 177.21 to 177.435, 181.02, 181.03, 181.031, 181.032, 181.101, 181.11, 181.13, 181.14, 181.145, 181.15, 181.172, paragraph (a) or (d), 181.214 to 181.217, 181.275, subdivision 2a, 181.722, 181.79, and 181.939 to 181.943, or with any rule promulgated under section 177.28, 181.213, or 181.215. The commissioner shall issue an order requiring an employer to comply with sections 177.41 to 177.435 if the violation is repeated. For purposes of this subdivision only, a violation is repeated if at any time during the two years that preceded the date of violation, the commissioner issued an order to the employer for violation of sections 177.41 to 177.435 and the order is final or the commissioner and the employer have entered into a settlement agreement that required the employer to pay back wages that were required by sections 177.41 to 177.435. The department shall serve the order upon the employer or the employer's authorized representative in person or by certified mail at the employer's place of business. An employer who wishes to contest the order must file written notice of objection to the order with the commissioner within 15 calendar days after being served with the order. A contested case proceeding must then be held in accordance with sections 14.57 to 14.69. If, within 15 calendar days after being served with the order, the employer fails to file a written notice of objection with the commissioner, the order becomes a final order of the commissioner.

Sec. 3. Minnesota Statutes 2022, section 177.27, subdivision 7, is amended to read:

Subd. 7. **Employer liability.** If an employer is found by the commissioner to have violated a section identified in subdivision 4, or any rule adopted under section 177.28, 181.213, or 181.215, and the commissioner issues an order to comply, the commissioner shall order the employer to cease and desist from engaging in the violative practice and to take such affirmative steps that in the judgment of the commissioner will effectuate the purposes of the section or rule violated. The commissioner shall order the employer to pay to the aggrieved parties back pay, gratuities, and compensatory damages, less any amount actually paid to the employee by the employer, and for an additional equal amount as liquidated damages. Any employer who is found by the commissioner to have repeatedly or willfully violated a section or sections identified in subdivision 4 shall be subject to a civil penalty of up to $1,000 for each violation for each employee. In determining the amount of a civil penalty under this subdivision, the appropriateness of such penalty to the size of the employer's business and the gravity of the violation shall be considered. In addition, the commissioner may order the employer to reimburse the department and the attorney general for all appropriate litigation and hearing costs expended in preparation for and in conducting the contested case proceeding, unless payment of costs would impose extreme financial hardship on the employer. If the employer is able to establish extreme financial hardship, then the commissioner may order the employer to pay a percentage of the total costs that will not cause extreme financial hardship. Costs include but are not limited to the costs of services rendered by the attorney general, private attorneys if engaged by the department, administrative law judges, court reporters, and expert witnesses as well as the cost of transcripts. Interest shall accrue on, and be added to, the unpaid balance of a commissioner's order from the date the order is signed by the commissioner until it is paid, at an annual rate provided in section 549.09, subdivision 1, paragraph (c). The commissioner may establish escrow accounts for purposes of distributing damages.

Sec. 4. **[181.211] DEFINITIONS.**

Subdivision 1. **Application.** The terms defined in this section apply to sections 181.211 to 181.217.

Subd. 2. **Board.** "Board" means the Minnesota Nursing Home Workforce Standards Board established under section 181.212.

Subd. 3. **Certified worker organization.** "Certified worker organization" means a worker organization that is certified by the board to conduct nursing home worker trainings under section 181.214.

Subd. 4. **Commissioner.** "Commissioner" means the commissioner of labor and industry.

Subd. 5. **Compensation.** "Compensation" means all income and benefits paid by a nursing home employer to a nursing home worker or on behalf of a nursing home worker, including but not limited to wages, bonuses, differentials, paid leave, pay for scheduling changes, and pay for training or occupational certification.

Subd. 6. **Employer organization.** "Employer organization" means:

(1) an organization that is exempt from federal income taxation under section 501(c)(6) of the Internal Revenue Code and that represents nursing home employers; or

(2) an entity that employers, who together employ a majority of nursing home workers in Minnesota, have selected as a representative.

Subd. 7. **Nursing home.** "Nursing home" means a nursing home licensed under chapter 144A, or a boarding care home licensed under sections 144.50 to 144.56.

Subd. 8. **Nursing home employer.** "Nursing home employer" means an employer of nursing home workers in a licensed, Medicaid-certified facility that is reimbursed under chapter 256R.

Subd. 9. **Nursing home worker.** "Nursing home worker" means any worker who provides services in a nursing home in Minnesota, including direct care staff, non-direct care staff, and contractors, but excluding administrative staff, medical directors, nursing directors, physicians, and individuals employed by a supplemental nursing services agency.

Subd. 10. **Worker organization.** "Worker organization" means an organization that is exempt from federal income taxation under section 501(c)(3), 501(c)(4), or 501(c)(5) of the Internal Revenue Code, that is not interfered with or dominated by any nursing home employer within the meaning of United States Code, title 29, section 158a(2), and that has at least five years of demonstrated experience engaging with and advocating for nursing home workers.

Sec. 5. **[181.212] MINNESOTA NURSING HOME WORKFORCE STANDARDS BOARD; ESTABLISHMENT.**

Subdivision 1. **Board established; membership.** (a) The Minnesota Nursing Home Workforce Standards Board is created with the powers and duties established by law. The board is composed of the following voting members:

(1) the commissioner of human services or a designee;

(2) the commissioner of health or a designee;

(3) the commissioner of labor and industry or a designee;

(4) three members who represent nursing home employers or employer organizations, appointed by the governor in accordance with section 15.066; and

(5) three members who represent nursing home workers or worker organizations, appointed by the governor in accordance with section 15.066.

(b) In making appointments under clause (4), the governor shall consider the geographic distribution of nursing homes within the state.

Subd. 2. **Terms; vacancies.** (a) Board members appointed under subdivision 1, clause (4) or (5), shall serve four-year terms following the initial staggered-lot determination.

(b) For members appointed under subdivision 1, clause (4) or (5), the governor shall fill vacancies occurring prior to the expiration of a member's term by appointment for the unexpired term. A member appointed under subdivision 1, clause (4) or (5), must not be appointed to more than two consecutive terms.

(c) A member serves until a successor is appointed.

Subd. 3. **Chairperson.** The board shall elect a member by majority vote to serve as its chairperson and shall determine the term to be served by the chairperson.

Subd. 4. **Staffing.** The commissioner may employ an executive director for the board and other personnel to carry out duties of the board under sections 181.211 to 181.217.

Subd. 5. **Board compensation.** Compensation of board members is governed by section 15.0575.

Subd. 6. **Application of other laws.** Meetings of the board are subject to chapter 13D. The board is subject to chapter 13. The board shall comply with section 15.0597.

Subd. 7. **Voting.** The affirmative vote of five board members is required for the board to take any action, including actions necessary to establish minimum nursing home employment standards under section 181.213.

Subd. 8. **Hearings and investigations.** To carry out its duties, the board shall hold public hearings on, and conduct investigations into, working conditions in the nursing home industry in accordance with section 181.213.

Subd. 9. **Department support.** The commissioner shall provide staff support to the board. The support includes professional, legal, technical, and clerical staff necessary to perform rulemaking and other duties assigned to the board. The commissioner shall supply necessary office space and supplies to assist the board in its duties.

Subd. 10. **Antitrust compliance.** The board shall establish operating procedures that meet all state and federal antitrust requirements and may prohibit board member access to data to meet the requirements of this subdivision.

Sec. 6. **[181.213] DUTIES OF THE BOARD; MINIMUM NURSING HOME EMPLOYMENT STANDARDS.**

Subdivision 1. **Authority to establish minimum nursing home employment standards.** (a) The board must adopt rules establishing minimum nursing home employment standards that are reasonably necessary and appropriate to protect the health and welfare of nursing home workers, to ensure that nursing home workers are properly trained about and fully informed of their rights under sections 181.211 to 181.217, and to otherwise satisfy the purposes of sections 181.211 to 181.217. Standards established by the board must include standards on compensation for nursing home workers, and may include recommendations under paragraph (c). The board may not adopt standards that are less protective of or beneficial to nursing home workers as any other applicable statute or rule or any standard previously established by the board unless there is a determination by the board under subdivision 2 that existing standards exceed the operating payment rate and external fixed costs payment rates included in the most recent budget and economic forecast completed under section 16A.103. In establishing standards under this section, the board must establish statewide standards, and may adopt standards that apply to specific nursing home occupations.

(b) The board must adopt rules establishing initial standards for wages for nursing home workers no later than August 1, 2024. The board may use the authority in section 14.389 to adopt rules under this paragraph. The board shall consult with the department in the development of these standards prior to beginning the rule adoption process.

(c) To the extent that any minimum standards that the board finds are reasonably necessary and appropriate to protect the health and welfare of nursing home workers fall within the jurisdiction of chapter 182, the board shall not adopt rules establishing the standards but shall instead recommend the occupational health and safety standards to the commissioner. The commissioner shall adopt nursing home health and safety standards under section 182.655 as recommended by the board, unless the commissioner determines that the recommended standard is outside the statutory authority of the commissioner, presents enforceability challenges, is infeasible to implement, or is otherwise unlawful and issues a written explanation of this determination.

Subd. 2. **Investigation of market conditions.** (a) The board must investigate market conditions and the existing wages, benefits, and working conditions of nursing home workers for specific geographic areas of the state and specific nursing home occupations. Based on this information, the board must seek to adopt minimum nursing home employment standards that meet or exceed existing industry conditions for a majority of nursing home workers in the relevant geographic area and nursing home occupation. Except for standards exceeding the threshold determined in paragraph (d), initial employment standards established by the board are effective beginning January 1, 2025, and shall remain in effect until any subsequent standards are adopted by rules.

(b) The board must consider the following types of information in making determinations that employment standards are reasonably necessary to protect the health and welfare of nursing home workers:

(1) wage rate and benefit data collected by or submitted to the board for nursing home workers in the relevant geographic area and nursing home occupations;

(2) statements showing wage rates and benefits paid to nursing home workers in the relevant geographic area and nursing home occupations;

(3) signed collective bargaining agreements applicable to nursing home workers in the relevant geographic area and nursing home occupations;

(4) testimony and information from current and former nursing home workers, worker organizations, nursing home employers, and employer organizations;

(5) local minimum nursing home employment standards;

(6) information submitted by or obtained from state and local government entities; and

(7) any other information pertinent to establishing minimum nursing home employment standards.

(c) In considering wage and benefit increases, the board must determine the impact of nursing home operating payment rates determined pursuant to section 256R.21, subdivision 3, and the employee benefits portion of the external fixed costs payment rate determined pursuant to section 256R.25. If the board, in consultation with the commissioner of human services, determines the operating payment rate and employee benefits portion of the external fixed costs payment rate will increase to comply with the new employment standards, the board shall report to the legislature the increase in funding needed to increase payment rates to comply with the new employment standards and must make implementation of any new nursing home employment standards contingent upon an appropriation, as determined by sections 256R.21 and 256R.25, to fund the rate increase necessary to comply with the new employment standards.

(d) In evaluating the impact of the employment standards on payment rates determined by sections 256R.21 and 256R.25, the board, in consultation with the commissioner of human services, must consider the following:

(1) the statewide average wage rates for employees pursuant to section 256R.10, subdivision 5, and benefit rates pursuant to section 256R.02, subdivisions 18 and 22, as determined by the annual Medicaid cost report used to determine the operating payment rate and the employee benefits portion of the external fixed costs payment rate for the first day of the calendar year immediately following the date the board has established minimum wage and benefit levels;

(2) compare the results of clause (1) to the operating payment rate and employee benefits portion of the external fixed costs payment rate increase for the first day of the second calendar year after the adoption of any nursing home employment standards included in the most recent budget and economic forecast completed under section 16A.103; and

(3) if the established nursing home employment standards result in an increase in costs that exceed the operating payment rate and external fixed costs payment rate increase included in the most recent budget and economic forecast completed under section 16A.103, effective on the proposed implementation date of the new nursing home employment standards, the board must determine the rates will need to be increased to meet the new employment standards and the standards must not be effective until an appropriation sufficient to cover the rate increase and federal approval of the rate increase is obtained.

(e) The budget and economic forecasts completed under section 16A.103 shall not assume an increase in payment rates determined under chapter 256R resulting from the new employment standards until the board certifies the rates will need to be increased and the legislature appropriates funding for the increase in payment rates.

Subd. 3. **Review of standards.** At least once every two years, the board shall:

(1) conduct a full review of the adequacy of the minimum nursing home employment standards previously established by the board; and

(2) following that review, adopt new rules, amend or repeal existing rules, or make recommendations to adopt new rules or amend or repeal existing rules for minimum nursing home employment standards using the expedited rulemaking process in section 14.389, as appropriate to meet the purposes of sections 181.211 to 181.217.

Subd. 4. **Variance and waiver.** The board shall adopt procedures for considering temporary variances and waivers of the established standards for individual nursing homes based on the board's evaluation of the risk of closure due to compliance with all or part of an applicable standard.

Subd. 5. **Conflict.** (a) In the event of a conflict between a standard established by the board in rule and a rule adopted by another state agency, the rule adopted by the board shall apply to nursing home workers and nursing home employers.

(b) Notwithstanding paragraph (a), in the event of a conflict between a standard established by the board in rule and a rule adopted by another state agency, the rule adopted by the other state agency shall apply to nursing home workers and nursing home employers if the rule adopted by the other state agency is adopted after the board's standard and the rule adopted by the other state agency is more protective or beneficial than the board's standard.

(c) Notwithstanding paragraph (a), if the commissioner of health determines that a standard established by the board in rule or recommended by the board conflicts with requirements in federal regulations for nursing home certification or with state statutes or rules governing licensure of nursing homes, the federal regulations or state nursing home licensure statutes or rules shall take precedence, and the conflicting board standard or rule shall not apply to nursing home workers or nursing home employers.

Subd. 6. **Effect on other agreements.** Nothing in sections 181.211 to 181.217 shall be construed to:

(1) limit the rights of parties to a collective bargaining agreement to bargain and agree with respect to nursing home employment standards; or

(2) diminish the obligation of a nursing home employer to comply with any contract, collective bargaining agreement, or employment benefit program or plan that meets or exceeds, and does not conflict with, the minimum standards and requirements in sections 181.211 to 181.217 or established by the board.

Sec. 7. **[181.214] DUTIES OF THE BOARD; TRAINING FOR NURSING HOME WORKERS.**

Subdivision 1. **Certification of worker organizations.** The board shall certify worker organizations that it finds are qualified to provide training to nursing home workers according to this section. The board shall by rule establish certification criteria that a worker organization must meet in order to be certified and provide a process for renewal of certification upon the board's review of the worker organization's compliance with this section. In adopting rules to establish certification criteria under this subdivision, the board may use the authority in section 14.389. The criteria must ensure that a worker organization, if certified, is able to provide:

(1) effective, interactive training on the information required by this section; and

(2) follow-up written materials and responses to inquiries from nursing home workers in the languages in which nursing home workers are proficient.

Subd. 2. **Curriculum.** (a) The board shall establish requirements for the curriculum for the nursing home worker training required by this section. A curriculum must at least provide the following information to nursing home workers:

(1) the applicable compensation and working conditions in the minimum standards or local minimum standards established by the board;

(2) the antiretaliation protections established in section 181.216;

(3) information on how to enforce sections 181.211 to 181.217 and on how to report violations of sections 181.211 to 181.217 or of standards established by the board, including contact information for the Department of Labor and Industry, the board, and any local enforcement agencies, and information on the remedies available for violations;

(4) the purposes and functions of the board and information on upcoming hearings, investigations, or other opportunities for nursing home workers to become involved in board proceedings;

(5) other rights, duties, and obligations under sections 181.211 to 181.217;

(6) any updates or changes to the information provided according to clauses (1) to (5) since the most recent training session;

(7) any other information the board deems appropriate to facilitate compliance with sections 181.211 to 181.217; and

(8) information on labor standards in other applicable local, state, and federal laws, rules, and ordinances regarding nursing home working conditions or nursing home worker health and safety.

(b) Before establishing initial curriculum requirements, the board must hold at least one public hearing to solicit input on the requirements.

Subd. 3. **Topics covered in training session.** A certified worker organization is not required to cover all of the topics listed in subdivision 2 in a single training session. A curriculum used by a certified worker organization may provide instruction on each topic listed in subdivision 2 over the course of up to three training sessions.

Subd. 4. **Annual review of curriculum requirements.** The board must review the adequacy of its curriculum requirements at least annually and must revise the requirements as appropriate to meet the purposes of sections 181.211 to 181.217. As part of each annual review of the curriculum requirements, the board must hold at least one public hearing to solicit input on the requirements.

Subd. 5. **Duties of certified worker organizations.** A certified worker organization:

(1) must use a curriculum for its training sessions that meets requirements established by the board;

(2) must provide trainings that are interactive and conducted in the languages in which the attending nursing home workers are proficient;

(3) must, at the end of each training session, provide attending nursing home workers with follow-up written or electronic materials on the topics covered in the training session, in order to fully inform nursing home workers of their rights and opportunities under sections 181.211 to 181.217;

(4) must make itself reasonably available to respond to inquiries from nursing home workers during and after training sessions; and

(5) may conduct surveys of nursing home workers who attend a training session to assess the effectiveness of the training session and industry compliance with sections 181.211 to 181.217 and other applicable laws, rules, and ordinances governing nursing home working conditions or worker health and safety.

Subd. 6. **Nursing home employer duties regarding training.** (a) A nursing home employer must submit written documentation to the board to certify that every two years each of its nursing home workers completes one hour of training that meets the requirements of this section and is provided by a certified worker organization. A nursing home employer may but is not required to host training sessions on the premises of the nursing home.

(b) If requested by a certified worker organization, a nursing home employer must, after a training session provided by the certified worker organization, provide the certified worker organization with the names and contact information of the nursing home workers who attended the training session, unless a nursing home worker opts out according to paragraph (c).

(c) A nursing home worker may opt out of having the worker's nursing home employer provide the worker's name and contact information to a certified worker organization that provided a training session attended by the worker by submitting a written statement to that effect to the nursing home employer.

Subd. 7. **Training compensation.** A nursing home employer must compensate its nursing home workers at their regular hourly rate of wages and benefits for each hour of training completed as required by this section and reimburse any reasonable travel expenses associated with attending training sessions not held on the premises of the nursing home.

Sec. 8. **[181.215] REQUIRED NOTICES.**

Subdivision 1. **Provision of notice.** (a) Nursing home employers must provide notices informing nursing home workers of the rights and obligations provided under sections 181.211 to 181.217 of applicable minimum nursing home employment standards and local minimum standards and that for assistance and information, nursing home workers should contact the Department of Labor and Industry. A nursing home employer must provide notice using the same means that the nursing home employer uses to provide other work-related notices to nursing home workers. Provision of notice must be at least as conspicuous as:

(1) posting a copy of the notice at each work site where nursing home workers work and where the notice may be readily seen and reviewed by all nursing home workers working at the site; or

(2) providing a paper or electronic copy of the notice to all nursing home workers and applicants for employment as a nursing home worker.

(b) The notice required by this subdivision must include text provided by the board that informs nursing home workers that they may request the notice to be provided in a particular language. The nursing home employer must provide the notice in the language requested by the nursing home worker. The board must assist nursing home employers in translating the notice in the languages requested by their nursing home workers.

Subd. 2. **Minimum content and posting requirements.** The board must adopt rules under section 14.389 specifying the minimum content and posting requirements for the notices required in subdivision 1. The board must make available to nursing home employers a template or sample notice that satisfies the requirements of this section and rules adopted under this section.

Sec. 9. **[181.216] RETALIATION PROHIBITED.**

(a) A nursing home employer shall not discharge, discipline, penalize, interfere with, threaten, restrain, coerce, or otherwise retaliate or discriminate against a nursing home worker because the person has exercised or attempted to exercise rights protected under this act, including but not limited to:

(1) exercising any right afforded to the nursing home worker under sections 181.211 to 181.217;

(2) participating in any process or proceeding under sections 181.211 to 181.217, including but not limited to board hearings, board or department investigations, or other related proceedings;

(3) attending or participating in the training required by section 181.214;

(4) informing another employer that a nursing home worker has engaged in activities protected under sections 181.211 to 181.217; or

(5) reporting or threatening to report the actual or suspected citizenship or immigration status of a nursing home worker, former nursing home worker, or family member of a nursing home worker to a federal, state, or local agency for exercising or attempting to exercise any right protected under this act.

(b) A nursing home worker found to have experienced retaliation in violation of this section shall be entitled to reinstatement to the worker's previous position, wages, benefits, hours, and other conditions of employment.

Sec. 10. **[181.217] ENFORCEMENT.**

Subdivision 1. **Minimum nursing home employment standards.** Except as provided in section 181.213, subdivision 4, paragraph (b) or (c), the minimum wages and other compensation established by the board in rule as minimum nursing home employment standards shall be the minimum wages and other compensation for nursing home workers or a subgroup of nursing home workers as a matter of state law. Except as provided in section 181.213, subdivision 4, paragraph (b) or (c), it shall be unlawful for a nursing home employer to employ a nursing home worker for lower wages or other compensation than that established as the minimum nursing home employment standards.

Subd. 2. **Investigations.** The commissioner may investigate possible violations of sections 181.214 to 181.217 or of the minimum nursing home employment standards established by the board whenever it has cause to believe that a violation has occurred, either on the basis of a report of a suspected violation or on the basis of any other credible information, including violations found during the course of an investigation.

Subd. 3. **Civil action by nursing home worker.** (a) One or more nursing home workers may bring a civil action in district court seeking redress for violations of sections 181.211 to 181.217 or of any applicable minimum nursing home employment standards or local minimum nursing home employment standards. Such an action may be filed in the district court of the county where a violation or violations are alleged to have been committed or where the nursing home employer resides, or in any other court of competent jurisdiction, and may represent a class of similarly situated nursing home workers.

(b) Upon a finding of one or more violations, a nursing home employer shall be liable to each nursing home worker for the full amount of the wages, benefits, and overtime compensation, less any amount the nursing home employer is able to establish was actually paid to each nursing home worker, and for an additional equal amount as liquidated damages. In an action under this subdivision, nursing home workers may seek damages and other appropriate relief provided by section 177.27, subdivision 7, or otherwise provided by law, including reasonable costs, disbursements, witness fees, and attorney fees. A court may also issue an order requiring compliance with sections 181.211 to 181.217 or with the applicable minimum nursing home employment standards or local minimum nursing home employment standards. A nursing home worker found to have experienced retaliation in violation of section 181.216 shall be entitled to reinstatement to the worker's previous position, wages, benefits, hours, and other conditions of employment.

(c) An agreement between a nursing home employer and nursing home worker or labor union that fails to meet the minimum standards and requirements in sections 181.211 to 181.217 or established by the board is not a defense to an action brought under this subdivision.

Sec. 11. **INITIAL APPOINTMENTS.**

(a) The governor shall make initial appointments to the Minnesota Nursing Home Workforce Standards Board under Minnesota Statutes, section 181.212, no later than August 1, 2023.

(b) Notwithstanding Minnesota Statutes, section 181.212, subdivision 2, the initial terms of members appointed under Minnesota Statutes, section 181.212, subdivision 1, paragraph (a), clauses (4) and (5), shall be determined by lot by the secretary of state and shall be as follows:

(1) one member appointed under each of Minnesota Statutes, section 181.212, subdivision 1, paragraph (a), clauses (4) and (5), shall serve a two-year term;

(2) one member appointed under each of Minnesota Statutes, section 181.212, subdivision 1, paragraph (a), clauses (4) and (5), shall serve a three-year term; and

(3) one member appointed under each of Minnesota Statutes, section 181.212, subdivision 1, paragraph (a), clauses (4) and (5), shall serve a four-year term.

The commissioner of labor and industry must convene the first meeting within 30 days after the governor completes appointments to the board. The board must elect a chair at its first meeting.

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

ARTICLE 4
PETROLEUM REFINERY SKILLED WORKERS

Section 1. Minnesota Statutes 2022, section 177.27, subdivision 4, is amended to read:

Subd. 4. **Compliance orders.** The commissioner may issue an order requiring an employer to comply with sections 177.21 to 177.435, 181.02, 181.03, 181.031, 181.032, 181.101, 181.11, 181.13, 181.14, 181.145, 181.15, 181.172, paragraph (a) or (d), 181.275, subdivision 2a, 181.722, 181.79, ~~and~~ 181.939 to 181.943, and 181.987, or with any rule promulgated under section 177.28. The commissioner shall issue an order requiring an employer to comply with sections 177.41 to 177.435 or 181.987 if the violation is repeated. For purposes of this subdivision only, a violation is repeated if at any time during the two years that preceded the date of violation, the commissioner issued an order to the employer for violation of sections 177.41 to 177.435 or 181.987 and the order is final or the commissioner and the employer have entered into a settlement agreement that required the employer to pay back

wages that were required by sections 177.41 to 177.435. The department shall serve the order upon the employer or the employer's authorized representative in person or by certified mail at the employer's place of business. An employer who wishes to contest the order must file written notice of objection to the order with the commissioner within 15 calendar days after being served with the order. A contested case proceeding must then be held in accordance with sections 14.57 to 14.69. If, within 15 calendar days after being served with the order, the employer fails to file a written notice of objection with the commissioner, the order becomes a final order of the commissioner.

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

Sec. 2. **[181.987] USE OF SKILLED AND TRAINED CONTRACTOR WORKFORCES AT PETROLEUM REFINERIES.**

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

(b) "Contractor" means a vendor that enters into or seeks to enter into a contract with an owner or operator of a petroleum refinery to perform construction, alteration, demolition, installation, repair, maintenance, or hazardous material handling work at the site of the petroleum refinery. Contractor includes all contractors or subcontractors of any tier performing work as described in this paragraph at the site of the petroleum refinery. Contractor does not include employees of the owner or operator of a petroleum refinery.

(c) "Registered apprenticeship program" means an apprenticeship program registered with the Department of Labor and Industry under chapter 178 or with the United States Department of Labor Office of Apprenticeship or a recognized state apprenticeship agency under Code of Federal Regulations, title 29, parts 29 and 30.

(d) "Skilled and trained workforce" means a workforce in which each employee of the contractor or subcontractor of any tier working at the site of the petroleum refinery in an apprenticeable occupation in the building and construction trades meets one of the following criteria:

(1) is currently registered as an apprentice in a registered apprenticeship program in the applicable trade;

(2) has graduated from a registered apprenticeship program in the applicable trade;

(3) has completed all of the related instruction and on-the-job learning requirements needed to graduate from the registered apprenticeship program their employer participates in; or

(4) has at least five years of experience working in the applicable trade and is currently participating in journeyworker upgrade training in a registered apprenticeship program in the applicable trade or has completed any training identified as necessary by the registered apprenticeship training program for the employee to become a qualified journeyworker in the applicable trade.

(e) "Petroleum refinery" means a facility engaged in producing gasoline, kerosene, distillate fuel oils, residual fuel oil, lubricants, or other products through distillation of petroleum or through redistillation, cracking, or reforming of unfinished petroleum derivatives. Petroleum refinery includes fluid catalytic cracking unit catalyst regenerators, fluid catalytic cracking unit incinerator-waste heat boilers, fuel gas combustion devices, and indirect heating equipment associated with the refinery.

(f) "Apprenticeable occupation" means any trade, form of employment, or occupation approved for apprenticeship by the commissioner of labor and industry or the United States Secretary of Labor.

(g) "OEM" means original equipment manufacturer and refers to organizations that manufacture or fabricate equipment for sale directly to purchasers or other resellers.

Subd. 2. **Use of contractors by owner, operator; requirement.** (a) An owner or operator of a petroleum refinery shall, when contracting with contractors for the performance of construction, alteration, demolition, installation, repair, maintenance, or hazardous material handling work at the site of the petroleum refinery, require that the contractors performing that work, and any subcontractors of any tier, use a skilled and trained workforce when performing that work at the site of the petroleum refinery. The requirement to use a safe and skilled workforce under this section shall apply to each contractor and subcontractor of any tier when performing construction, alteration, demolition, installation, repair, maintenance, or hazardous material handling work at the site of the petroleum refinery.

(b) The requirement under this subdivision applies only when each contractor and subcontractor of any tier is performing work at the site of the petroleum refinery.

(c) The requirement under this subdivision does not apply when an owner or operator contracts with contractors or subcontractors hired to install OEM equipment and to perform OEM work to comply with equipment warranty requirements.

(d) A contractor's workforce must meet the requirements of subdivision 1, paragraph (d), according to the following schedule:

(1) 30 percent by January 1, 2024;

(2) 45 percent by January 1, 2025; and

(3) 60 percent by January 1, 2026.

(e) If a contractor is required under a collective bargaining agreement to hire workers referred by a labor organization for the petroleum refinery worksite, and the labor organization is unable to refer sufficient workers for the contractor to comply with the applicable percentage provided in subdivision 2, paragraph (d), within 48 hours of the contractor's request excluding Saturdays, Sundays, and holidays, the contractor shall be relieved of the obligation to comply with the applicable percentage and shall use the maximum percentage of a skilled and trained workforce that is available to the contractor from the labor organization's referral procedure. The contractor shall comply with the applicable percentage provided in subdivision 2, paragraph (d), once the labor organization is able to refer sufficient workers for the contractor to comply with the applicable percentage.

(f) This section shall not apply to a contractor to the extent that an emergency makes compliance with this section impracticable for the contractor because the emergency requires immediate action by the contractor to prevent harm to public health or safety or to the environment. The requirements of this section shall apply to the contractor once the emergency ends or it becomes practicable for the contractor to obtain a skilled and trained workforce for the refinery worksite, whichever occurs sooner.

(g) An owner or operator is exempt from this section if:

(1) the owner or operator has entered into a project labor agreement with a council of building trades labor organizations requiring participation in registered apprenticeship programs, or all contractors and subcontractors of any tier have entered into bona fide collective bargaining agreements with labor organizations requiring participation in registered apprenticeship programs; and

(2) all contracted work at the petroleum refinery that is subject to this section is also subject to the project labor agreement or collective bargaining agreements requiring participation in such registered apprenticeship programs.

Subd. 3. **Penalties.** (a) The Division of Labor Standards shall receive complaints of violations of this section. The commissioner of labor and industry shall fine an owner or operator, contractor, or subcontractor of any tier not less than $5,000 nor more than $10,000 for each violation of the requirements in this section. An owner or operator, contractor, or subcontractor of any tier shall be considered an employer for purposes of section 177.27.

(b) An owner or operator shall be found in violation of this section, and subject to fines and other penalties, for failing to:

(1) require a skilled and trained workforce in its contracts and subcontracts as required by subdivision 2, paragraph (a); or

(2) enforce the requirement of use of a skilled and trained workforce as required by subdivision 2, paragraph (a).

(c) A contractor or subcontractor shall be found in violation of this section, and subject to fines and other penalties, if the contractor or subcontractor fails to use a skilled and trained workforce as required by subdivision 2, paragraph (a).

(d) Each shift on which a violation of this section occurs shall be considered a separate violation. This fine is in addition to any penalties provided under section 177.27, subdivision 7. In determining the amount of a fine under this subdivision, the appropriateness of the fine to the size of the violator's business and the gravity of the violation shall be considered.

EFFECTIVE DATE. This section is effective January 1, 2024, and applies to contracts entered into, extended, or renewed on or after that date. Existing contracts entered into before January 1, 2024, must be renegotiated to comply with Minnesota Statutes, section 181.987, by January 1, 2025.

ARTICLE 5
COMBATIVE SPORTS

Section 1. Minnesota Statutes 2022, section 341.21, subdivision 2a, is amended to read:

Subd. 2a. **Combatant.** "Combatant" means an individual who employs the act of attack and defense as a professional boxer, professional or amateur tough person, ~~martial artist~~ professional or amateur kickboxer, or professional or amateur mixed martial artist while engaged in a combative sport.

Sec. 2. Minnesota Statutes 2022, section 341.21, subdivision 2b, is amended to read:

Subd. 2b. **Combative sport.** "Combative sport" means a sport that employs the act of attack and defense with the fists, with or without using padded gloves, or feet that is practiced as a sport under the rules of the Association of Boxing Commissions, unified rules for mixed martial arts, or their equivalent. Combative sports include professional boxing ~~and~~, professional and amateur tough person, professional or amateur kickboxing, and professional and amateur mixed martial arts contests.

Sec. 3. Minnesota Statutes 2022, section 341.21, subdivision 2c, is amended to read:

Subd. 2c. **Combative sports contest.** "Combative sports contest" means a professional boxing, a professional or amateur tough person, a professional or amateur kickboxing, or a professional or amateur ~~martial art contest or~~ mixed martial arts contest, bout, competition, match, or exhibition.

Sec. 4. Minnesota Statutes 2022, section 341.21, subdivision 4f, is amended to read:

Subd. 4f. **Martial art.** "Martial art" means a variety of weaponless disciplines of combat or self-defense that utilize physical skill and coordination, and are practiced as combat sports. The disciplines include, but are not limited to, Wing Chun, ~~kickboxing,~~ Tae kwon do, savate, karate, ~~Muay Thai,~~ sanshou, Jiu Jitsu, judo, ninjitsu, kung fu, Brazilian Jiu Jitsu, wrestling, grappling, tai chi, and other weaponless martial arts disciplines.

Sec. 5. Minnesota Statutes 2022, section 341.21, is amended by adding a subdivision to read:

Subd. 4i. **Kickboxing.** "Kickboxing" means the act of attack and defense with the fists using padded gloves and bare feet.

Sec. 6. Minnesota Statutes 2022, section 341.21, subdivision 7, is amended to read:

Subd. 7. **Tough person contest.** "Tough person contest," including contests marketed as tough man or tough woman contests, means a ~~contest of two-minute rounds consisting of not more than four rounds between two or more individuals who use their hands, or their feet, or both in any manner. Tough person contest includes kickboxing and other recognized martial art contest~~ boxing match or similar contest where each combatant wears headgear and gloves that weigh at least 12 ounces.

Sec. 7. Minnesota Statutes 2022, section 341.221, is amended to read:

341.221 ADVISORY COUNCIL.

(a) The commissioner must appoint a Combative Sports Advisory Council to advise the commissioner on the administration of duties under this chapter.

(b) The council shall have ~~nine~~ five members appointed by the commissioner. ~~One member must be a retired judge of the Minnesota District Court, Minnesota Court of Appeals, Minnesota Supreme Court, the United States District Court for the District of Minnesota, or the Eighth Circuit Court of Appeals. At least four~~ All five members must have knowledge of ~~the boxing industry. At least four members must have knowledge of the mixed martial arts industry~~ combative sports. The commissioner shall make serious efforts to appoint qualified women to serve on the council.

~~(c) Council members shall serve terms of four years with the terms ending on the first Monday in January.~~

~~(d)~~ (c) The council shall annually elect from its membership a chair.

~~(e)~~ (d) Meetings shall be convened by the commissioner, or by the chair with the approval of the commissioner.

~~(f) The commissioner shall designate two of the members to serve until the first Monday in January 2013; two members to serve until the first Monday in January 2014; two members to serve until the first Monday in January 2015; and three members to serve until the first Monday in January 2016.~~

(e) Appointments to the council and the terms of council members are governed by sections 15.059 and 15.0597.

~~(g)~~ (f) Removal of members, filling of vacancies, and compensation of members shall be as provided in section 15.059.

(g) Meetings convened for the purpose of advising the commissioner on issues related to a challenge filed under section 341.345 are exempt from the open meeting requirements of chapter 13D.

Sec. 8. Minnesota Statutes 2022, section 341.25, is amended to read:

341.25 RULES.

(a) The commissioner may adopt rules that include standards for the physical examination and condition of combatants and referees.

(b) The commissioner may adopt other rules necessary to carry out the purposes of this chapter, including, but not limited to, the conduct of all combative sport contests and their manner, supervision, time, and place.

~~(c) The commissioner must adopt unified rules for mixed martial arts contests.~~

~~(d) The commissioner may adopt the rules of the Association of Boxing Commissions, with amendments.~~

~~(e)~~ (c) The most recent version of the Unified Rules of Mixed Martial Arts, as promulgated by the Association of Boxing Commissions ~~and amended August 2, 2016, are~~, is incorporated by reference and made a part of this chapter except as qualified by this chapter and Minnesota Rules, chapter 2202. In the event of a conflict between this chapter and the Unified Rules, this chapter must govern.

(d) The most recent version of the Unified Rules of Boxing, as promulgated by the Association of Boxing Commissions, is incorporated by reference and made a part of this chapter except as qualified by this chapter and Minnesota Rules, chapter 2201. In the event of a conflict between this chapter and the Unified Rules, this chapter must govern.

(e) The most recent version of the Unified Rules of Kickboxing, as promulgated by the Association of Boxing Commissions, is incorporated by reference and made a part of this chapter except as qualified by this chapter and any applicable Minnesota Rules. In the event of a conflict between this chapter and the Unified Rules, this chapter must govern.

Sec. 9. Minnesota Statutes 2022, section 341.27, is amended to read:

341.27 COMMISSIONER DUTIES.

The commissioner shall:

(1) issue, deny, renew, suspend, or revoke licenses;

(2) make and maintain records of its acts and proceedings including the issuance, denial, renewal, suspension, or revocation of licenses;

(3) keep public records of the council open to inspection at all reasonable times;

(4) develop rules to be implemented under this chapter;

(5) conform to the rules adopted under this chapter;

(6) develop policies and procedures for regulating boxing, kickboxing, and mixed martial arts;

(7) approve regulatory bodies to oversee martial arts and amateur boxing contests under section 341.28, subdivision 5;

~~(7)~~ (8) immediately suspend an individual license for a medical condition, including but not limited to a medical condition resulting from an injury sustained during a match, bout, or contest that has been confirmed by the ringside physician. The medical suspension must be lifted after the commissioner receives written information from a physician licensed in the home state of the licensee indicating that the combatant may resume competition, and any other information that the commissioner may by rule require. Medical suspensions are not subject to section 326B.082 or the contested case procedures provided in sections 14.57 to 14.69; and

~~(8)~~ (9) immediately suspend an individual combatant license for a mandatory rest period, which must commence at the conclusion of every combative sports contest in which the license holder competes and does not receive a medical suspension. A rest suspension must automatically lift after 14 calendar days from the date the combative sports contest passed without notice or additional proceedings. Rest suspensions are not subject to section 326B.082 or the contested case procedures provided in sections 14.57 to 14.69.

Sec. 10. Minnesota Statutes 2022, section 341.28, subdivision 2, is amended to read:

Subd. 2. **Regulatory authority; tough person contests.** All professional and amateur tough person contests are subject to this chapter. All tough person contests are subject to the most recent version of the Unified Rules of Boxing, as promulgated by the Association of Boxing Commissions ~~rules~~. Every contestant in a tough person contest shall have a physical examination prior to their bouts. Every contestant in a tough person contest shall wear headgear and padded gloves that weigh at least 12 ounces. ~~All tough person bouts are limited to two-minute rounds and a maximum of four total rounds.~~ Officials at all tough person contests shall be licensed under this chapter.

Sec. 11. Minnesota Statutes 2022, section 341.28, subdivision 3, is amended to read:

Subd. 3. **Regulatory authority; mixed martial arts contests~~; similar sporting events~~.** All professional and amateur mixed martial arts contests~~, martial arts contests except amateur contests regulated by the Minnesota State High School League (MSHSL), recognized martial arts studios and schools in Minnesota, and recognized national martial arts organizations holding contests between students, ultimate fight contests, and similar sporting events~~ are subject to this chapter and all officials at these events must be licensed under this chapter.

Sec. 12. Minnesota Statutes 2022, section 341.28, is amended by adding a subdivision to read:

Subd. 4. **Regulatory authority; kickboxing contests.** All professional and amateur kickboxing contests are subject to this chapter and all officials at these events must be licensed under this chapter.

Sec. 13. Minnesota Statutes 2022, section 341.28, is amended by adding a subdivision to read:

Subd. 5. **Regulatory authority; martial arts and amateur boxing.** (a) Unless this chapter specifically states otherwise, contests or exhibitions for martial arts and amateur boxing are exempt from the requirements of this chapter and officials at these events are not required to be licensed under this chapter.

(b) Martial arts and amateur boxing contests, unless subject to the exceptions set forth in subdivision 6, must be regulated by a nationally recognized organization approved by the commissioner. The organization must have a set of written standards, procedures, or rules used to sanction the combative sports it oversees.

(c) Any regulatory body overseeing a martial arts or amateur boxing event must submit bout results to the commissioner within 72 hours after the event. If the regulatory body issues suspensions, the regulatory body must submit to the commissioner a list of any suspensions resulting from the event within 72 hours after the event. Regulatory bodies that oversee combative sports or martial arts contests under subdivision 6 are not subject to this paragraph.

Sec. 14. Minnesota Statutes 2022, section 341.28, is amended by adding a subdivision to read:

Subd. 6. **Regulatory authority; certain students.** Combative sports or martial arts contests regulated by the Minnesota State High School League, National Collegiate Athletic Association, National Junior Collegiate Athletic Association, National Association of Intercollegiate Athletics, or any similar organization that governs interscholastic athletics are not subject to this chapter and officials at these events are not required to be licensed under this chapter.

Sec. 15. Minnesota Statutes 2022, section 341.30, subdivision 4, is amended to read:

Subd. 4. **Prelicensure requirements.** (a) Before the commissioner issues a promoter's license to an individual, corporation, or other business entity, the applicant shall~~, a minimum of six weeks before the combative sport contest is scheduled to occur,~~ complete a licensing application on the Office of Combative Sports website or on forms ~~furnished or approved~~ prescribed by the commissioner and shall:

~~(1) provide the commissioner with a copy of any agreement between a combatant and the applicant that binds the applicant to pay the combatant a certain fixed fee or percentage of the gate receipts;~~

~~(2)~~ (1) show on the licensing application the owner or owners of the applicant entity and the percentage of interest held by each owner holding a 25 percent or more interest in the applicant;

~~(3)~~ (2) provide the commissioner with a copy of the latest financial statement of the applicant;

~~(4) provide the commissioner with a copy or other proof acceptable to the commissioner of the insurance contract or policy required by this chapter;~~

~~(5)~~ (3) provide proof, where applicable, of authorization to do business in the state of Minnesota; and

~~(6)~~ (4) deposit with the commissioner a ~~cash bond or~~ surety bond in an amount set by the commissioner, which must not be less than $10,000. The bond shall be executed in favor of this state and shall be conditioned on the faithful performance by the promoter of the promoter's obligations under this chapter and the rules adopted under it.

(b) Before the commissioner issues a license to a combatant, the applicant shall:

(1) submit to the commissioner the results of ~~a~~ current medical ~~examination~~ examinations on forms ~~furnished or approved~~ prescribed by the commissioner that state that the combatant is cleared to participate in a combative sport contest. ~~The medical examination must include an ophthalmological and neurological examination, and documentation of test results for HBV, HCV, and HIV, and any other blood test as the commissioner by rule may require. The ophthalmological examination must be designed to detect any retinal defects or other damage or condition of the eye that could be aggravated by combative sports. The neurological examination must include an electroencephalogram or medically superior test if the combatant has been knocked unconscious in a previous contest. The commissioner may also order an electroencephalogram or other appropriate neurological or physical examination before any contest if it determines that the examination is desirable to protect the health of the combatant. The commissioner shall not issue a license to an applicant submitting positive test results for HBV, HCV, or HIV;~~ The applicant must undergo and submit the results of the following medical examinations, which do not exempt a combatant from the requirements in section 341.33:

(i) a physical examination performed by a licensed medical doctor, doctor of osteopathic medicine, advance practice nurse practitioner, or a physician assistant. Physical examinations are valid for one year from the date of the exam;

(ii) an ophthalmological examination performed by an ophthalmologist or optometrist that includes dilation designed to detect any retinal defects or other damage or a condition of the eye that could be aggravated by combative sports. Ophthalmological examinations are valid for one year from the date of the exam;

(iii) blood work results for HBsAg (Hepatitis B surface antigen), HCV (Hepatitis C antibody), and HIV. Blood work results are good for one year from the date blood was drawn. The commissioner shall not issue a license to an applicant submitting positive test results for HBsAg, HCV, or HIV; and

(iv) other appropriate neurological or physical examinations before any contest, if the commissioner determines that the examination is desirable to protect the health of the combatant;

(2) complete a licensing application on the Office of Combative Sports website or on forms ~~furnished or approved~~ prescribed by the commissioner; and

(3) provide proof that the applicant is 18 years of age. Acceptable proof is a photo driver's license, state photo identification card, passport, or birth certificate combined with additional photo identification.

(c) Before the commissioner issues a license to a referee, judge, or timekeeper, the applicant must submit proof of qualifications that may include certified training from the Association of Boxing Commissions, licensure with other regulatory bodies, professional references, or a log of bouts worked.

(d) Before the commissioner issues a license to a ringside physician, the applicant must submit proof that they are licensed to practice medicine in the state of Minnesota and in good standing.

Sec. 16. Minnesota Statutes 2022, section 341.32, subdivision 2, is amended to read:

Subd. 2. **Expiration and application.** Licenses issued on or after January 1, 2023, shall expire ~~annually on December 31~~ one year after the date of issuance. A license may be applied for each year by filing an application for licensure and satisfying all licensure requirements established in section 341.30, and submitting payment of the license fees established in section 341.321. An application for a license and renewal of a license must be on a form provided by the commissioner.

Sec. 17. Minnesota Statutes 2022, section 341.321, is amended to read:

341.321 FEE SCHEDULE.

(a) The fee schedule for professional and amateur licenses issued by the commissioner is as follows:

(1) referees, $25;

(2) promoters, ~~$700~~ $500;

(3) judges and knockdown judges, $25;

(4) trainers and seconds, ~~$80~~ $40;

(5) timekeepers, $25;

(6) professional combatants, ~~$70~~ $55;

(7) amateur combatants, ~~$50~~ $35; and

(8) ringside physicians, $25.

~~License fees for promoters are due at least six weeks prior to the combative sport contest.~~ All ~~other~~ license fees shall be paid no later than the weigh-in prior to the contest. No license may be issued until all prelicensure requirements in section 341.30 are satisfied and fees are paid.

(b) ~~The commissioner shall establish a contest fee for each combative sport contest and shall consider the size and type of venue when establishing a contest fee. The~~ A promoter or event organizer of an event regulated by the Department of Labor and Industry must pay, per event, a combative sport contest fee ~~is $1,500 per event~~ of $500 or ~~not more than~~ four percent of the gross ticket sales, whichever is greater~~, as determined by the commissioner when the combative sport contest is scheduled~~. The fee must be paid as follows:

~~(c) A professional or amateur combative sport contest fee is nonrefundable and shall be paid as follows:~~

(1) $500 at the time the combative sport contest is scheduled; ~~and~~

~~(2) $1,000 at the weigh-in prior to the contest.~~

(2) if four percent of the gross ticket sales is greater than $500, the balance is due to the commissioner within 14 days of the completed contest; and

(3) the value of all complimentary tickets distributed for an event, to the extent they exceed five percent of total event attendance, counts toward gross tickets sales for the purposes of determining a combative sports contest fee. For purposes of this clause, the lowest advertised ticket price shall be used to calculate the value of complimentary tickets.

~~If four percent of the gross ticket sales is greater than $1,500, the balance is due to the commissioner within seven days of the completed contest.~~

~~(d) The commissioner may establish the maximum number of complimentary tickets allowed for each event by rule.~~

~~(e)~~ (c) All fees and penalties collected by the commissioner must be deposited in the commissioner account in the special revenue fund.

Sec. 18. **[341.322] PAYMENT SCHEDULE.**

The commissioner may establish a schedule of payments to be paid by a promoter to referees, judges and knockdown judges, timekeepers, and ringside physicians.

Sec. 19. **[341.323] EVENT APPROVAL.**

Subdivision 1. **Preapproval documentation.** Before the commissioner approves a combative sports contest, the promoter shall provide the commissioner, at least six weeks before the combative sport contest is scheduled to occur, information about the time, date, and location of the contest and at least 72 hours before the combative sport contest is scheduled to occur:

(1) a copy of any agreement between a combatant and the promoter that binds the promoter to pay the combatant a certain fixed fee or percentage of the gate receipts;

(2) a copy or other proof acceptable to the commissioner of the insurance contract or policy required by this chapter;

(3) proof acceptable to the commissioner that the promoter will provide, at the cost of the promoter, at least one uniformed security guard or uniformed off-duty member of law enforcement to provide security at any event regulated by the Department of Labor and Industry. The commissioner may require a promoter to take additional security measures to ensure the safety of participants and spectators at an event; and

(4) proof acceptable to the commissioner that the promoter will provide an ambulance service as required by section 341.324.

Subd. 2. **Proper licensure.** Before the commissioner approves a combative sport contest, the commissioner must ensure that the promoter is properly licensed under this chapter. The promoter must maintain proper licensure from the time it schedules a combative sports contest through the date of the contest.

Subd. 3. **Discretion.** Nothing in this section limits the commissioner's discretion in deciding whether to approve a combative sport contest or event.

Sec. 20. **[341.324] AMBULANCE.**

A promoter must ensure, at the cost of the promoter, that a licensed ambulance service with two emergency medical technicians is on the premises during a combative sports contest.

Sec. 21. Minnesota Statutes 2022, section 341.33, is amended to read:

341.33 PHYSICAL EXAMINATION REQUIRED; FEES.

Subdivision 1. **Examination by physician.** All combatants must be examined by a physician licensed by this state within 36 hours before entering the ring, and the examining physician shall immediately file with the commissioner a written report of the examination. Each female combatant shall take and submit a negative pregnancy test as part of the examination. The physician's examination may report on the condition of the combatant's heart and general physical and general neurological condition. The physician's report may record the condition of the combatant's nervous system and brain as required by the commissioner. The physician may prohibit the combatant from entering the ring if, in the physician's professional opinion, it is in the best interest of the combatant's health. The cost of the examination is payable by the promoter conducting the contest or exhibition.

Subd. 2. **Attendance of physician.** A promoter holding or sponsoring a combative sport contest shall have in attendance a physician licensed by ~~this state~~ Minnesota. ~~The commissioner may establish a schedule of fees to be paid to each attending physician by the promoter holding or sponsoring the contest.~~

Sec. 22. **[341.331] PROHIBITED PERFORMANCE ENHANCING SUBSTANCES AND TESTING.**

Subdivision 1. **Performance enhancing substances and masking agents prohibited.** All combatants are prohibited from using the substances listed in the following classes contained in the World Anti-Doping Code published by the World Anti-Doping Agency, unless a combatant meets an applicable exception set forth therein:

(1) S0, nonapproved substances;

(2) S1, anabolic agents;

(3) S2, peptide hormones, growth factors, and related substances and mimetics;

(4) S3, beta-2 agonists;

(5) S4, hormone and metabolic modulators; and

(6) S5, diuretics and masking agents.

Subd. 2. **Testing.** The commissioner may administer drug testing to discover violations of subdivision 1 as follows:

(a) The commissioner may require a combatant to submit to a drug test to determine if substances are present in the combatant's system in violation of subdivision 1. This testing may occur at any time after the official weigh-in, on the day of the contest in which the combatant is participating, or within 24 hours of competing in a combative sports contest in a manner prescribed by the commissioner. The commissioner may require testing based on reasonable cause or random selection. Grounds for reasonable cause includes observing or receiving credible information that a combatant has used prohibited performance enhancing drugs. If testing is based on random selection, both combatants competing in a selected bout shall submit to a drug test.

(b) Specimens may include urine, hair samples, or blood. Specimens shall be tested at a facility acceptable to the commissioner. Results of all drug tests shall be submitted directly to the commissioner.

(c) The promoter shall pay the costs relating to drug testing combatants. Any requests for follow-up or additional testing must be paid by the combatant.

Subd. 3. **Discipline.** (a) If a combatant fails to provide a sample for drug testing when required, and the request is made before a bout, the combatant shall not be allowed to compete in the bout. If the request is made after a bout, and the combatant fails to provide a sample for drug testing, the combatant shall be subject to disciplinary action under section 341.29.

(b) If a combatant's specimen tests positive for any prohibited substances, the combatant shall be subject to disciplinary action under section 341.29.

(c) A combatant who is disciplined and was the winner of a bout shall be disqualified and the decision shall be changed to no contest. The results of a bout shall remain unchanged if a combatant who is disciplined was the loser of the bout.

Sec. 23. **[341.345] CHALLENGING THE OUTCOME OF A COMBATIVE SPORT CONTEST.**

Subdivision 1. **Challenge.** (a) If a combatant disagrees with the outcome of a combative sport contest regulated by the Department of Labor and Industry in which the combatant participated, the combatant may challenge the outcome.

(b) If a third party makes a challenge on behalf of a combatant, the third party must provide written confirmation that they are authorized to make the challenge on behalf of the combatant. The written confirmation must contain the combatant's signature and must be submitted with the challenge.

Subd. 2. **Form.** A challenge must be submitted on a form prescribed by the commissioner, set forth all relevant facts and the basis for the challenge, and state what remedy is being sought. A combatant may submit photos, videos, documents, or any other evidence the combatant would like the commissioner to consider in connection to the challenge. A combatant may challenge the outcome of a contest only if it is alleged that:

(1) the referee made an incorrect call or missed a rule violation that directly affected the outcome of the contest;

(2) there was collusion amongst officials to affect the outcome of the contest; or

(3) scores were miscalculated.

Subd. 3. **Timing.** A challenge must be submitted within ten days of the contest.

(a) For purposes of this subdivision, the day of the contest shall not count toward the ten-day period. If the tenth day falls on a Saturday, Sunday, or legal holiday, then a combatant shall have until the next day that is not a Saturday, Sunday, or legal holiday to submit a challenge.

(b) The challenge must be submitted to the commissioner at the address, fax number, or email address designated on the commissioner's website. The date on which a challenge is submitted by mail shall be the postmark date on the envelope in which the challenge is mailed. If the challenge is faxed or emailed, it must be received by the commissioner by 4:30 p.m. Central Time on the day the challenge is due.

Subd. 4. **Opponent's response.** If the requirements of subdivisions 1 to 3 are met, the commissioner shall send a complete copy of the challenge documents, along with any supporting materials submitted, to the opposing combatant by mail, fax, or email. The opposing combatant has 14 days from the date the commissioner sends the challenge and supporting materials to submit a response to the commissioner. Additional response time is not added when the commissioner sends the challenge to the opposing combatant by mail. The opposing combatant may submit photos, videos, documents, or any other evidence the opposing combatant would like the commissioner to consider in connection to the challenge. The response must be submitted to the commissioner at the address, fax number, or email address designated on the commissioner's website. The date on which a response is submitted by mail is the postmark date on the envelope in which the response is mailed. If the response is faxed or emailed, it must be received by the commissioner by 4:30 p.m. Central Time on the day the response is due.

Subd. 5. **Licensed official review.** The commissioner may, if the commissioner determines it would be helpful in resolving the issues raised in the challenge, send a complete copy of the challenge or response, along with any supporting materials submitted, to any licensed official involved in the combative sport contest at issue by mail, fax, or email and request the official's views on the issues raised in the challenge.

Subd. 6. **Order.** The commissioner shall issue an order on the challenge within 60 days after receiving the opposing combatant's response. If the opposing combatant does not submit a response, the commissioner shall issue an order on the challenge within 75 days after receiving the challenge.

Subd. 7. **Nonacceptance.** If the requirements of subdivisions 1 through 3 are not met, the commissioner must not accept the challenge and may send correspondence to the person who submitted the challenge stating the reasons for nonacceptance of the challenge. A combatant has no further appeal rights if the combatant's challenge is not accepted by the commissioner.

Subd. 8. **Administrative hearing.** After the commissioner issues an order under subdivision 6, each combatant under section 326B.082, subdivision 8, has 30 days after service of the order to submit a request for hearing before an administrative law judge.

Sec. 24. Minnesota Statutes 2022, section 341.355, is amended to read:

341.355 CIVIL PENALTIES.

When the commissioner finds that a person has violated one or more provisions of any statute, rule, or order that the commissioner is empowered to regulate, enforce, or issue, the commissioner may impose, for each violation, a civil penalty of up to $10,000 for each violation, or a civil penalty that deprives the person of any economic advantage gained by the violation, or both. The commissioner may also impose these penalties against a person who has violated section 341.28, subdivision 5, paragraph (b) or (c).

ARTICLE 6
MISCELLANEOUS

Section 1. Minnesota Statutes 2022, section 175.16, subdivision 1, is amended to read:

Subdivision 1. **Established.** The Department of Labor and Industry shall consist of the following divisions: Division of Workers' Compensation, Division of Construction Codes and Licensing, Division of Occupational Safety and Health, Division of Statistics, Division of Labor Standards, and Division of Apprenticeship, and such other divisions as the commissioner of the Department of Labor and Industry may deem necessary and establish. Each division of the department and persons in charge thereof shall be subject to the supervision of the commissioner of the Department of Labor and Industry and, in addition to such duties as are or may be imposed on them by statute, shall perform such other duties as may be assigned to them by the commissioner. Notwithstanding any other law to the contrary, the commissioner is the administrator and supervisor of all of the department's dispute resolution functions and personnel and may delegate authority to compensation judges and others to make determinations under sections 176.106, 176.238, and 176.239 and to approve settlement of claims under section 176.521.

Sec. 2. Minnesota Statutes 2022, section 177.26, subdivision 1, is amended to read:

Subdivision 1. **Creation.** The Division of Labor Standards ~~and Apprenticeship~~ in the Department of Labor and Industry is supervised and controlled by the commissioner of labor and industry.

Sec. 3. Minnesota Statutes 2022, section 177.26, subdivision 2, is amended to read:

Subd. 2. **Powers and duties.** The Division of Labor Standards ~~and Apprenticeship~~ shall administer this chapter and chapters ~~178,~~ 181, 181A, and 184.

Sec. 4. Minnesota Statutes 2022, section 178.01, is amended to read:

178.01 PURPOSES.

The purposes of this chapter are: to open to all people regardless of race, sex, creed, color or national origin, the opportunity to obtain training and on-the-job learning that will equip them for profitable employment and citizenship; to establish as a means to this end, a program of voluntary apprenticeship under approved apprenticeship agreements providing facilities for their training and guidance in the arts, skills, and crafts of industry and trade or occupation, with concurrent, supplementary instruction in related subjects; to promote apprenticeship opportunities under conditions providing adequate training and on-the-job learning and reasonable earnings; to relate the supply of skilled workers to employment demands; to establish standards for apprentice training; to establish an Apprenticeship Board and apprenticeship committees to assist in effectuating the purposes of this chapter; to provide for a Division of ~~Labor Standards and~~ Apprenticeship within the Department of Labor and Industry; to provide for reports to the legislature regarding the status of apprentice training in the state; to establish a procedure for the determination of apprenticeship agreement controversies; and to accomplish related ends.

Sec. 5. Minnesota Statutes 2022, section 178.011, subdivision 7, is amended to read:

Subd. 7. **Division.** "Division" means the department's ~~Labor Standards and~~ Apprenticeship Division, established under sections 175.16 and 178.03, and the State Apprenticeship Agency as defined in Code of Federal Regulations, title 29, part 29, section 29.2.

Sec. 6. Minnesota Statutes 2022, section 178.03, subdivision 1, is amended to read:

Subdivision 1. **Establishment of division.** There is established a Division of ~~Labor Standards and~~ Apprenticeship in the Department of Labor and Industry. This division shall be administered by a director, and be under the supervision of the commissioner.

Sec. 7. Minnesota Statutes 2022, section 178.11, is amended to read:

178.11 LABOR EDUCATION ADVANCEMENT GRANT PROGRAM.

The commissioner shall establish the labor education advancement grant program for the purpose of facilitating the participation or retention of ~~minorities~~ people of color, Indigenous people, and women in ~~apprenticeable trades and occupations~~ registered apprenticeship programs. The commissioner shall award grants to community-based and nonprofit organizations and Minnesota Tribal governments as defined in section 10.65, serving the targeted populations on a competitive request-for-proposal basis. Interested organizations shall apply for the grants in a form prescribed by the commissioner. As part of the application process, applicants must provide a statement of need for the grant, a description of the targeted population and apprenticeship opportunities, a description of activities to be funded by the grant, evidence supporting the ability to deliver services, information related to coordinating grant activities with other employment and learning programs, identification of matching funds, a budget, and performance objectives. Each submitted application shall be evaluated for completeness and effectiveness of the proposed grant activity.

Sec. 8. **[181.536] POSTING OF VETERANS' BENEFITS AND SERVICES.**

Subdivision 1. **Poster creation; content.** (a) The commissioner shall consult with the commissioner of veterans affairs to create and distribute a veterans' benefits and services poster.

(b) The poster must, at a minimum, include information regarding the following benefits and services available to veterans:

(1) contact and website information for the Department of Veterans Affairs and the department's veterans' services program;

(2) substance use disorder and mental health treatment;

(3) educational, workforce, and training resources;

(4) tax benefits;

(5) Minnesota state veteran drivers' licenses and state identification cards;

(6) eligibility for unemployment insurance benefits under state and federal law;

(7) legal services; and

(8) contact information for the U.S. Department of Veterans Affairs Veterans Crisis Line.

(c) The commissioner must annually review the poster's content and update the poster to include the most current information available.

Subd. 2. **Mandatory posting.** Every employer in the state with more than 50 full-time equivalent employees shall display the poster created pursuant to this section in a conspicuous place accessible to employees in the workplace.

Sec. 9. Minnesota Statutes 2022, section 181.9435, subdivision 1, is amended to read:

Subdivision 1. **Investigation.** The Division of Labor Standards ~~and Apprenticeship~~ shall receive complaints of employees against employers relating to sections 181.172, paragraph (a) or (d), and 181.939 to 181.9436 and investigate informally whether an employer may be in violation of sections 181.172, paragraph (a) or (d), and 181.939 to 181.9436. The division shall attempt to resolve employee complaints by informing employees and employers of the provisions of the law and directing employers to comply with the law. For complaints related to section 181.939, the division must contact the employer within two business days and investigate the complaint within ten days of receipt of the complaint.

Sec. 10. Minnesota Statutes 2022, section 181.9436, is amended to read:

181.9436 POSTING OF LAW.

The Division of Labor Standards ~~and Apprenticeship~~ shall develop, with the assistance of interested business and community organizations, an educational poster stating employees' rights under sections 181.940 to 181.9436. The department shall make the poster available, upon request, to employers for posting on the employer's premises.

Sec. 11. Minnesota Statutes 2022, section 182.666, subdivision 1, is amended to read:

Subdivision 1. **Willful or repeated violations.** Any employer who willfully or repeatedly violates the requirements of section 182.653, or any standard, rule, or order adopted under the authority of the commissioner as provided in this chapter, may be assessed a fine not to exceed ~~$70,000~~ $156,259 for each violation. The minimum fine for a willful violation is ~~$5,000~~ $11,162.

Sec. 12. Minnesota Statutes 2022, section 182.666, subdivision 2, is amended to read:

Subd. 2. **Serious violations.** Any employer who has received a citation for a serious violation of its duties under section 182.653, or any standard, rule, or order adopted under the authority of the commissioner as provided in this chapter, shall be assessed a fine not to exceed ~~$7,000~~ $15,625 for each violation. If a serious violation under section 182.653, subdivision 2, causes or contributes to the death of an employee, the employer shall be assessed a fine of up to $25,000 for each violation.

Sec. 13. Minnesota Statutes 2022, section 182.666, subdivision 3, is amended to read:

Subd. 3. **Nonserious violations.** Any employer who has received a citation for a violation of its duties under section 182.653, subdivisions 2 to 4, where the violation is specifically determined not to be of a serious nature as provided in section 182.651, subdivision 12, may be assessed a fine of up to ~~$7,000~~ $15,625 for each violation.

Sec. 14. Minnesota Statutes 2022, section 182.666, subdivision 4, is amended to read:

Subd. 4. **Failure to correct a violation.** Any employer who fails to correct a violation for which a citation has been issued under section 182.66 within the period permitted for its correction, which period shall not begin to run until the date of the final order of the commissioner in the case of any review proceedings under this chapter initiated by the employer in good faith and not solely for delay or avoidance of penalties, may be assessed a fine of not more than ~~$7,000~~ $15,625 for each day during which the failure or violation continues.

Sec. 15. Minnesota Statutes 2022, section 182.666, subdivision 5, is amended to read:

Subd. 5. **Posting violations.** Any employer who violates any of the posting requirements, as prescribed under this chapter, except those prescribed under section 182.661, subdivision 3a, shall be assessed a fine of up to ~~$7,000~~ $15,625 for each violation.

Sec. 16. Minnesota Statutes 2022, section 182.666, is amended by adding a subdivision to read:

Subd. 6a. **Increases for inflation.** (a) Each year, beginning in 2023, the commissioner shall determine the percentage change in the Minneapolis-St. Paul-Bloomington, MN-WI, Consumer Price Index for All Urban Consumers (CPI-U) from the month of October in the preceding calendar year to the month of October in the current calendar year.

(b) The commissioner shall increase the fines in subdivisions 1 to 5, except for the fine for a serious violation under section 182.653, subdivision 2, that causes or contributes to the death of an employee, by the percentage change determined by the commissioner under paragraph (a), if the percentage change is greater than zero. The fines shall be increased to the nearest one dollar.

(c) If the percentage change determined by the commissioner under paragraph (a) is not greater than zero, the commissioner shall not change any of the fines in subdivisions 1 to 5.

(d) A fine increased under this subdivision takes effect on the next January 15 after the commissioner determines the percentage change under paragraph (a) and applies to all fines assessed on or after the next January 15.

(e) No later than December 1 of each year, the commissioner shall give notice in the State Register of any increase to the fines in subdivisions 1 to 5.

Sec. 17. **[182.677] ERGONOMICS.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the definitions in this subdivision apply unless otherwise specified.

(b) "Health care facility" means a hospital with a North American Industrial Classification system code of 622110, 622210, or 622310; an outpatient surgical center with a North American Industrial Classification system code of 621493; and a nursing home with a North American Industrial Classification system code of 623110.

(c) "Warehouse distribution center" means an employer with 100 or more employees in Minnesota and a North American Industrial Classification system code of 493110, 423110 to 423990, 424110 to 424990, 454110, or 492110.

(d) "Meatpacking site" means a meatpacking or poultry processing site with 100 or more employees in Minnesota and a North American Industrial Classification system code of 311611 to 311615, except 311613.

(e) "Musculoskeletal disorder" or "MSD" means a disorder of the muscles, nerves, tendons, ligaments, joints, cartilage, blood vessels, or spinal discs.

Subd. 2. **Ergonomics program required.** (a) Every licensed health care facility, warehouse distribution center, or meatpacking site in the state shall create and implement an effective written ergonomics program establishing the employer's plan to minimize the risk of its employees developing or aggravating musculoskeletal disorders by utilizing an ergonomics process. The ergonomics program shall focus on eliminating the risk. To the extent risk exists, the ergonomics program must include feasible administrative or engineering controls to reduce the risk.

(b) The program shall include:

(1) an assessment of hazards with regard to prevention of musculoskeletal disorders;

(2) an initial and ongoing training of employees on ergonomics and its benefits, including the importance of reporting early symptoms of musculoskeletal disorders;

(3) a procedure to ensure early reporting of musculoskeletal disorders to prevent or reduce the progression of symptoms, the development of serious injuries, and lost-time claims;

(4) a process for employees to provide possible solutions that may be implemented to reduce, control, or eliminate workplace musculoskeletal disorders;

(5) procedures to ensure that physical plant modifications and major construction projects are consistent with program goals; and

(6) annual evaluations of the ergonomics program and whenever a change to the work process occurs.

Subd. 3. **Annual evaluation of program required.** There must be an established procedure to annually assess the effectiveness of the ergonomics program, including evaluation of corrective actions taken in response to reporting of symptoms by employees. The annual assessment shall determine the success of the implemented ergonomic solutions and whether goals set by the ergonomics program have been met.

Subd. 4. **Employee training.** (a) An employer subject to this section must train all new and existing employees on the following:

(1) the name of each individual on the employer's safety committee;

(2) the facility's hazard prevention and control plan;

(3) the early signs and symptoms of musculoskeletal injuries and the procedures for reporting them;

(4) the procedures for reporting injuries and other hazards;

(5) any administrative or engineering controls related to ergonomic hazards that are in place or will be implemented at the facility;

(6) how to use personal protective equipment, whether it is available, and where it is located; and

(7) the requirements of subdivision 9.

(b) New and current employees must be trained according to paragraph (a) prior to starting work. The employer must provide the training during working hours and compensate the employee for attending the training at the employee's standard rate of pay. All training must be in a language and with vocabulary that the employee can understand.

(c) Updates to the information conveyed in the training shall be communicated to employees as soon as practicable.

Subd. 5. **Involvement of employees.** Employers subject to this section must solicit feedback for its ergonomics program through its safety committee required by section 182.676, in addition to any other opportunities for employee participation the employer may provide. The safety committee must be directly involved in ergonomics worksite assessments and participate in the annual evaluation required by subdivision 3.

Subd. 6. **Workplace program or AWAIR.** An employer subject to this section must reference its ergonomics program in a written Workplace Accident and Injury Reduction (AWAIR) program required by section 182.653, subdivision 8.

Subd. 7. **Recordkeeping.** An employer subject to this section must maintain:

(1) a written certification dated and signed by each person who provides training and each employee who receives training pursuant to this section. The certification completed by the training providers must state that the employer has provided training consistent with the requirements of this section;

(2) a record of all worker visits to on-site medical or first aid personnel for the last five years, regardless of severity or type of illness or injury; and

(3) a record of all ergonomic injuries suffered by employees for the last five years.

Subd. 8. **Availability of records.** (a) The employer must ensure that the certification records required by subdivision 7, clause (1), are up to date and available to the commissioner, employees, and authorized employee representatives, if any, upon request.

(b) Upon the request of the commissioner, an employee, or an authorized employee representative, the employer must provide the requestor a redacted version of the medical or first aid records and records of all ergonomic injuries. The name, contact information, and occupation of an employee, and any other information that would reveal the identity of an employee, must be removed in the redacted version. The redacted version must only include, to the extent it would not reveal identity of an employee, the location where the employee worked, the date of the injury or visit, a description of the medical treatment or first aid provided, and a description of the injury suffered.

(c) The employer must also make available to the commissioner the unredacted medical or first aid records and unredacted records of ergonomic injuries required by subdivision 7, clause (2), upon request.

Subd. 9. **Reporting encouraged.** Any employer subject to this section must not institute or maintain any program, policy, or practice that discourages employees from reporting injuries, hazards, or safety and health standard violations, including ergonomic-related hazards and symptoms of musculoskeletal disorders.

Subd. 10. **Training materials.** The commissioner shall make training materials on implementation of this section available to all employers, upon request, at no cost as part of the duties of the commissioner under section 182.673.

Subd. 11. **Enforcement.** This section shall be enforced by the commissioner under sections 182.66 and 182.661. A violation of this section is subject to the penalties provided under section 182.666.

Subd. 12. **Grant program.** (a) The commissioner shall establish an ergonomics grant program to provide matching funding for employers who are subject to this section to make ergonomic improvements recommended by an on-site safety survey. Minnesota Rules, chapter 5203, applies to the administration of the grant program.

(b) To be eligible for a grant under this section, an employer must:

(1) be a licensed health care facility, warehouse distribution center, or meatpacking site as defined by subdivision 1;

(2) have current workers' compensation insurance provided through the assigned risk plan, provided by an insurer subject to penalties under chapter 176, or as an approved self-insured employer; and

(3) have an on-site safety survey with results that recommend specific equipment or practices that will reduce the risk of injury or illness to employees and prevent musculoskeletal disorders. This survey must have been conducted by a Minnesota occupational safety and health compliance investigator or workplace safety consultant, an in-house safety and health committee, a workers' compensation insurance underwriter, a private consultant, or a person under contract with the assigned risk plan.

(c) Grant funds may be used for all or part of the cost of the following:

(1) purchasing and installing recommended equipment intended to prevent musculoskeletal disorders;

(2) operating or maintaining recommended equipment intended to prevent musculoskeletal disorders;

(3) property, if the property is necessary to meet the recommendations of the on-site safety survey that are related to prevention of musculoskeletal disorders;

(4) training required to operate recommended safety equipment to prevent musculoskeletal disorders; and

(5) tuition reimbursement for educational costs related to identifying ergonomic-related issues that are related to the recommendations of the on-site safety survey.

(d) The commissioner shall evaluate applications, submitted on forms developed by the commissioner, based on whether the proposed project:

(1) is technically and economically feasible;

(2) is consistent with the recommendations of the on-site safety survey and the objective of reducing risk of injury or illness to employees and preventing musculoskeletal disorders;

(3) was submitted by an applicant with sufficient experience, knowledge, and commitment for the project to be implemented in a timely manner;

(4) has the necessary financial commitments to cover all project costs;

(5) has the support of all public entities necessary for its completion; and

(6) complies with federal, state, and local regulations.

(e) Grants under this section shall provide a match of up to $10,000 for private funds committed by the employer to implement the recommended ergonomics-related equipment or practices.

(f) Grants will be awarded to all applicants that meet the eligibility and evaluation criteria under paragraphs (b), (c), and (d) until funding is depleted. If there are more eligible requests than funding, awards will be prorated.

(g) Grant recipients are not eligible to apply for another grant under chapter 176 until two years after the date of the award.

Subd. 13. **Standard development.** The commissioner may propose an ergonomics standard using the authority provided in section 182.655.

Sec. 18. Minnesota Statutes 2022, section 326B.092, subdivision 6, is amended to read:

Subd. 6. **Fees nonrefundable.** Application and examination fees, license fees, license renewal fees, and late fees are nonrefundable except for:

(1) license renewal fees received more than two years after expiration of the license, as described in section 326B.094, subdivision 2;

(2) any overpayment of fees; and

(3) if the license is not issued or renewed, the contractor recovery fund fee and any additional assessment paid under subdivision 7, paragraph (e).

Sec. 19. Minnesota Statutes 2022, section 326B.096, is amended to read:

326B.096 REINSTATEMENT OF LICENSES.

Subdivision 1. **Reinstatement after revocation.** (a) If a license is revoked under this chapter and if an applicant for a license needs to pass an examination administered by the commissioner before becoming licensed, then, in order to have the license reinstated, the person who holds the revoked license must:

(1) retake the examination and achieve a passing score; and

(2) meet all other requirements for an initial license, including payment of the application and examination fee and the license fee. The person holding the revoked license is not eligible for Minnesota licensure without examination based on reciprocity.

(b) If a license is revoked under a chapter other than this chapter, then, in order to have the license reinstated, the person who holds the revoked license must:

(1) apply for reinstatement to the commissioner no later than two years after the effective date of the revocation;

(2) pay a ~~$100~~ $50 reinstatement application fee and any applicable renewal license fee; and

(3) meet all applicable requirements for licensure, except that, unless required by the order revoking the license, the applicant does not need to retake any examination and does not need to repay a license fee that was paid before the revocation.

Subd. 2. **Reinstatement after suspension.** If a license is suspended, then, in order to have the license reinstated, the person who holds the suspended license must:

(1) apply for reinstatement to the commissioner no later than two years after the completion of the suspension period;

(2) pay a ~~$100~~ $50 reinstatement application fee and any applicable renewal license fee; and

(3) meet all applicable requirements for licensure, except that, unless required by the order suspending the license, the applicant does not need to retake any examination and does not need to repay a license fee that was paid before the suspension.

Subd. 3. **Reinstatement after voluntary termination.** A licensee who is not an individual may voluntarily terminate a license issued to the person under this chapter. If a licensee has voluntarily terminated a license under this subdivision, then, in order to have the license reinstated, the person who holds the terminated license must:

(1) apply for reinstatement to the commissioner no later than the date that the license would have expired if it had not been terminated;

(2) pay a ~~$100~~ $25 reinstatement application fee and any applicable renewal license fee; and

(3) meet all applicable requirements for licensure, except that the applicant does not need to repay a license fee that was paid before the termination.

Sec. 20. Minnesota Statutes 2022, section 326B.103, is amended by adding a subdivision to read:

Subd. 6a. **Electric vehicle capable space.** "Electric vehicle capable space" means a designated automobile parking space that has electrical infrastructure, including but not limited to raceways, cables, electrical capacity, and panelboard or other electrical distribution space necessary for the future installation of an electric vehicle charging station.

Sec. 21. Minnesota Statutes 2022, section 326B.103, is amended by adding a subdivision to read:

Subd. 6b. **Electric vehicle charging station.** "Electric vehicle charging station" means a designated automobile parking space that has a dedicated connection for charging an electric vehicle.

Sec. 22. Minnesota Statutes 2022, section 326B.103, is amended by adding a subdivision to read:

Subd. 6c. **Electric vehicle ready space.** "Electric vehicle ready space" means a designated automobile parking space that has a branch circuit capable of supporting the installation of an electric vehicle charging station.

Sec. 23. Minnesota Statutes 2022, section 326B.103, is amended by adding a subdivision to read:

Subd. 10a. **Parking facilities.** "Parking facilities" includes parking lots, garages, ramps, or decks.

Sec. 24. Minnesota Statutes 2022, section 326B.103, subdivision 13, is amended to read:

Subd. 13. **State licensed facility.** "State licensed facility" means a building and its grounds that are licensed by the state as a hospital, nursing home, supervised living facility, assisted living facility, including assisted living facility with dementia care, free-standing outpatient surgical center, correctional facility, boarding care home, or residential hospice.

Sec. 25. Minnesota Statutes 2022, section 326B.106, subdivision 1, is amended to read:

Subdivision 1. **Adoption of code.** (a) Subject to paragraphs (c) and (d) and sections 326B.101 to 326B.194, the commissioner shall by rule and in consultation with the Construction Codes Advisory Council establish a code of standards for the construction, reconstruction, alteration, and repair of buildings, governing matters of structural materials, design and construction, fire protection, health, sanitation, and safety, including design and construction standards regarding heat loss control, illumination, and climate control. The code must also include duties and responsibilities for code administration, including procedures for administrative action, penalties, and suspension and revocation of certification. The code must conform insofar as practicable to model building codes generally accepted and in use throughout the United States, including a code for building conservation. In the preparation of the code, consideration must be given to the existing statewide specialty codes presently in use in the state. Model

codes with necessary modifications and statewide specialty codes may be adopted by reference. The code must be based on the application of scientific principles, approved tests, and professional judgment. To the extent possible, the code must be adopted in terms of desired results instead of the means of achieving those results, avoiding wherever possible the incorporation of specifications of particular methods or materials. To that end the code must encourage the use of new methods and new materials. Except as otherwise provided in sections 326B.101 to 326B.194, the commissioner shall administer and enforce the provisions of those sections.

(b) The commissioner shall develop rules addressing the plan review fee assessed to similar buildings without significant modifications including provisions for use of building systems as specified in the industrial/modular program specified in section 326B.194. Additional plan review fees associated with similar plans must be based on costs commensurate with the direct and indirect costs of the service.

(c) Beginning with the 2018 edition of the model building codes and every six years thereafter, the commissioner shall review the new model building codes and adopt the model codes as amended for use in Minnesota, within two years of the published edition date. The commissioner may adopt amendments to the building codes prior to the adoption of the new building codes to advance construction methods, technology, or materials, or, where necessary to protect the health, safety, and welfare of the public, or to improve the efficiency or the use of a building.

(d) Notwithstanding paragraph (c), the commissioner shall act on each new model residential energy code and the new model commercial energy code in accordance with federal law for which the United States Department of Energy has issued an affirmative determination in compliance with United States Code, title 42, section 6833. The commissioner shall consider amendments to the model energy codes that mitigate the impact of climate change and reduce greenhouse gas emissions by increasing and optimizing energy efficiency and improving resiliency of new buildings and existing buildings undergoing additions, alterations, and changes of use. The commissioner may adopt amendments prior to adoption of the new energy codes, as amended for use in Minnesota, to advance construction methods, technology, or materials, or, where necessary to protect the health, safety, and welfare of the public, or to improve the efficiency or use of a building.

(e) Beginning in 2024, the commissioner shall act on the new model commercial energy code by adopting each new published edition of ASHRAE 90.1 or a more efficient standard. The commercial energy code in effect in 2036 and thereafter must achieve an 80 percent reduction in annual net energy consumption or greater, using the ASHRAE 90.1-2004 as a baseline. The commissioner shall adopt commercial energy codes from 2024 to 2036 that incrementally move toward achieving the 80 percent reduction in annual net energy consumption. By January 15 of the year following each new code adoption, the commissioner shall make a report on progress under this section to the legislative committees with jurisdiction over the energy code.

(f) Nothing in this section shall be interpreted to limit the ability of a public utility to offer code support programs, or to claim energy savings resulting from such programs, through its energy conservation and optimization plans approved by the commissioner of commerce under section 216B.241.

Sec. 26. Minnesota Statutes 2022, section 326B.106, subdivision 4, is amended to read:

Subd. 4. **Special requirements.** (a) **Space for commuter vans.** The code must require that any parking ramp or other parking facility constructed in accordance with the code include an appropriate number of spaces suitable for the parking of motor vehicles having a capacity of seven to 16 persons and which are principally used to provide prearranged commuter transportation of employees to or from their place of employment or to or from a transit stop authorized by a local transit authority.

(b) **Smoke detection devices.** The code must require that all dwellings, lodging houses, apartment houses, and hotels as defined in section 299F.362 comply with the provisions of section 299F.362.

(c) **Doors in nursing homes and hospitals.** The State Building Code may not require that each door entering a sleeping or patient's room from a corridor in a nursing home or hospital with an approved complete standard automatic fire extinguishing system be constructed or maintained as self-closing or automatically closing.

(d) **Child care facilities in churches; ground level exit.** A licensed day care center serving fewer than 30 preschool age persons and which is located in a belowground space in a church building is exempt from the State Building Code requirement for a ground level exit when the center has more than two stairways to the ground level and its exit.

(e) **Family and group family day care.** Until the legislature enacts legislation specifying appropriate standards, the definition of dwellings constructed in accordance with the International Residential Code as adopted as part of the State Building Code applies to family and group family day care homes licensed by the Department of Human Services under Minnesota Rules, chapter 9502.

(f) **Enclosed stairways.** No provision of the code or any appendix chapter of the code may require stairways of existing multiple dwelling buildings of two stories or less to be enclosed.

(g) **Double cylinder dead bolt locks.** No provision of the code or appendix chapter of the code may prohibit double cylinder dead bolt locks in existing single-family homes, townhouses, and first floor duplexes used exclusively as a residential dwelling. Any recommendation or promotion of double cylinder dead bolt locks must include a warning about their potential fire danger and procedures to minimize the danger.

(h) **Relocated residential buildings.** A residential building relocated within or into a political subdivision of the state need not comply with the State Energy Code or section 326B.439 provided that, where available, an energy audit is conducted on the relocated building.

(i) **Automatic garage door opening systems.** The code must require all residential buildings as defined in section 325F.82 to comply with the provisions of sections 325F.82 and 325F.83.

(j) **Exterior wood decks, patios, and balconies.** The code must permit the decking surface and upper portions of exterior wood decks, patios, and balconies to be constructed of (1) heartwood from species of wood having natural resistance to decay or termites, including redwood and cedars, (2) grades of lumber which contain sapwood from species of wood having natural resistance to decay or termites, including redwood and cedars, or (3) treated wood. The species and grades of wood products used to construct the decking surface and upper portions of exterior decks, patios, and balconies must be made available to the building official on request before final construction approval.

(k) **Bioprocess piping and equipment.** No permit fee for bioprocess piping may be imposed by municipalities under the State Building Code, except as required under section 326B.92 subdivision 1. Permits for bioprocess piping shall be according to section 326B.92 administered by the Department of Labor and Industry. All data regarding the material production processes, including the bioprocess system's structural design and layout, are nonpublic data as provided by section 13.7911.

(l) **Use of ungraded lumber.** The code must allow the use of ungraded lumber in geographic areas of the state where the code did not generally apply as of April 1, 2008, to the same extent that ungraded lumber could be used in that area before April 1, 2008.

(m) **Window cleaning safety.** ~~The code must require the installation of dedicated anchorages for the purpose of suspended window cleaning on (1) new buildings four stories or greater; and (2) buildings four stories or greater, only on those areas undergoing reconstruction, alteration, or repair that includes the exposure of primary structural~~

~~components of the roof.~~ The commissioner shall adopt rules, using the expedited rulemaking process in section 14.389, requiring window cleaning safety features that comply with a nationally recognized standard as part of the State Building Code. Window cleaning safety features shall be provided for all windows on:

(1) new buildings where determined by the code; and

(2) existing buildings undergoing alterations where both of the following conditions are met:

(i) the windows do not currently have safe window cleaning features; and

(ii) the proposed work area being altered can include provisions for safe window cleaning.

~~The commissioner may waive all or a portion of the requirements of this paragraph related to reconstruction, alteration, or repair, if the installation of dedicated anchorages would not result in significant safety improvements due to limits on the size of the project, or other factors as determined by the commissioner.~~

(n) **Adult-size changing facilities.** The commissioner shall adopt rules requiring adult-size changing facilities as part of the State Building Code.

Sec. 27. Minnesota Statutes 2022, section 326B.106, is amended by adding a subdivision to read:

Subd. 16. **Electric vehicle charging.** The code shall require a minimum number of electric vehicle ready spaces, electric vehicle capable spaces, and electric vehicle charging stations either within or adjacent to new commercial and multifamily structures that provide on-site parking facilities. Residential structures with fewer than four dwelling units are exempt from this subdivision.

Sec. 28. Minnesota Statutes 2022, section 326B.802, subdivision 15, is amended to read:

Subd. 15. **Special skill.** "Special skill" means one of the following eight categories:

(a) **Excavation.** Excavation includes work in any of the following areas:

(1) excavation;

(2) trenching;

(3) grading; and

(4) site grading.

(b) **Masonry and concrete.** Masonry and concrete includes work in any of the following areas:

(1) drain systems;

(2) poured walls;

(3) slabs and poured-in-place footings;

(4) masonry walls;

(5) masonry fireplaces;

(6) masonry veneer; and

(7) water resistance and waterproofing.

(c) **Carpentry.** Carpentry includes work in any of the following areas:

(1) rough framing;

(2) finish carpentry;

(3) doors, windows, and skylights;

(4) porches and decks, excluding footings;

(5) wood foundations; and

(6) drywall installation, excluding taping and finishing.

(d) **Interior finishing.** Interior finishing includes work in any of the following areas:

(1) floor covering;

(2) wood floors;

(3) cabinet and counter top installation;

(4) insulation and vapor barriers;

(5) interior or exterior painting;

(6) ceramic, marble, and quarry tile;

(7) ornamental guardrail and installation of prefabricated stairs; and

(8) wallpapering.

(e) **Exterior finishing.** Exterior finishing includes work in any of the following areas:

(1) siding;

(2) soffit, fascia, and trim;

(3) exterior plaster and stucco;

(4) painting; and

(5) rain carrying systems, including gutters and down spouts.

(f) **Drywall and plaster.** Drywall and plaster includes work in any of the following areas:

(1) installation;

(2) taping;

(3) finishing;

(4) interior plaster;

(5) painting; and

(6) wallpapering.

(g) **Residential roofing.** Residential roofing includes work in any of the following areas:

(1) roof coverings;

(2) roof sheathing;

(3) roof weatherproofing and insulation; ~~and~~

(4) repair of roof support system, but not construction of new roof support system~~.~~; and

(5) penetration of roof coverings for purposes of attaching a solar photovoltaic system.

(h) **General installation specialties.** Installation includes work in any of the following areas:

(1) garage doors and openers;

(2) pools, spas, and hot tubs;

(3) fireplaces and wood stoves;

(4) asphalt paving and seal coating; ~~and~~

(5) ornamental guardrail and prefabricated stairs~~.~~; and

(6) assembly of the support system for a solar photovoltaic system.

Sec. 29. **RULEMAKING AUTHORITY.**

The commissioner of labor and industry shall adopt rules, using the expedited rulemaking process in Minnesota Statutes, section 14.389, that set forth adult-size changing facilities to conform with the addition of Minnesota Statutes, section 326B.106, subdivision 4, paragraph (n), under this act.

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

Sec. 30. **REPEALER.**

Minnesota Statutes 2022, section 177.26, subdivision 3, is repealed.

ARTICLE 7
PUBLIC EMPLOYMENT RELATIONS BOARD

Section 1. Minnesota Statutes 2022, section 13.43, subdivision 6, is amended to read:

Subd. 6. **Access by labor organizations, Bureau of Mediation Services, Public Employment Relations Board.** Personnel data may be disseminated to labor organizations and the Public Employment Relations Board to the extent that the responsible authority determines that the dissemination is necessary to conduct elections, notify employees of fair share fee assessments, and implement the provisions of chapters 179 and 179A. Personnel data shall be disseminated to labor organizations, the Public Employment Relations Board, and ~~to~~ the Bureau of Mediation Services to the extent the dissemination is ordered or authorized by the commissioner of the Bureau of Mediation Services or the Public Employment Relations Board or its employees or agents.

Sec. 2. **[13.7909] PUBLIC EMPLOYMENT RELATIONS BOARD DATA.**

Subdivision 1. **Definition.** For purposes of this section, "board" means the Public Employment Relations Board.

Subd. 2. **Charge and complaint data.** (a) Except as provided in paragraphs (b) and (c), all data maintained by the board about a charge of unfair labor practices and appeals of determinations of the commissioner under section 179A.12, subdivision 11, are classified as protected nonpublic data or confidential data prior to being admitted into evidence at a hearing conducted pursuant to section 179A.13. Data that are admitted into evidence at a hearing conducted pursuant to section 179A.13 are public unless subject to a protective order as determined by the board or a hearing officer.

(b) Statements by individuals that are provided to the board are private data on individuals, as defined by section 13.02, subdivision 12, prior to being admitted into evidence at a hearing conducted pursuant to section 179A.13, and become public once admitted into evidence.

(c) The following data are public at all times:

(1) the filing date of unfair labor practice charges;

(2) the status of unfair labor practice charges as an original or amended charge;

(3) the names and job classifications of charging parties and charged parties;

(4) the provisions of law alleged to have been violated in unfair labor practice charges;

(5) the complaint issued by the board; and

(6) unless subject to a protective order:

(i) the full and complete record of an evidentiary hearing before a hearing officer, including the hearing transcript, exhibits admitted into evidence, and posthearing briefs;

(ii) recommended decisions and orders of hearing officers pursuant to section 179A.13, subdivision 1, paragraph (i);

(iii) exceptions to the hearing officer's recommended decision and order filed with the board pursuant to section 179A.13, subdivision 1, paragraph (k);

(iv) party and nonparty briefs filed with the board; and

(v) decisions and orders issued by the board.

(d) The board may make any data classified as private, protected nonpublic, or confidential pursuant to this subdivision accessible to any person or party if the access will aid the implementation of chapters 179 and 179A or ensure due process protection of the parties.

Sec. 3. Minnesota Statutes 2022, section 179A.041, is amended by adding a subdivision to read:

Subd. 10. **Open Meeting Law; exceptions.** Chapter 13D does not apply to meetings of the board when it is deliberating on the merits of unfair labor practice charges under sections 179.11, 179.12, and 179A.13; reviewing a recommended decision and order of a hearing officer under section 179A.13; or reviewing decisions of the commissioner of the Bureau of Mediation Services relating to unfair labor practices under section 179A.12, subdivision 11.

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

ARTICLE 8
MEAT AND POULTRY PROCESSING

Section 1. **[179.87] TITLE.**

Sections 179.87 to 179.8757 may be titled the "Safe Workplaces for Meat and Poultry Processing Workers Act."

Sec. 2. **[179.871] DEFINITIONS.**

Subdivision 1. **Definitions.** For purposes of sections 179.87 to 179.8757, the terms in this section have the meanings given.

Subd. 2. **Authorized employee representative.** "Authorized employee representative" has the meaning given in section 182.651, subdivision 22.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of labor and industry or the commissioner's designee.

Subd. 4. **Coordinator.** "Coordinator" means the meatpacking industry worker rights coordinator or the coordinator's designee.

Subd. 5. **Meat-processing worker.** "Meat-processing worker" or "worker" means any individual who a meat-processing employer suffers or permits to work directly in contact with raw meatpacking products in a meatpacking operation, including independent contractors and persons performing work for an employer through a temporary service or staffing agency. Workers in a meatpacking operation who inspect or package meatpacking products and workers who clean, maintain, or sanitize equipment or surfaces are included in the definition of a meat-processing worker.

Subd. 6. **Meatpacking operation.** "Meatpacking operation" or "meat-processing employer" means a meatpacking or poultry processing site with 100 or more employees in Minnesota and a North American Industrial Classification system code of 311611 to 311615, except 311613. Meatpacking operation or meat-processing employer does not mean a grocery store, deli, restaurant, or other business preparing meatpacking products for immediate consumption.

Subd. 7. **Meatpacking products.** "Meatpacking products" means meat food products and poultry food products as defined in section 31A.02, subdivision 10.

Sec. 3. **[179.8715] WORKER RIGHTS COORDINATOR.**

(a) The commissioner must appoint a meatpacking industry worker rights coordinator in the Department of Labor and Industry and provide the coordinator with necessary office space, furniture, equipment, supplies, and assistance.

(b) The commissioner must enforce sections 179.87 to 179.8757, including inspecting, reviewing, and recommending improvements to the practices and procedures of meatpacking operations in Minnesota. A meat-processing employer must grant the commissioner full access to all meatpacking operations in this state at any time that meatpacking products are being processed or meat-processing workers are on the job.

(c) No later than December 1 each year, beginning December 1, 2024, the coordinator must submit a report to the governor and the chairs and ranking minority members of the legislative committees with jurisdiction over labor. The report must include recommendations to promote better treatment of meat-processing workers. The coordinator shall also post the report on the Department of Labor and Industry's website.

Sec. 4. **[179.872] REFUSAL TO WORK UNDER DANGEROUS CONDITIONS.**

A meat-processing worker has the right to refuse to work under dangerous conditions in accordance with section 182.654, subdivision 11. Pursuant to section 182.654, subdivision 11, the worker shall continue to receive pay and shall not be subject to discrimination.

Sec. 5. **[179.875] ENFORCEMENT AND COMPLIANCE.**

Subdivision 1. **Administrative enforcement.** The commissioner, either on the commissioner's initiative or in response to a complaint, may inspect a meatpacking operation and subpoena records and witnesses as provided in sections 175.20, 177.27, and 182.659. If a meat-processing employer does not comply with the commissioner's inspection, the commissioner may seek relief as provided in this section or chapter 175 or 182.

Subd. 2. **Compliance authority.** The commissioner may issue a compliance order under section 177.27, subdivision 4, requiring an employer to comply with sections 179.8755, paragraphs (b) and (c); 179.8756, subdivisions 1 to 3 and 4, paragraphs (f) and (g); and 179.8757. The commissioner also has authority, pursuant to section 182.662, subdivision 1, to issue a stop-work or business-closure order when there is a condition or practice that could result in death or serious physical harm.

Subd. 3. **Private civil action.** If a meat-processing employer does not comply with a provision in sections 179.87 to 179.8757, an aggrieved worker, authorized employee representative, or other person may bring a civil action in a court of competent jurisdiction within three years of an alleged violation and, upon prevailing, must be awarded the relief provided in this section. Pursuing administrative relief is not a prerequisite for bringing a civil action.

Subd. 4. **Other government enforcement.** The attorney general may enforce sections 179.87 to 179.8757 under section 8.31. A city or county attorney may also enforce these sections. Such law enforcement agencies may inspect meatpacking operations and subpoena records and witnesses and, where such agencies determine that a violation has occurred, may bring a civil action as provided in this section.

Subd. 5. **Relief.** (a) In a civil action or administrative proceeding brought to enforce sections 179.87 to 179.8757, the court or commissioner must order relief as provided in this subdivision.

(b) For any violation of sections 179.87 to 179.8757:

(1) an injunction to order compliance and restrain continued violations;

(2) payment to a prevailing worker by a meat-processing employer of reasonable costs, disbursements, and attorney fees; and

(3) a civil penalty payable to the state of not less than $100 per day per worker affected by the meat-processing employer's noncompliance with sections 179.87 to 179.8757.

(c) Any worker who brings a complaint under sections 179.87 to 179.8757 and suffers retaliation is entitled to treble damages in addition to lost pay and recovery of attorney fees and costs.

(d) Any company who is found to have retaliated against a meat-processing worker must pay a fine of up to $10,000 to the commissioner, in addition to other penalties available under the law.

Subd. 6. **Whistleblower enforcement; penalty distribution.** (a) The relief provided in this section may be recovered through a private civil action brought on behalf of the commissioner in a court of competent jurisdiction by another individual, including an authorized employee representative, pursuant to this subdivision.

(b) The individual must give written notice to the coordinator of the specific provision or provisions of sections 179.87 to 179.8757 alleged to have been violated. The individual or representative organization may commence a civil action under this subdivision if no enforcement action is taken by the commissioner within 30 days.

(c) Civil penalties recovered pursuant to this subdivision must be distributed as follows:

(1) 70 percent to the commissioner for enforcement of sections 179.87 to 179.8757; and

(2) 30 percent to the individual or authorized employee representative.

(d) The right to bring an action under this subdivision shall not be impaired by private contract. A public enforcement action must be tried promptly, without regard to concurrent adjudication of a private claim for the same alleged violation.

Sec. 6. **[179.8755] RETALIATION AGAINST EMPLOYEES AND WHISTLEBLOWERS PROHIBITED.**

(a) Pursuant to section 182.669, no meat-processing employer or other person may discharge or discriminate against a worker because the worker has raised a concern about a meatpacking operation's health and safety practices to the employer or otherwise exercised any right authorized under sections 182.65 to 182.674.

(b) No meat-processing employer or other person may attempt to require any worker to sign a contract or other agreement that would limit or prevent the worker from disclosing information about workplace health and safety practices or hazards, or to otherwise abide by a workplace policy that would limit or prevent such disclosures. Any such agreements or policies are hereby void and unenforceable as contrary to the public policy of this state. An employer's attempt to impose such a contract, agreement, or policy shall constitute an adverse action enforceable under section 179.875.

(c) Reporting or threatening to report a meat-processing worker's suspected citizenship or immigration status, or the suspected citizenship or immigration status of a family member of the worker, to a federal, state, or local agency because the worker exercises a right under sections 179.87 to 179.8757 constitutes an adverse action for purposes of establishing a violation of that worker's rights. For purposes of this paragraph, "family member" means a spouse, parent, sibling, child, uncle, aunt, niece, nephew, cousin, grandparent, or grandchild related by blood, adoption, marriage, or domestic partnership.

Sec. 7. **[179.8756] MEATPACKING WORKER CHRONIC INJURIES AND WORKPLACE SAFETY.**

Subdivision 1. **Facility committee.** (a) The meat-processing employer's ergonomics program under section 182.677, subdivision 2, must be developed and implemented by a committee of individuals who are knowledgeable of the tasks and work processes performed by workers at the employer's facility. The committee must include:

(1) a certified professional ergonomist;

(2) a licensed, board-certified physician, with preference given to a physician who has specialized experience and training in occupational medicine; and

(3) at least three workers employed in the employer's facility who have completed a general industry outreach course approved by the commissioner, one of whom must be an authorized employee representative if the employer is party to a collective bargaining agreement.

(b) If it is not practicable for a certified professional ergonomist or a licensed, board-certified physician to be a member of the committee required by paragraph (a), the meatpacking employer must have their safe-worker program reviewed by a certified professional ergonomist and a licensed, board-certified physician prior to implementation of the program and annually thereafter.

Subd. 2. **New task and annual safety training.** (a) Meat-processing employers must provide every worker who is assigned a new task if the worker has no previous work experience with training on how to safely perform the task, the ergonomic and other hazards associated with the task, and training on the early signs and symptoms of musculoskeletal injuries and the procedures for reporting them. The employer must give a worker an opportunity within 30 days of receiving the new task training to receive refresher training on the topics covered in the new task training. The employer must provide this training in a language and with vocabulary that the employee can understand.

(b) Meat-processing employers must provide each worker with no less than eight hours of safety training each year. This annual training must address health and safety topics that are relevant to the establishment and the worker's job assignment, such as cuts, lacerations, amputations, machine guarding, biological hazards, lockout/tagout, hazard communication, ergonomic hazards, and personal protective equipment. At least two of the eight hours of annual training must be on topics related to the facility's ergonomic injury prevention program, including the assessment of surveillance data, the ergonomic hazard prevention and control plan, and the early signs and symptoms of musculoskeletal disorders and the procedures for reporting them. The employer must provide this training in a language and with vocabulary that the employee can understand.

Subd. 3. **Medical services and qualifications.** (a) Meat-processing employers must ensure that:

(1) all first-aid providers, medical assistants, nurses, and physicians engaged by the employer are licensed and perform their duties within the scope of their licensed practice;

(2) medical management of musculoskeletal disorders is under direct supervision of a licensed physician specializing in occupational medicine who will advise on best practices for management and prevention of work-related musculoskeletal disorders; and

(3) medical management of musculoskeletal injuries follows the most current version of the American College of Occupational and Environmental Medicine practice guidelines.

(b) The coordinator may compile, analyze, and publish annually, either in summary or detailed form, all reports or information obtained under sections 179.87 to 179.8757, including information about ergonomics programs, and may cooperate with the United States Department of Labor in obtaining national summaries of occupational deaths, injuries, and illnesses. The coordinator and authorized employee representative must preserve the anonymity of each employee with respect to whom medical reports or information is obtained.

Subd. 4. **Pandemic protections.** (a) This subdivision applies during a peacetime public health emergency declared under section 12.31, subdivision 2, that involves airborne transmission.

(b) Meat-processing employers must maintain at least a six-foot radius of space around and between each worker unless a nonporous barrier separates the workers. An employer may accomplish such distancing by increasing physical space between workstations, slowing production speeds, staggering shifts and breaks, adjusting shift size, or a combination thereof. The employer must reconfigure common or congregate spaces to allow for such distancing, including lunch rooms, break rooms, and locker rooms. The employer must reinforce social distancing by allowing workers to maintain six feet of distance along with the use of nonporous barriers.

(c) Meat-processing employers must provide employees with face masks and must make face shields available on request. Face masks, including replacement face masks, and face shields must be provided at no cost to the employee. All persons present at the meatpacking operation must wear face masks in the facility except in those parts of the facility where infection risk is low because workers work in isolation.

(d) Meat-processing employers must provide all meat-processing workers with the ability to frequently and routinely sanitize their hands with either hand-washing or hand-sanitizing stations. The employer must ensure that restrooms have running hot and cold water and paper towels and are in sanitary condition. The employer must provide gloves to those who request them.

(e) Meat-processing employers must clean and regularly disinfect all frequently touched surfaces in the workplace, such as workstations, training rooms, machinery controls, tools, protective garments, eating surfaces, bathrooms, showers, and other similar areas. Employers must install and maintain ventilation systems that ensure unidirectional air flow, outdoor air, and filtration in both production areas and common areas such as cafeterias and locker rooms.

(f) Meat-processing employers must disseminate all required communications, notices, and any published materials regarding these protections in English, Spanish, and other languages as required for employees to understand the communication.

(g) Consistent with sections 177.253 and 177.254, meat-processing employers must provide adequate break time for workers to use the bathroom, wash their hands, and don and doff protective equipment. Nothing in this subdivision relieves an employer of its obligation to comply with federal and state wage and hour laws.

(h) Meat-processing employers must provide sufficient personal protective equipment for each employee for each shift, plus replacements, at no cost to the employee. Meat-processing employers must provide training in proper use of personal protective equipment, safety procedures, and sanitation.

(i) Meat-processing employers must record all injuries and illnesses in the facility and make these records available upon request to the health and safety committee. The name, contact information, and occupation of an employee, and any other information that would reveal the identity of an employee, must be removed. The redacted records must only include, to the extent it would not reveal the identity of an employee, the location where the employee worked, the date of the injury or visit, a description of the medical treatment or first aid provided, and a description of the injury suffered. The employer also must make its records available to the commissioner, and where there is a collective bargaining agreement, to the authorized bargaining representative.

(j) Except for paragraphs (f) and (g), this subdivision shall be enforced by the commissioner under sections 182.66 and 182.661. A violation of this subdivision is subject to the penalties provided under section 182.666. Paragraphs (f) and (g) are enforceable by the commissioner as described in section 179.875, subdivision 2.

(k) The entirety of this subdivision may also be enforced as described in section 179.875, subdivisions 3 to 6.

Sec. 8. **[179.8757] NOTIFICATION REQUIRED.**

(a) Meat-processing employers must provide written information and notifications about employee rights under section 179.86 and sections 179.87 to 179.8757 to workers in their language of fluency at least annually. If a worker is unable to understand written information and notifications, the employer must provide such information and notices orally in the worker's language of fluency.

(b) The coordinator must notify covered employers of the provisions of sections 179.87 to 179.8757 and any recent updates at least annually.

(c) The coordinator must place information explaining sections 179.87 to 179.8757 on the Department of Labor and Industry's website in at least English, Spanish, and any other language that at least ten percent of meat-processing workers communicate in fluently. The coordinator must also make the information accessible to persons with impaired visual acuity.

Sec. 9. Minnesota Statutes 2022, section 182.654, subdivision 11, is amended to read:

Subd. 11. **Refusal to work under dangerous conditions.** An employee acting in good faith has the right to refuse to work under conditions which the employee reasonably believes present an imminent danger of death or serious physical harm to the employee.

A reasonable belief of imminent danger of death or serious physical harm includes but is not limited to a reasonable belief of the employee that the employee has been assigned to work in an unsafe or unhealthful manner with a hazardous substance, harmful physical agent or infectious agent.

An employer may not discriminate against an employee for a good faith refusal to perform assigned tasks if the employee has requested that the employer correct the hazardous conditions but the conditions remain uncorrected.

An employee who has refused in good faith to perform assigned tasks and who has not been reassigned to other tasks by the employer shall, in addition to retaining a right to continued employment, receive pay for the tasks which would have been performed if (1) the employee requests the commissioner to inspect and determine the nature of the hazardous condition, and (2) the commissioner determines that the employee, by performing the assigned tasks, would have been placed in imminent danger of death or serious physical harm.

Additionally, an administrative law judge may order, in addition to the relief found in section 182.669:

(1) reinstatement of the worker to the same position held before any adverse personnel action or to an equivalent position; reinstatement of full fringe benefits and seniority rights; compensation for unpaid wages, benefits, and other remuneration; or front pay in lieu of reinstatement; and

(2) compensatory damages payable to the aggrieved worker equal to the greater of $5,000 or twice the actual damages, including unpaid wages, benefits, and other remuneration and punitive damages.

ARTICLE 9
WAREHOUSE WORKERS

Section 1. **[182.6526] WAREHOUSE DISTRIBUTION WORKER SAFETY.**

Subdivision 1. **Definitions.** (a) The terms defined in this subdivision have the meanings given them.

(b) "Commissioner" means the commissioner of labor and industry.

(c)(1) Except as provided in clause (2), "employee" means a nonexempt employee who works at a warehouse distribution center.

(2) For the purposes of subdivisions 2, 3, and 4 only, "employee" means a nonexempt employee performing warehouse work occurring on the property of a warehouse distribution center, and does not include a nonexempt employee performing solely manufacturing, administrative, sales, accounting, human resources, or driving work at a warehouse distribution center.

(d) "Work speed data" means information an employer collects, stores, analyzes, or interprets relating to an individual employee's or group of employees' pace of work, including but not limited to quantities of tasks performed, quantities of items or materials handled or produced, rates or speeds of tasks performed, measurements or metrics of employee performance in relation to a quota, and time categorized as performing tasks or not performing tasks.

(e) "Employer" means a person who directly or indirectly, or through an agent or any other person, including through the services of a third-party employer, temporary service, or staffing agency or similar entity, employs or exercises control over the wages, hours, or working conditions of 250 or more employees at a single warehouse distribution center or 1,000 or more employees at one or more warehouse distribution centers in the state. For purposes of this paragraph, all employees of an employer's unitary business, as that term is defined in section 290.17, subdivision 4, shall be counted in determining the number of employees employed at a single warehouse distribution center or at one or more warehouse distribution centers in the state.

(f) "Warehouse distribution center" means an establishment as defined by any of the following North American Industry Classification System (NAICS) codes:

(1) 493110 for General Warehousing and Storage;

(2) 423 for Merchant Wholesalers, Durable Goods;

(3) 424 for Merchant Wholesalers, Nondurable Goods;

(4) 454110 for Electronic Shopping and Mail-Order Houses; and

(5) 492110 for Couriers and Express Delivery Services.

(g) "Quota" means a work standard under which:

(1) an employee or group of employees is assigned or required to perform at a specified productivity speed, or perform a quantified number of tasks, or handle or produce a quantified amount of material, or perform without a certain number of errors or defects, as measured at the individual or group level within a defined time period; or

(2) an employee's actions are categorized between time performing tasks and not performing tasks, and the employee's failure to complete a task performance standard or recommendation may have an adverse impact on the employee's continued employment.

Subd. 2. **Written description required.** (a) Each employer shall provide to each employee a written description of each quota to which the employee is subject and how it is measured, including the quantified number of tasks to be performed or materials to be produced or handled or the limit on time categorized as not performing tasks, within the defined time period, and any potential adverse employment action that could result from failure to meet the quota.

(b) The written description must be understandable in plain language and in the employee's language of preference.

(c) The written description must be provided:

(1) upon hire or within 30 days of the effective date of this section; and

(2) no fewer than two working days prior to the effective date of any modification of existing quotas.

(d) An employer shall not take adverse employment action against an employee for failure to meet a quota that has not been disclosed to the employee.

Subd. 3. **Breaks.** An employee shall not be required to meet a quota that prevents compliance with meal or rest or prayer periods, use of restroom facilities, including reasonable travel time to and from restroom facilities as provided under section 177.253, subdivision 1, or occupational health and safety standards under this chapter or Minnesota Rules, chapter 5205. An employer shall not take adverse employment action against an employee for failure to meet a quota that does not allow a worker to comply with meal or rest or prayer periods, or occupational health and safety standards under this chapter.

Subd. 4. **Work speed data.** (a) Employees have the right to request orally or in writing from any supervisor, and the employer shall provide within 72 hours: (1) a written description of each quota to which the employee is subject; (2) a copy of the most recent 90 days of the employee's own personal work speed data; and (3) a copy of the prior six months of aggregated work speed data for similar employees at the same work site.

The written description of each quota must meet the requirements of subdivision 2, paragraph (b), and the work speed data must be provided in a manner understandable to the employee. An employee may make a request under this paragraph no more than four times per year.

(b) If an employer disciplines an employee for failure to meet a quota, the employer must, at the time of discipline, provide the employee with a written copy of the most recent 90 days of the employee's own personal work speed data. If an employer dismisses an employee for any reason, they must, at the time of firing, provide the employee with a written copy of the most recent 90 days of the employee's own personal work speed data. An employer shall not retaliate against an employee for requesting data under this subdivision.

Subd. 5. **High rates of injury.** If a particular work site or employer is found to have an employee incidence rate in a given year, based on data reported to the federal Occupational Safety and Health Administration, of at least 30 percent higher than that year's average incidence rate for the relevant NAICS code's nonfatal occupational injuries and illnesses by industry and case types, released by the United States Bureau of Labor Statistics, the commissioner shall open an investigation of violations under this section. The employer must also hold its safety committee meetings as provided under section 182.676 monthly until, for two consecutive years, the work site or employer does not have an employee incidence rate 30 percent higher than the average yearly incidence rate for the relevant NAICS code.

Subd. 6. **Enforcement.** (a) Subdivision 2, paragraphs (a) to (c), subdivision 4, and subdivision 5 shall be enforced by the commissioner under sections 182.66, 182.661, and 182.669. A violation of this section is subject to the penalties provided under sections 182.666 and 182.669.

(b) A current or former employee aggrieved by a violation of this section may bring a civil cause of action for damages and injunctive relief to obtain compliance with this section, may receive other equitable relief as determined by a court, including reinstatement with back pay, and may, upon prevailing in the action, recover costs and reasonable attorney fees in that action. A cause of action under this section must be commenced within one year of the date of the violation.

(c) Nothing in this section shall be construed to prevent local enforcement of occupational health and safety standards that are more restrictive than this section.

Sec. 2. **SEVERABILITY.**

If any provision of this act or the application thereof to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the act which can be given effect without the invalid provision or application.

ARTICLE 10
CONSTRUCTION WORKER WAGE PROTECTIONS

Section 1. Minnesota Statutes 2022, section 177.27, subdivision 1, is amended to read:

Subdivision 1. **Examination of records.** The commissioner may enter during reasonable office hours or upon request and inspect the place of business or employment of any employer of employees working in the state, to examine and inspect books, registers, payrolls, and other records of any employer that in any way relate to wages, hours, and other conditions of employment of any employees. The commissioner may transcribe any or all of the books, registers, payrolls, and other records as the commissioner deems necessary or appropriate and may question the employees to ascertain compliance with sections 177.21 to 177.435 and 181.165. The commissioner may investigate wage claims or complaints by an employee against an employer if the failure to pay a wage may violate Minnesota law or an order or rule of the department.

Sec. 2. Minnesota Statutes 2022, section 177.27, subdivision 4, is amended to read:

Subd. 4. **Compliance orders.** The commissioner may issue an order requiring an employer to comply with sections 177.21 to 177.435, 181.02, 181.03, 181.031, 181.032, 181.101, 181.11, 181.13, 181.14, 181.145, 181.15, 181.165, 181.172, paragraph (a) or (d), 181.275, subdivision 2a, 181.722, 181.79, and 181.939 to 181.943, or with any rule promulgated under section 177.28. The commissioner shall issue an order requiring an employer to comply with sections 177.41 to 177.435 or 181.165 if the violation is repeated. For purposes of this subdivision only, a violation is repeated if at any time during the two years that preceded the date of violation, the commissioner issued an order to the employer for violation of sections 177.41 to 177.435 or 181.165 and the order is final or the commissioner and the employer have entered into a settlement agreement that required the employer to pay back wages that were required by sections 177.41 to 177.435. The department shall serve the order upon the employer or the employer's authorized representative in person or by certified mail at the employer's place of business. An employer who wishes to contest the order must file written notice of objection to the order with the commissioner within 15 calendar days after being served with the order. A contested case proceeding must then be held in accordance with sections 14.57 to 14.69 or 181.165. If, within 15 calendar days after being served with the order, the employer fails to file a written notice of objection with the commissioner, the order becomes a final order of the commissioner. For the purposes of this subdivision, an employer includes a contractor that has assumed a subcontractor's liability within the meaning of section 181.165.

Sec. 3. Minnesota Statutes 2022, section 177.27, subdivision 8, is amended to read:

Subd. 8. **Court actions; suits brought by private parties.** An employee may bring a civil action seeking redress for a violation or violations of sections 177.21 to 177.44 and 181.165 directly to district court. An employer who pays an employee less than the wages and overtime compensation to which the employee is entitled under sections 177.21 to 177.44 or a contractor that has assumed a subcontractor's liability as required by section 181.165, is liable to the employee for the full amount of the wages, gratuities, and overtime compensation, less any amount the employer or contractor is able to establish was actually paid to the employee and for an additional equal amount as liquidated damages. In addition, in an action under this subdivision the employee may seek damages and other appropriate relief provided by subdivision 7 and otherwise provided by law. An agreement between the employee and the employer to work for less than the applicable wage is not a defense to the action.

Sec. 4. Minnesota Statutes 2022, section 177.27, subdivision 9, is amended to read:

Subd. 9. **District court jurisdiction.** Any action brought under subdivision 8 may be filed in the district court of the county wherein a violation or violations of sections 177.21 to 177.44 or 181.165 are alleged to have been committed, where the respondent resides or has a principal place of business, or any other court of competent jurisdiction. The action may be brought by one or more employees.

Sec. 5. Minnesota Statutes 2022, section 177.27, subdivision 10, is amended to read:

Subd. 10. **Attorney fees and costs.** In any action brought pursuant to subdivision 8, the court shall order an employer who is found to have committed a violation or violations of sections 177.21 to 177.44 or 181.165 to pay to the employee or employees reasonable costs, disbursements, witness fees, and attorney fees.

Sec. 6. **[181.165] WAGE PROTECTION; CONSTRUCTION WORKERS.**

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

(b) "Claimant" means any person claiming unpaid wages, fringe benefits, penalties, or resulting liquidated damages that are owed as required by law, including any applicable statute, regulation, rule, ordinance, government resolution or policy, contract, or other legal authority.

(c) "Commissioner" refers to the commissioner of labor and industry.

(d) "Construction contract" means a written or oral agreement for the construction, reconstruction, erection, alteration, remodeling, repairing, maintenance, moving, or demolition of any building, structure, or improvement, or relating to the excavation of or development or improvement to land. For purposes of this section, a construction contract shall not include a home improvement contract for the performance of a home improvement between a home improvement contractor and the owner of an owner-occupied dwelling, and a home construction contract for one- or two-family dwelling units except where such contract or contracts results in the construction of more than ten one- or two-family owner-occupied dwellings at one project site annually.

(e) "Contractor" means any person, firm, partnership, corporation, association, company, organization, or other entity, including a construction manager, general or prime contractor, joint venture, or any combination thereof, along with their successors, heirs, and assigns, which enters into a construction contract with an owner. An owner shall be deemed a contractor and liable as such under this section if said owner has entered into a construction contract with more than one contractor or subcontractor on any construction site.

(f) "Owner" means any person, firm, partnership, corporation, association, company, organization, or other entity, or a combination of any thereof, with an ownership interest, whether the interest or estate is in fee, as vendee under a contract to purchase, as lessee or another interest or estate less than fee that causes a building, structure, or improvement, new or existing, to be constructed, reconstructed, erected, altered, remodeled, repaired, maintained, moved, or demolished or that causes land to be excavated or otherwise developed or improved.

(g) "Subcontractor" means any person, firm, partnership, corporation, company, association, organization or other entity, or any combination thereof, that is a party to a contract with a contractor or party to a contract with the contractor's subcontractors at any tier to perform any portion of work within the scope of the contractor's construction contract with the owner, including where the subcontractor has no direct privity of contract with the contractor. When the owner is deemed a contractor, subcontractor also includes the owner's contractors.

Subd. 2. **Assumption of liability.** (a) A contractor entering into a construction contract shall assume and is liable for any unpaid wages, fringe benefits, penalties, and resulting liquidated damages owed to a claimant or third party acting on the claimant's behalf by a subcontractor at any tier acting under, by, or for the contractor or its subcontractors for the claimant's performance of labor.

(b) A contractor or any other person shall not evade or commit any act that negates the requirements of this section. No agreement by an employee or subcontractor to indemnify a contractor or otherwise release or transfer liability assigned to a contractor under this section shall be valid. However, if a contractor has satisfied unpaid wage claims of an employee and incurred fees and costs in doing so, such contractor may then pursue actual and liquidated damages from any subcontractor who caused the contractor to incur those damages.

(c) A contractor shall not evade liability under this section by claiming that a person is an independent contractor rather than an employee of a subcontractor unless the person meets the criteria required by section 181.723, subdivision 4.

Subd. 3. **Enforcement.** (a) In the case of a complaint filed with the commissioner under section 177.27, subdivision 1, or a private civil action by an employee under section 177.27, subdivision 8, such employee may designate any person, organization, or collective bargaining agent authorized to file a complaint with the commissioner or in court pursuant to this section to make a wage claim on the claimant's behalf.

(b) In the case of an action against a subcontractor, the contractor shall be jointly and severally liable for any unpaid wages, benefits, penalties, and any other remedies available pursuant to this section.

(c) Claims shall be brought consistent with section 541.07, clause (5), for the initiation of such claim under this section in a court of competent jurisdiction or the filing of a complaint with the commissioner or attorney general. The provisions of this section do not diminish, impair, or otherwise infringe on any other right of an employee to bring an action or file a complaint against any employer.

Subd. 4. **Payroll records; data.** (a) Within 15 days of a request by a contractor to a subcontractor, the subcontractor, and any other subcontractors hired under contract to the subcontractor shall provide payroll records, which, at minimum, contain all lawfully required information for all workers providing labor on the project. The payroll records shall contain sufficient information to apprise the contractor or subcontractor of such subcontractor's payment of wages and fringe benefit contributions to a third party on the workers' behalf. Payroll records shall be marked or redacted to an extent only to prevent disclosure of the employee's Social Security number.

(b) Within 15 days of a request of a contractor or a contractor's subcontractor, any subcontractor that performs any portion of work within the scope of the contractor's construction contract with an owner shall provide:

(1) the names of all employees and independent contractors of the subcontractor on the project, including the names of all those designated as independent contractors and, when applicable, the name of the contractor's subcontractor with whom the subcontractor is under contract;

(2) the anticipated contract start date;

(3) the scheduled duration of work;

(4) when applicable, local unions with which such subcontractor is a signatory contractor; and

(5) the name and telephone number of a contact for the subcontractor.

(c) Unless otherwise required by law, a contractor or subcontractor shall not disclose an individual's personal identifying information to the general public, except that the contractor or subcontractor can confirm that the individual works for them and provide the individual's full name.

Subd. 5. **Payments to contractors and subcontractors.** Nothing in this section shall alter the owner's obligation to pay a contractor, or a contractor's obligation to pay a subcontractor as set forth in section 337.10, except as expressly permitted by this section.

Subd. 6. **Exemptions.** (a) Nothing in this section shall be deemed to diminish the rights, privileges, or remedies of any employee under any collective bargaining agreement. This section shall not apply to any contractor or subcontractor that is a signatory to a bona fide collective bargaining agreement with a building and construction trade labor organization that: (1) contains a grievance procedure that may be used to recover unpaid wages on behalf of employees covered by the agreement; and (2) provides for collection of unpaid contributions to fringe benefit trust funds established pursuant to United States Code, title 29, section 186(c)(5)-(6), by or on behalf of such trust funds.

(b) This section does not apply to work for which prevailing wage rates apply under sections 177.41 to 177.44.

Sec. 7. Minnesota Statutes 2022, section 181.171, subdivision 4, is amended to read:

Subd. 4. **Employer; definition.** "Employer" means any person having one or more employees in Minnesota and includes the state or a contractor that has assumed a subcontractor's liability within the meaning of section 181.165 and any political subdivision of the state. This definition applies to this section and sections 181.02, 181.03, 181.031, 181.032, 181.06, 181.063, 181.10, 181.101, 181.13, 181.14, and 181.16.

Sec. 8. **EFFECTIVE DATE.**

Sections 1 to 7 are effective August 1, 2023, and apply to contracts or agreements entered into, renewed, modified, or amended on or after that date."

Delete the title and insert:

"A bill for an act relating to labor and industry; establishing a biennial budget for the Department of Labor and Industry, Bureau of Mediation Services, Public Employment Relations Board, and Workers' Compensation Court of Appeals; modifying labor and employment provisions; authorizing rulemaking; requiring reports; appropriating money; amending Minnesota Statutes 2022, sections 13.43, subdivision 6; 175.16, subdivision 1; 177.26, subdivisions 1, 2; 177.27, subdivisions 4, 7; 178.01; 178.011, subdivision 7; 178.03, subdivision 1; 178.11; 179.86, subdivisions 1, 3, by adding subdivisions; 179A.041, by adding a subdivision; 181.14, subdivision 1; 181.635, subdivisions 1, 2, 3, 4, 6; 181.85, subdivisions 2, 4; 181.86, subdivision 1; 181.87, subdivisions 2, 3, 7; 181.88; 181.89, subdivision 2, by adding a subdivision; 181.9435, subdivision 1; 181.9436; 182.654, subdivision 11; 182.666, subdivisions 1, 2, 3, 4, 5, by adding a subdivision; 326B.092, subdivision 6; 326B.096; 326B.103, subdivision 13, by adding subdivisions; 326B.106, subdivisions 1, 4, by adding a subdivision; 326B.802, subdivision 15; 341.21, subdivisions 2a, 2b, 2c, 4f, 7, by adding a subdivision; 341.221; 341.25; 341.27; 341.28, subdivisions 2, 3, by adding subdivisions; 341.30, subdivision 4; 341.32, subdivision 2; 341.321; 341.33; 341.355; proposing coding for new law in Minnesota Statutes, chapters 13; 179; 181; 182; 341; repealing Minnesota Statutes 2022, section 177.26, subdivision 3."

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

The report was adopted.

Moller from the Committee on Public Safety Finance and Policy to which was referred:

H. F. No. 2890, A bill for an act relating to state government; amending certain judiciary, public safety, corrections, human rights, firearm, and 911 Emergency Communication System statutory policy provisions; providing for reports; authorizing rulemaking; appropriating money for judiciary, courts, civil legal services, Guardian ad Litem Board, Uniform Laws Commission, Board on Judicial Standards, Board of Public Defense, human rights, sentencing guidelines, public safety, emergency management, criminal apprehension, fire marshal, firefighters, Office of Justice programs, Peace Officer Standards and Training Board, Private Detective Board, corrections, incarceration and release, probation, juveniles, and Ombudsperson for Corrections; amending Minnesota Statutes 2022, sections 13.072, subdivision 1; 244.03; 244.05, subdivisions 1b, 2, 5; 297I.06, subdivision 1; 299A.38; 299A.41, subdivision 3; 299A.52; 299N.02, subdivision 3; 326.32, subdivision 10; 326.3381, subdivision 3; 363A.09, subdivisions 1, 2, by adding a subdivision; 403.02, subdivisions 7, 9a, 11b, 16a, 17, 17c, 18, 19, 19a, 20, 20a, 21, by adding subdivisions; 403.025; 403.03, subdivision 2; 403.05; 403.06; 403.07; 403.08; 403.09, subdivision 2; 403.10, subdivisions 2, 3; 403.11; 403.113; 403.15, subdivisions 1, 2, 3, 4, 5, 6, by adding a subdivision; 611.23; 611A.211, subdivision 1; 611A.31, subdivisions 2, 3, by adding a subdivision; 611A.32; 624.712, by adding a subdivision; 624.713, subdivision 1; 624.7131, subdivisions 4, 5, 7, 9, 11; 624.7132, subdivisions 4, 5, 8, 12, 15; proposing coding for new law in Minnesota Statutes, chapters 244; 299A; 299C; 624; 626; repealing Minnesota Statutes 2022, sections 299C.80, subdivision 7; 403.02, subdivision 13; 403.09, subdivision 3; 624.7131, subdivision 10; 624.7132, subdivisions 6, 14.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
PUBLIC SAFETY APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2024" and "2025" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium" is fiscal years 2024 and 2025. Appropriations for the fiscal year ending June 30, 2023, are effective the day following final enactment.

		APPROPRIATIONS Available for the Year Ending June 30	
	2023	**2024**	**2025**
Sec. 2. **SENTENCING GUIDELINES**		**$1,549,000**	**$1,488,000**

The general fund base is $1,071,000 in fiscal year 2026 and $1,071,000 in fiscal year 2027.

Sec. 3. **PUBLIC SAFETY**

Subdivision 1. **Total Appropriation**	**$1,000,000**	**$295,624,000**	**$279,032,000**

Appropriations by Fund

	2023	2024	2025
General	1,000,000	199,570,000	189,449,000
Special Revenue		18,074,000	18,327,000
State Government Special Revenue		103,000	103,000
Environmental		119,000	127,000
Trunk Highway		2,429,000	2,429,000
911 Fund		75,329,000	68,597,000

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

Subd. 2. **Public Safety Administration**	1,000,000	2,500,000	2,500,000

(a) **Public Safety Officer Survivor Benefits**

$1,000,000 in fiscal year 2023, $1,500,000 in fiscal year 2024, and $1,500,000 in fiscal year 2025 are for payment of public safety officer survivor benefits under Minnesota Statutes, section 299A.44. If the appropriation for either year is insufficient, the appropriation for the other year is available.

(b) **Soft Body Armor Reimbursements**

$1,000,000 each year is for soft body armor reimbursements under Minnesota Statutes, section 299A.38.

Subd. 3. **Emergency Management**	9,080,000	6,166,000

Appropriations by Fund

General	8,961,000	6,039,000
Environmental	119,000	127,000

(a) **Supplemental Nonprofit Security Grants**

$250,000 each year is for supplemental nonprofit security grants under this paragraph. This appropriation is onetime.

Nonprofit organizations whose applications for funding through the Federal Emergency Management Agency's nonprofit security grant program have been approved by the Division of Homeland

Security and Emergency Management are eligible for grants under this paragraph. No additional application shall be required for grants under this paragraph, and an application for a grant from the federal program is also an application for funding from the state supplemental program.

Eligible organizations may receive grants of up to $75,000, except that the total received by any individual from both the federal nonprofit security grant program and the state supplemental nonprofit security grant program shall not exceed $75,000. Grants shall be awarded in an order consistent with the ranking given to applicants for the federal nonprofit security grant program. No grants under the state supplemental nonprofit security grant program shall be awarded until the announcement of the recipients and the amount of the grants awarded under the federal nonprofit security grant program.

The commissioner may use up to one percent of the appropriation received under this paragraph to pay costs incurred by the department in administering the supplemental nonprofit security grant program.

(b) **School Safety Center**

$300,000 each year is to fund two new school safety specialists at the Minnesota School Safety Center.

(c) **Local Government Emergency Management**

$2,000,000 each year is to award grants in equal amounts to the emergency management organization of the 87 counties, 11 federally recognized Tribes, and four cities of the first class for reimbursement of planning and preparedness activities, including capital purchases, that are eligible under federal emergency management grant guidelines. Local emergency management organizations must make a request to Homeland Security and Emergency Management Division (HSEM) for these grants. Current local funding for emergency management and preparedness activities may not be supplanted by these additional state funds. Of this amount, up to one percent may be used for the administrative costs of the agency. Funds appropriated for this purpose do not cancel and are available until expended. Unspent money may be redistributed to eligible local emergency management organizations. This appropriation is onetime.

By March 15, 2024, the commissioner of public safety must submit a report on the grant awards to the chairs and ranking minority members of the legislative committees with jurisdiction over emergency management and preparedness activities. At a minimum, the report must identify grant recipients and give detailed information on how the grantees used the money received.

(d) **Lake Superior Chippewa Tribal Emergency Management Coordinator**

$145,000 each year is for a grant to the Grand Portage Band of Lake Superior Chippewa to establish and maintain a Tribal emergency management coordinator under Minnesota Statutes, section 12.25.

(e) **Grand Portage Band of Lake Superior Chippewa Tribe Coast Guard Services**

$3,000,000 in fiscal year 2024 is for a grant to the Grand Portage Band of Lake Superior Chippewa to purchase equipment and fund a position for coast guard services off the north shore of Lake Superior. This is a onetime appropriation.

Subd. 4. **Criminal Apprehension** 99,637,000 96,679,000

Appropriations by Fund

General	97,201,000	94,243,000
State Government Special Revenue	7,000	7,000
Trunk Highway	2,429,000	2,429,000

The base from the general fund is $94,152,000 in fiscal year 2026 and $94,157,000 in fiscal year 2027.

(a) **DWI Lab Analysis; Trunk Highway Fund**

Notwithstanding Minnesota Statutes, section 161.20, subdivision 3, $2,429,000 the first year and $2,429,000 the second year are from the trunk highway fund for staff and operating costs for laboratory analysis related to driving-while-impaired cases.

(b) **State Fraud Unit**

$1,300,000 each year is for staff and operating costs to create the State Fraud Unit to centralize the state's response to activities of fraud with an estimated impact of $100,000 or more.

(c) **FBI Compliance, Critical IT Infrastructure, and Cybersecurity Upgrades**

$3,000,000 the first year and $2,000,000 the second year are for cybersecurity investments, critical infrastructure upgrades, and Federal Bureau of Investigation audit compliance.

(d) **Costs of Medical Examinations**

$3,967,000 in fiscal year 2024 and $3,767,000 in fiscal year 2025 are to reimburse qualified health care providers for the expenses associated with medical examinations administered to victims of criminal sexual conduct as required under Minnesota Statutes, section 609.35. The base for this program is $3,771,000 in fiscal year 2026 and $3,776,000 in fiscal year 2027.

(e) **Clean Slate**

$3,737,000 in fiscal year 2024 and $190,000 in fiscal year 2025 are for costs associated with automatic expungements and changes to expungements by petition.

(f) **Firearm Eligibility Background Checks**

$70,000 in fiscal year 2024 is to purchase and integrate information technology hardware and software necessary to process additional firearms eligibility background checks.

(g) **Firearm Storage Grants**

$250,000 in fiscal year 2024 is for grants to local or state law enforcement agencies to support the safe and secure storage of firearms owned by persons subject to extreme risk protection orders. The commissioner must apply for a grant from the Byrne State Crisis Intervention Program to supplement the funds appropriated by the legislature for implementation of Minnesota Statutes, sections 624.7171 to 624.7178 and 62.8481. Of the federal funds received, the commissioner must dedicate at least an amount that is equal to this appropriation to fund safe and secure firearms storage grants provided for under this paragraph. This is onetime appropriation.

(h) **Use of Force Investigations**

$4,419,000 each year is for operation of the independent Use of Force Investigations Unit pursuant to Minnesota Statutes, section 299C.80.

(i) **Fusion Center Report**

$115,000 each year is to fund the fusion center report mandated under Minnesota Statutes, section 299C.055. The appropriation is added to the agency's base.

Subd. 5. **Fire Marshal**		16,013,000	16,272,000
	Appropriations by Fund		
General	4,184,000	4,190,000	
Special Revenue	11,829,000	12,082,000	

The special revenue fund appropriation is from the fire safety account in the special revenue fund and is for activities under Minnesota Statutes, section 299F.012. The base appropriation from this account is $12,082,000 beginning in fiscal year 2026.

(a) **Hazardous Materials and Emergency Response Teams**

$453,000 each year from the fire safety account in the special revenue fund for hazardous materials and emergency response teams.

(b) **Hometown Heroes Assistance Program**

$4,000,000 each year from the general fund is for grants to the Minnesota Firefighter Initiative to fund the hometown heroes assistance program established in Minnesota Statutes, section 299A.477.

Subd. 6. **Firefighter Training and Education Board** 6,175,000 6,175,000

Appropriations by Fund

Special Revenue	6,175,000	6,175,000

The special revenue fund appropriation is from the fire safety account in the special revenue fund and is for activities under Minnesota Statutes, section 299F.012.

(a) **Firefighter Training and Education**

$4,500,000 each year from the special revenue fund is for firefighter training and education.

(b) **Task Force 1**

$1,125,000 each year is for the Minnesota Task Force 1.

(c) **Task Force 2**

$200,000 each year is for Minnesota Task Force 2.

(d) **Air Rescue**

$350,000 each year is for the Minnesota Air Rescue Team.

(e) **Unappropriated Revenue**

Any additional unappropriated money collected in fiscal year 2023 is appropriated to the commissioner of public safety for the purposes of Minnesota Statutes, section 299F.012. The commissioner may transfer appropriations and base amounts between activities in this subdivision.

Subd. 7. **Alcohol and Gambling Enforcement** 3,500,000 3,754,000

Appropriations by Fund

General	3,430,000	3,684,000
Special Revenue	70,000	70,000

$70,000 each year is from the lawful gambling regulation account in the special revenue fund.

Subd. 8. **Office of Justice Programs** 82,390,000 77,889,000

Appropriations by Fund

General	82,294,000	77,793,000
State Government Special Revenue	96,000	96,000

(a) **Domestic and Sexual Violence Housing**

$1,250,000 each year is to establish a Domestic Violence Housing First grant program to provide resources for survivors of violence to access safe and stable housing and for staff to provide mobile advocacy and expertise in housing resources in their community, and a Minnesota Domestic and Sexual Violence Transitional Housing program to develop and support medium to long term transitional housing for survivors of domestic and sexual violence with supportive services.

(b) **Office for Missing and Murdered African American Women**

$1,248,000 each year is to establish and maintain the Minnesota Office for Missing and Murdered African American Women.

(c) **Office of Restorative Practices**

$500,000 each year is to establish and maintain the Office of Restorative Practices.

(d) **Crossover and Dual-Status Youth Model Grants**

$1,000,000 each year is to provide grants to local units of government to initiate or expand crossover youth practices model and dual-status youth programs that provide services for youth who are involved with or at risk of becoming involved with both the child welfare and juvenile justice systems, in accordance with the Robert F. Kennedy National Resource Center for Juvenile Justice model.

(e) **Restorative Practices Initiatives Grants**

$5,000,000 each year is for grants to establish and support restorative practices initiatives pursuant to Minnesota Statutes, section 260B.020, subdivision 6. The base for this activity is $2,500,000 beginning in fiscal year 2026.

(f) **Ramsey County Youth Treatment Homes Acquisition and Betterment**

$5,000,000 in fiscal year 2024 is for a grant to Ramsey County to establish, with input from community stakeholders, including impacted youth and families, up to seven intensive trauma-informed therapeutic treatment homes in Ramsey County that are licensed by the Department of Human Services, culturally specific, community-based, and can be secured. These residential spaces must provide intensive treatment and intentional healing for youth as ordered by the court as part of the disposition of a case in juvenile court.

(g) **Ramsey County Violence Prevention**

$1,250,000 each year is for a grant to Ramsey County to award grants to develop new and further enhance existing community-based organizational support through violence prevention and community wellness grants. Grantees must use the money to create family support groups and resources to support families during the time a young person is placed out of home following a juvenile delinquency adjudication and support the family through the period of postplacement reentry; create community-based respite options for conflict or crisis de-escalation to prevent incarceration or further systems involvement for families; and establish additional meaningful employment opportunities for systems-involved youth.

(h) **Youth Intervention Programs**

$7,500,000 each year is for youth intervention programs under Minnesota Statutes, section 299A.73.

(i) **Community-Co-Responder Grants**

$3,000,000 each year is for grants to local law enforcement agencies and local governments to build or maintain partnerships with mental health professionals, mental health practitioners, peer specialists, or mobile crisis teams in order to respond to people experiencing or having experienced a mental health crisis. The Office of Justice Programs must prioritize grants to law enforcement agencies and local governments that partner with mobile crisis teams providing mobile crisis services pursuant to Minnesota Statutes, sections 245.469 and 256B.0624. Grant

proposals should define the types of calls to which mental health professionals, mental health practitioners, peer specialists, or mobile crisis teams will respond; the types of services that will be provided; the training that will be provided; and the types of records that will be kept. The proposal should also address the respective roles of the peace officers and mental health workers, including but not limited to their respective roles in relation to transport holds, and data that will be collected to demonstrate the impact of the partnership. The base for this activity is $4,500,000 beginning in fiscal year 2026.

(j) **Prosecutor Training**

$100,000 each year is for a grant to the Minnesota County Attorneys Association to be used for prosecutorial and law enforcement training, including trial school training and train-the-trainer courses. All training funded with grant proceeds must contain blocks of instruction on racial disparities in the criminal justice system, collateral consequences to criminal convictions, and trauma-informed responses to victims. This is a onetime appropriation.

The Minnesota County Attorneys Association must report to the chairs and ranking minority members of the legislative committees with jurisdiction over public safety policy and finance on the training provided with grant proceeds, including a description of each training and the number of prosecutors and law enforcement officers who received training. The report is due by February 15, 2025. The report may include trainings scheduled to be completed after the date of submission with an estimate of expected participants.

(k) **Violence Prevention Research Center**

$250,000 each year is to fund a violence prevention project research center that operates as a 501(c)(3) nonprofit organization and is a nonpartisan research center dedicated to reducing violence in society and using data and analysis to improve criminal justice-related policy and practice in Minnesota. The research center must place an emphasis on issues related to deaths and injuries involving firearms.

Beginning January 15, 2025, the grant recipient must submit an annual report to the chairs and ranking minority members of the legislative committees with jurisdiction over public safety policy and finance on its work and findings. The report must include a description of the data reviewed, an analysis of that data, and recommendations to improve criminal justice-related policy and practice in Minnesota with specific recommendations to address deaths and injuries involving firearms.

(l) **First Responder Mental Health Curriculum**

$25,000 in fiscal year 2024 is for a grant to a nonprofit graduate school that trains mental health professionals. The grantee must use the grant to develop a curriculum for a 24-week certificate to train licensed therapists to understand the nuances, culture, and stressors of the work environments of first responders to allow those therapists to provide effective treatment to first responders in distress. The grantee must collaborate with first responders who are familiar with the psychological, cultural, and professional issues of their field to develop the curriculum and promote it upon completion.

(m) **First Responder Therapy Grant**

$100,000 in fiscal year 2024 is to issue a grant to a nonprofit organization that operates at a class A race track and provides equine experiential mental health therapy to first responders suffering from job-related trauma and post-traumatic stress disorder. This is a onetime appropriation.

For purposes of this section, a "first responder" is a peace officer as defined in Minnesota Statutes, section 626.84, subdivision 1, paragraph (c); a full-time firefighter as defined in Minnesota Statutes, section 299N.03, subdivision 5; or a volunteer firefighter as defined in Minnesota Statutes, section 299N.03, subdivision 7.

The grant recipient must report to the commissioner of public safety and the chairs and ranking minority members of the house of representatives and senate committees overseeing public safety policy and finance on the equine experiential mental health therapy provided to first responders under this section. The report must include an overview of the program's budget, a detailed explanation of program expenditures, the number of first responders served by the program, and a list and explanation of the services provided to and benefits received by program participants. An initial report is due by January 15, 2024, and a final report is due by January 15, 2025.

(n) **Peer-to-Peer First Responder Mental Health Treatment Grant**

$250,000 in fiscal year 2024 is to provide a grant to a nonprofit that provides and facilitates peer-to-peer mental health treatment for present and former law enforcement officers and first responders facing employment-related mental health issues, utilizing interactive group activity and other methods. This is a onetime appropriation.

(o) **Report on Approaches to Address Illicit Drug Use in Minnesota**

$118,000 each year is to enter into an agreement with Rise Research LLC for a study and set of reports on illicit drug use in Minnesota describing current responses to that use, reviewing alternative approaches utilized in other jurisdictions, and making policy and funding recommendations for a holistic and effective response to illicit drug use and the illicit drug trade. The agreement must establish a budget and schedule with clear deliverables. This appropriation is onetime.

The study must include a review of current policies, practices, and funding; identification of alternative approaches utilized effectively in other jurisdictions; and policy and funding recommendations for a response to illicit drug use and the illicit drug trade that reduces and, where possible, prevents harm and expands individual and community health, safety, and autonomy. Recommendations must consider impacts on public safety, racial equity, accessibility of health and ancillary supportive social services, and the intersections between drug policy and mental health, housing and homelessness, overdose and infectious disease, child welfare, and employment.

Rise Research may subcontract and coordinate with other organizations or individuals to conduct research, provide analysis, and prepare the reports required by this section.

Rise Research shall submit reports to the chairs and ranking minority members of the legislative committees with jurisdiction over public safety finance and policy, human services finance and policy, health finance and policy, and judiciary finance and policy. Rise Research shall submit an initial report by February 15, 2024, and a final report by March 1, 2025.

(p) **Legal Representation for Children**

$150,000 each year is for a grant to an organization that provides legal representation for children in need of protection or services and children in out-of-home placement. The grant is contingent upon a match in an equal amount from nonstate funds. The match may be in kind, including the value of volunteer attorney time, in cash, or a combination of the two. These appropriations are in addition to any other appropriations for the legal representation of children. This appropriation is onetime.

(q) **Mental Health Services for First Responders Grant Program**

$1,000,000 each year is to administer the mental health services for first responders grant program under section 21.

(r) **Pretrial Release Study and Report**

$250,000 each year are for a grant to the Minnesota Justice Research Center to study and report on pretrial release practices in Minnesota and other jurisdictions, including but not limited to the use of bail as a condition of pretrial release. This appropriation is onetime.

(s) **Increased Staffing**

$667,000 in fiscal year 2024 and $1,334,000 in fiscal year 2025 are to increase staffing in the Office of Justice Programs for grant monitoring and compliance; provide training and technical assistance to grantees and potential grantees; conduct community outreach and engagement to improve the experiences and outcomes of applicants, grant recipients, and crime victims throughout Minnesota; expand the Minnesota Statistical Analysis Center; and increase staffing for the crime victim reimbursement program.

(t) **Administration Costs**

Up to 2.5 percent of the grant funds appropriated in this subdivision may be used by the commissioner to administer the grant program.

Subd. 9. **Emergency Communication Networks**	76,329,000	69,597,000
Appropriations by Fund		
General	1,000,000	1,000,000
911 Fund	75,329,000	68,597,000

(a) **Public Safety Answering Points**

$28,011,000 the first year and $28,011,000 the second year shall be distributed as provided under Minnesota Statutes, section 403.113, subdivision 2.

(b) **Transition to Next Generation 911**

$7,000,000 in the first year is to support Public Safety Answering Points' transition to Next Generation 911. Funds may be used for planning, cybersecurity, GIS data collection and maintenance, 911 call processing equipment, and new Public Safety Answering Point technology to improve service delivery. Funds shall be distributed by October 1, 2023, as provided in Minnesota Statutes, section 403.113, subdivision 2. Funds are available until June 30, 2025, and any unspent funds must be returned to the 911 emergency telecommunications service account. This is a onetime appropriation.

Each eligible entity receiving these funds must provide a detailed report on how the funds were used to the commissioner of public safety by August 1, 2025.

(c) **ARMER State Backbone Operating Costs**

$10,116,000 the first year and $10,384,000 the second year are transferred to the commissioner of transportation for costs of maintaining and operating the statewide radio system backbone.

(d) **Statewide Emergency Communications Board**

$1,000,000 each year is to the Statewide Emergency Communications Board. Funds may be used for operating costs, to provide competitive grants to local units of government to fund enhancements to a communication system, technology, or support activity that directly provides the ability to deliver the 911 call between the entry point to the 911 system and the first responder, and to further the strategic goals set forth by the SECB Statewide Communication Interoperability Plan.

(e) **Statewide Public Safety Radio Communication System Equipment Grants**

$1,000,000 each year from the general fund is for grants to local units of government, federally recognized Tribal entities, and state agencies participating in the statewide Allied Radio Matrix for Emergency Response (ARMER) public safety radio communication system established under Minnesota Statutes, section 403.36, subdivision 1e. The grants must be used to purchase or upgrade portable radios, mobile radios, and related equipment that is interoperable with the ARMER system. Each local government unit may receive only one grant. The grant is contingent upon a match of at least five percent from nonstate funds. The director of the Department of Public Safety Emergency Communication Networks division, in consultation with the Statewide Emergency Communications Board, must administer the grant program. This appropriation is available until June 30, 2026. This is a onetime appropriation.

Sec. 4. **PEACE OFFICER STANDARDS AND TRAINING (POST) BOARD**

Subdivision 1. **Total Appropriation**	**$13,286,000**	**$12,892,000**

The general fund base is $6,892,000 beginning in fiscal year 2026. The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Peace Officer Training Reimbursements**

$2,949,000 each year is for reimbursements to local governments for peace officer training costs.

Sec. 5. **PRIVATE DETECTIVE BOARD**		**$758,000**	**$688,000**
Sec. 6. **CORRECTIONS**			
Subdivision 1. **Total Appropriation**	**$12,643,000**	**$621,203,000**	**$658,025,000**

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

Subd. 2. **Incarceration and Prerelease Services**	**$12,643,000**	**$525,389,000**	**$557,640,000**

(a) **Body-worn Camera Program**

$1,000,000 each year is to create a body-worn camera program for corrections officers and intensive supervised release agents.

(b) **Prison Rape Elimination Act**

$1,000,000 each year is for Prison Rape Elimination Act (PREA) compliance.

(c) **ARMER Radio System**

$1,500,000 each year is to upgrade and maintain the ARMER radio system within correctional facilities.

(d) **Special Investigations Office**

$999,000 in fiscal year 2024 and $1,865,000 in fiscal year 2025 are to establish and maintain a special investigations office within the fugitive apprehension unit. The base for this purpose in fiscal year 2026 is $1,461,000. Beginning in fiscal year 2027, the base for this purpose is $1,462,000.

(e) **Health Services**

$1,072,000 in fiscal year 2024 and $2,542,000 in fiscal year 2025 are for the health services division to provide 24-hour nursing capacity at correctional facilities in Rush City, Moose Lake, St. Cloud, Lino Lakes, and Stillwater.

(f) **Educational Programming and Support Services**

$2,320,000 in fiscal year 2024 and $3,145,000 in fiscal year 2025 are for educational programming and support services. Beginning in fiscal year 2026, the base for this purpose is $2,901,000.

(g) **Inmate External Communication Fees**

$2,000,000 each year is to reduce or eliminate the fees for inmates to communicate with nonincarcerated persons.

(h) **Supportive Arts for Incarcerated Persons**

$150,000 in fiscal year 2024 is for supportive arts for incarcerated persons grants. Of this amount, up to ten percent is for administration, including facility space, access, liaison, and monitoring. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.

(i) **Operating Deficiency**

$12,643,000 in fiscal year 2023 is to meet financial obligations in fiscal year 2023. This is a onetime appropriation.

(j) **Incarceration and Prerelease Services Base Budget**

The general fund base for Department of Corrections incarceration and prerelease services is $552,247,000 in fiscal year 2026 and $552,553,000 in fiscal year 2027.

Subd. 3. **Community Supervision and Postrelease Services** 48,400,000 49,484,000

(a) **Tribal Nation Supervision**

$2,750,000 each year is for grants to Tribal Nations to provide supervision in tandem with the department.

(b) **Alternatives to Incarceration**

$160,000 each year is for funding to Mower County to facilitate access to community treatment options under the alternatives to incarceration program.

(c) **Peer Support Project**

$266,000 each year is to create a reentry peer support project.

(d) **Postrelease Sex Offender Program**

$2,415,000 each year is for postrelease sex offender treatment.

(e) **Regional and County Jails Study and Report**

$150,000 in fiscal year 2024 is to fund the commissioner's study and report on the consolidation or merger of county jails and alternatives to incarceration for persons experiencing mental health disorders.

(f) **Work Release Programs**

$500,000 each year is for work release programs.

(g) **County Discharge Plans**

$1,080,000 each year is for counties to establish or maintain jail reentry coordination programs. The commissioner shall develop a request for proposal for counties to establish or maintain reentry programs. The commissioner must disburse 50 percent of the funding to counties outside the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2. The commissioner may retain up to five percent of the appropriation amount to monitor and administer the grant under this section.

(h) **Housing Initiatives**

$2,130,000 each year is for housing initiatives to support stable housing of incarcerated individuals upon release. The base for this purpose in fiscal year 2026 and beyond is $1,685,000. Of this amount:

(1) $1,000,000 each year is for housing stabilization prerelease services and program evaluation. The base for this purpose in fiscal year 2026 and beyond is $760,000;

(2) $500,000 each year is for rental assistance for incarcerated individuals approaching release, on supervised release, or on probation who are at risk of homelessness;

(3) $405,000 each year is for culturally responsive trauma-informed transitional housing. The base for this purpose in fiscal year 2026 and beyond is $200,000; and

(4) $225,000 each year is for housing coordination activities.

(i) **Community Supervision and Postrelease Services Base Budget**

The general fund base for Department of Corrections community supervision and postrelease services is $48,371,000 in fiscal year 2026 and $48,271,000 in fiscal year 2027.

Subd. 4. **Organizational, Regulatory, and Administrative Services** 47,414,000 50,901,000

(a) **Public Safety Data Infrastructure**

$1,000,000 each year s for the development and management of statewide public safety information sharing infrastructure and foundation technologies. The department shall consult with county correctional supervision providers, the Judicial Branch, the Minnesota Sheriff's Association, the Minnesota Chiefs of Police Association, and the Bureau of Criminal Apprehension, among other public safety stakeholders, in the development, design, and implementation of a statewide public safety information sharing infrastructure.

(b) **Indeterminate Sentence Release Board**

$40,000 each year is to establish an indeterminate sentence release board to review eligible cases and make release decisions for persons serving indeterminate sentences under the authority of the commissioner of corrections.

(c) **Clemency Review Commission**

$986,000 each year is for the Clemency Review Commission established under Minnesota Statutes, section 638.09.

(d) **Organizational, Regulatory, and Administrative Services Base Budget**

The general fund base for Department of Corrections organizational, regulatory, and administrative services is $50,831,000 in fiscal year 2026 and $50,622,000 in fiscal year 2027.

Sec. 7. **OMBUDSPERSON FOR CORRECTIONS** **$1,105,000** **$1,099,000**

Sec. 8. **BOARD OF PUBLIC DEFENSE** **$750,000** **$-0-**

$750,000 in fiscal year 2024 is for costs related to assisting offenders convicted of felony murder with petitions for resentencing.

Sec. 9. **BOARD OF TRUSTEES OF THE MINNESOTA STATE COLLEGES AND UNIVERSITIES** **$500,000** **$500,000**

$500,000 each year is for transfer to Metropolitan State University. Of this amount, $280,000 each year is to provide juvenile justice services and resources, including the Juvenile Detention Alternatives Initiative, to Minnesota counties and federally recognized Tribes and $220,000 each year is for funding to local units of government, federally recognized Tribes, and agencies to support local Juvenile Detention Alternatives Initiatives, including but not limited to Alternatives to Detention. The unencumbered balance in the first year of the biennium does not cancel but is available throughout the biennium.

Sec. 10. **OFFICE OF HIGHER EDUCATION** **$2,500,000** **$-0-**

$2,500,000 in fiscal year 2024 is to provide reimbursement grants to postsecondary schools certified to provide programs of professional peace officer education for providing in-service training programs on the use of force, including deadly force, by peace officers. Of this amount, up to 2.5 percent is for administration and monitoring of the program.

Sec. 11. **SUPREME COURT** **$91,000** **$182,000**

$91,000 in fiscal year 2024 and $182,000 in fiscal year 2025 are for hearing costs related to extreme risk protection orders.

Sec. 12. **VIOLENT CRIME REDUCTION AND CLEARANCE SUPPORT ACCOUNT.**

$75,000,000 in fiscal year 2024 is transferred from the general fund to the violent crime reduction and clearance support account in the special revenue fund.

Sec. 13. **COMMUNITY CRIME AND VIOLENCE PREVENTION ACCOUNT.**

$100,000,000 in fiscal year 2024 is transferred from the general fund to the community crime and violence prevention account in the special revenue fund.

Sec. 14. **INTENSIVE COMPREHENSIVE PEACE OFFICER EDUCATION AND TRAINING ACCOUNT.**

$5,000,000 each year is transferred from the general fund to the intensive comprehensive peace officer education and training account in the special revenue fund. This transfer is onetime.

Sec. 15. **GAAGIGE-MIKWENDAAGOZIWAG REWARD ACCOUNT.**

$250,000 in fiscal year 2024 is transferred from the general fund to the account for rewards for information on missing and murdered Indigenous women, girls, boys, and Two-Spirit relatives in the special revenue fund.

Sec. 16. **COMMUNITY SUPERVISION TARGETED INNOVATION ACCOUNT; TRANSFER.**

$5,000,000 in fiscal year 2024 and each year thereafter is transferred from the general fund to the community supervision targeted innovation account in the special revenue fund.

Sec. 17. **ACCOUNT ESTABLISHED; TRANSFER; APPROPRIATION.**

(a) A community supervision account is established as a special revenue account in the state treasury.

(b) $142,975,000 in fiscal year 2024 and $142,971,000 in fiscal year 2025 and each year thereafter are transferred from the general fund to the community supervision account in the special revenue fund and appropriated to the commissioner of corrections for offender community supervision. This appropriation is added to the base.

Sec. 18. **COMMUNITY SUPERVISION TARGETED INNOVATION GRANTS; SPECIAL REVENUE ACCOUNT; APPROPRIATION.**

(a) The community supervision targeted innovation account is created in the special revenue fund consisting of money deposited, donated, allotted, transferred, or otherwise provided to the account. Of the amount in the account, up to $5,000,000 each year is appropriated to the commissioner of corrections for grants to be awarded to local and Tribal community supervision agencies and nonprofits that provide services to persons on community supervision.

(b) The commissioner shall award grants to applicants that operate, or intend to operate, innovative programs that target specific aspects of community supervision such as:

(1) access to community options, including but not limited to inpatient substance use disorder treatment for nonviolent controlled substance offenders to address and correct behavior that is, or is likely to result in, a technical violation of the conditions of release;

(2) reentry services;

(3) restorative justice;

(4) juvenile diversion;

(5) family-centered approaches to supervision; and

(6) funding the cost of mandated services and equipment as a means to improve compliance rates for persons on community supervision.

(c) Grant recipients must provide an annual report to the commissioner that includes:

(1) the services provided by the grant recipient;

(2) the number of individuals served in the previous year;

(3) measurable outcomes of the recipient's program; and

(4) any other information required by the commissioner.

(d) By January 15, 2025, the commissioner shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over criminal justice policy and finance on how the appropriations in this section were used. The report must detail the impact the appropriations had on improving community supervision practices and outcomes.

(e) The commissioner may use up to 2.5 percent of the annual appropriation to administer the grants.

Sec. 19. **VIOLENT CRIME REDUCTION AND CLEARANCE SUPPORT; SPECIAL REVENUE ACCOUNT; APPROPRIATION.**

(a) The violent crime reduction and clearance support account is created in the special revenue fund consisting of money deposited, donated, allotted, transferred, or otherwise provided to the account. Of the amount in the account, $15,000,000 each year is appropriated to the Bureau of Criminal Apprehension to support violent crime reduction strategies. This includes funding for staff and supplies to enhance forensic, analytical, and investigations capacity, and financially support investigative partnerships with other law enforcement agencies to conduct forensic and investigatory work to expedite clearance rates.

(b) Funds allocated shall be used where there is the most acute need for supplemental resources based on the rate of violent crime and the need to improve clearance rates for violent crime investigations. The superintendent of the Bureau of Criminal Apprehension shall prioritize allocating resources to political subdivisions that have recorded at least three violent crimes in the previous fiscal year and that rank in the 20 highest per capita crime rates among Minnesota political subdivisions in the previous fiscal year based on the Uniform Crime Reports or National Incident Based Reporting System. As a condition of receiving investigatory assistance from the Bureau of Criminal Apprehension from this account, the local unit of government must enter a joint powers agreement with the commissioner of Public Safety and the superintendent of the Bureau of Criminal Apprehension.

(c) By December 15 of each calendar year, the commissioner shall report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over public safety finance and policy on how funds in the violent crime reduction and clearance support account were used. Each report must, at a minimum, summarize the expenditures made, indicate the purpose of those expenditures, and provide an overview of the criminal cases where funds from the account were used, including a summary of the cases that identifies each case's disposition or outcome.

Sec. 20. **COMMUNITY CRIME AND VIOLENCE PREVENTION GRANTS; SPECIAL REVENUE ACCOUNT; APPROPRIATION.**

(a) The community crime and violence prevention account is created in the special revenue fund consisting of money deposited, donated, allotted, transferred, or otherwise provided to the account. Of the amount in the account, up to $30,000,000 each year is appropriated to the commissioner of public safety for grants administered by the Office of Justice Programs to be awarded to community violence prevention and intervention programs.

(b) Grants may be awarded to community-based nonprofit organizations, local governments, or the governing bodies of federally recognized Indian Tribes. Applicants that are nonprofit organizations must demonstrate the support of the local government or Indian Tribe where the nonprofit will be offering services. Support may be demonstrated by partnerships with the local government or Indian Tribe, or letters or other affirmations of support.

(c) Grant recipients must operate crime or violence prevention programs with an established record of providing direct services to community members. Programs must be culturally competent and identify specific outcomes that can be tracked and measured to demonstrate the impact the program has on community crime and violence. Crime or violence prevention programs may include but are not limited to:

(1) programs that provide services to victims of crime or violence;

(2) programs that provide services to individuals and families harmed by gun violence;

(3) programs that provide support services for victims of crimes where there is a reasonable belief that the crimes were committed in whole or in substantial part because of the victim's or another's actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in Minnesota Statutes, section 363A.03, or because of the victim's actual or perceived association with another person or group of a certain actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in Minnesota Statutes, section 363A.03;

(4) homelessness assistance programs;

(5) programs that intervene in volatile situations to mediate disputes before they become violent;

(6) juvenile diversion programs; and

(7) programs that support a community response to violence that addresses trauma in the community and promotes community leadership development and coalition building.

(d) As part of the narrative and statistical progress reports provided to the Office of Justice Programs, grant recipients must report on the specific outcomes identified pursuant to paragraph (c).

(e) The Office of Justice Programs may use up to 2.5 percent of the annual appropriation to administer the grants.

Sec. 21. Laws 2021, First Special Session chapter 11, article 1, section 15, subdivision 3, is amended to read:

Subd. 3. **Peace Officer Training Assistance**

Philando Castile Memorial Training Fund. $6,000,000 each year is to support and strengthen law enforcement training and implement best practices. This funding shall be named the "Philando Castile Memorial Training Fund." These funds may only be used to reimburse costs related to training courses that qualify for reimbursement under Minnesota Statutes, sections 626.8452 (use of force), 626.8469 (training in crisis response, conflict management, and cultural diversity), and 626.8474 (autism training).

Each sponsor of a training course is required to include the following in the sponsor's application for approval submitted to the board: course goals and objectives; a course outline including at a minimum a timeline and teaching hours for all courses; instructor qualifications~~, including skills and concepts such as crisis intervention, de-escalation, and cultural competency that are relevant to the course provided~~; and a plan for learning assessments of the course and documenting the assessments to the board during review. Upon completion of each course, instructors must submit student evaluations of the instructor's teaching to the sponsor.

The board shall keep records of the applications of all approved and denied courses. All continuing education courses shall be reviewed after the first year. The board must set a timetable for recurring review after the first year. For each review, the sponsor must submit its learning assessments to the board to show that the course is teaching the learning outcomes that were approved by the board.

A list of licensees who successfully complete the course shall be maintained by the sponsor and transmitted to the board following the presentation of the course and the completed student evaluations of the instructors. Evaluations are available to chief law enforcement officers. The board shall establish a data retention schedule for the information collected in this section.

Each year, if funds are available after reimbursing all eligible requests for courses approved by the board under this subdivision, the board may use the funds to reimburse law enforcement agencies for other board-approved law enforcement training courses. The base for this activity is $0 in fiscal year 2026 and thereafter.

Sec. 22. **PRETRIAL RELEASE STUDY AND REPORT.**

(a) Pursuant to the terms of a grant, the Minnesota Justice Research Center shall study and report on pretrial release practices in Minnesota and other jurisdictions.

(b) The Minnesota Justice Research Center shall examine pretrial release practices in Minnesota and community perspectives about those practices; conduct a robust study of pretrial release practices in other jurisdictions to identify effective approaches to pretrial release that use identified best practices; provide analysis and recommendations describing if, and how, practices in other jurisdictions could be adopted and implemented in Minnesota, including but not limited to analysis addressing how changes would impact public safety, appearance rates, treatment of defendants with different financial means, disparities in pretrial detention, and community perspectives about pretrial release; and make recommendations for policy changes for consideration by the legislature.

(c) By February 15, 2024, the Minnesota Justice Research Center must provide a preliminary report to the legislative committees and divisions with jurisdiction over public safety finance and policy including a summary of the preliminary findings, any legislative proposals to improve the ability of the Minnesota Justice Research Center to complete its work, and any proposals for legislation related to pretrial release. The Minnesota Justice Research Center shall submit a final report to the legislative committees and divisions with jurisdiction over public safety finance and policy by February 15, 2025. The final report shall include a description of the Minnesota Justice Research Center's work, findings, and any legislative proposals.

Sec. 23. **MENTAL HEALTH SERVICES FOR FIRST RESPONDERS GRANT PROGRAM.**

Subdivision 1. **Establishment.** The commissioner of public safety through the Office of Justice Programs shall establish and administer a grant program to fund mental health services to first responders employed by local units of government.

Subd. 2. **Eligibility.** Each local unit of government that employs peace officers or firefighters may apply for a grant.

Subd. 3. **Qualifying programs.** To qualify for a grant, an applicant must present a viable plan to the commissioner to offer a program that ensures at least one hour of mental health services every six months for any peace officers and firefighters employed by the applicant.

Subd. 4. **Selection; grant cap.** The commissioner may award grants up to $..... Grant amounts must be based on the total number of peace officers and firefighters employed by the applicant.

Subd. 5. **Reports.** (a) Each grant recipient must submit a report to the commissioner by June 30 of each year that identifies the services provided, total number of employees served, total number of hours of services provided, and expenditures of grant money. The report must also include an evaluation of the program's impact.

(b) By September 1 of each year, the commissioner shall report aggregate data received from grant recipients under paragraph (a) to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over public safety policy and finance.

Subd. 6. **Definitions.** For the purposes of this section, the following terms have the meanings given:

(1) "firefighter" means a firefighter employed full-time by a fire department and licensed by the Board of Firefighter Training and Education;

(2) "local unit of government" means a statutory or home rule charter city that employs its own law enforcement agency, or a county; and

(3) "peace officer" means a full-time peace officer employed by a local unit of government's law enforcement agency and licensed by the Minnesota Board of Peace Officer Standards and Training.

EFFECTIVE DATE. This section is effective July 1, 2023, and applies to services administered on or after that date.

Sec. 24. **LAW ENFORCEMENT MENTAL HEALTH AND WELLNESS TRAINING GRANT.**

(a) The commissioner of public safety must award a grant to the Adler Graduate School to develop and implement a law enforcement mental health and wellness training program to train licensed counselors to understand the nuances, culture, and stressors of the law enforcement profession so that the trainees can provide effective and successful treatment to peace officers in distress. The grantee must request and incorporate the advice and counsel of law enforcement officers and mental health professionals who are familiar with the psychological, cultural, and professional issues of law enforcement to develop and implement the program.

(b) The grantee may offer the program online.

(c) The grantee must seek to recruit licensed counselors providing services outside of the 11-county metropolitan area as defined in Minnesota Statutes, section 115A.1314, subdivision 2, paragraph (b).

(d) The grantee must create a resource directory to provide law enforcement agencies with the names of counselors who have completed the program and other resources to support law enforcement professionals with overall wellness. The grantee must collaborate with the commissioner of public safety and law enforcement organizations to promote the directory.

Sec. 25. **USE OF FORCE TRAINING; REIMBURSEMENT.**

(a) The commissioner of the Office of Higher Education shall issue reimbursement grants to postsecondary schools certified to provide programs of professional peace officer education for providing in-service training programs on the use of force, including deadly force, by peace officers.

(b) To be eligible for reimbursement, training offered by a postsecondary school must:

(1) satisfy the requirements of Minnesota Statutes, section 626.8452, and be approved by the Board of Peace Officer Standards and Training;

(2) utilize scenario-based training that simulates real-world situations and involves the use of real firearms that fire nonlethal ammunition;

(3) include a block of instruction on the physical and psychological effects of stress before, during, and after a high-risk or traumatic incident and the cumulative impact of stress on the health of officers;

(4) include blocks of instruction on de-escalation methods and tactics, bias motivation, unknown risk training, defensive tactics, and force-on-force training; and

(5) be offered to peace officers at no charge to the peace officer or law enforcement agency.

(c) A postsecondary school that offers training consistent with the requirements of paragraph (b) may apply for reimbursement for the costs of offering the training. Reimbursement shall be made at a rate of $450 for each officer who completes the training. The postsecondary school must submit the name and peace officer license number of the peace officer who received the training to the Office of Higher Education.

(d) As used in this section:

(1) "law enforcement agency" has the meaning given in Minnesota Statutes, section 626.84, subdivision 1, paragraph (f); and

(2) "peace officer" has the meaning given in Minnesota Statutes, section 626.84, subdivision 1, paragraph (c).

Sec. 26. **SUPPORTIVE ARTS GRANT PROGRAM.**

(a) The commissioner of corrections shall establish a supportive arts grant program to award grants to nonprofit organizations to provide supportive arts programs to incarcerated persons and persons on supervised release. The supportive arts programs must use the arts, including but not limited to visual art, poetry, literature, theater, dance, and music, to address the supportive, therapeutic, and rehabilitative needs of incarcerated persons and persons on supervised release and promote a safer correctional facility environment and community environment. The commissioner may not require the participation of incarcerated persons and persons on supervised release in a supportive arts program provided in a correctional facility or community under a grant.

(b) Applicants for grants under this section must submit an application in the form and manner established by the commissioner. The applicants must specify the arts program to be offered and describe how the program is supportive, therapeutic, and rehabilitative for incarcerated persons and persons on supervised release and the use of the grant funds.

(c) Organizations are not required to apply for or receive grant funds under this section in order to be eligible to provide supportive arts programming inside the facilities.

(d) By March 1 of each year, the commissioner shall report to the chairs and ranking members of the legislative committees and divisions having jurisdiction over criminal justice finance and policy on the implementation, use, and administration of the grant program established under this section. At a minimum, the report must provide:

(1) the names of the organizations receiving grants;

(2) the total number of individuals served by all grant recipients, disaggregated by race, ethnicity, and gender;

(3) the names of the correctional facilities and communities where incarcerated persons and persons on supervised release are participating in supportive arts programs offered under this section;

(4) the total amount of money awarded in grants and the total amount remaining to be awarded, if any;

(5) the amount of money granted to each recipient;

(6) a description of the program, mission, goals, and objectives by the organization using the money; and

(7) a description of and measures of success, either qualitative or quantitative.

Sec. 27. **APPROPRIATIONS GIVEN EFFECT ONCE.**

If an appropriation or transfer in this article is enacted more than once during the 2023 regular session, the appropriation or transfer must be given effect once.

ARTICLE 2
GENERAL CRIMES

Section 1. Minnesota Statutes 2022, section 243.166, subdivision 1b, is amended to read:

Subd. 1b. **Registration required.** (a) A person shall register under this section if:

(1) the person was charged with or petitioned for a felony violation of or attempt to violate, or aiding, abetting, or conspiracy to commit, any of the following, and convicted of or adjudicated delinquent for that offense or another offense arising out of the same set of circumstances:

(i) murder under section 609.185, paragraph (a), clause (2);

(ii) kidnapping under section 609.25;

(iii) criminal sexual conduct under section 609.342; 609.343; 609.344; 609.345; 609.3451, subdivision 3, paragraph (b); or 609.3453;

(iv) indecent exposure under section 617.23, subdivision 3; or

(v) surreptitious intrusion under the circumstances described in section 609.746, subdivision 1, paragraph ~~(f)~~ (h);

(2) the person was charged with or petitioned for a violation of, or attempt to violate, or aiding, abetting, or conspiring to commit any of the following and convicted of or adjudicated delinquent for that offense or another offense arising out of the same set of circumstances:

(i) criminal abuse in violation of section 609.2325, subdivision 1, paragraph (b);

(ii) false imprisonment in violation of section 609.255, subdivision 2;

(iii) solicitation, inducement, or promotion of the prostitution of a minor or engaging in the sex trafficking of a minor in violation of section 609.322;

(iv) a prostitution offense in violation of section 609.324, subdivision 1, paragraph (a);

(v) soliciting a minor to engage in sexual conduct in violation of section 609.352, subdivision 2 or 2a, clause (1);

(vi) using a minor in a sexual performance in violation of section 617.246; or

(vii) possessing pornographic work involving a minor in violation of section 617.247;

(3) the person was sentenced as a patterned sex offender under section 609.3455, subdivision 3a; or

(4) the person was charged with or petitioned for, including pursuant to a court martial, violating a law of the United States, including the Uniform Code of Military Justice, similar to an offense or involving similar circumstances to an offense described in clause (1), (2), or (3), and convicted of or adjudicated delinquent for that offense or another offense arising out of the same set of circumstances.

(b) A person also shall register under this section if:

(1) the person was charged with or petitioned for an offense in another state similar to an offense or involving similar circumstances to an offense described in paragraph (a), clause (1), (2), or (3), and convicted of or adjudicated delinquent for that offense or another offense arising out of the same set of circumstances;

(2) the person enters this state to reside, work, or attend school, or enters this state and remains for 14 days or longer or for an aggregate period of time exceeding 30 days during any calendar year; and

(3) ten years have not elapsed since the person was released from confinement or, if the person was not confined, since the person was convicted of or adjudicated delinquent for the offense that triggers registration, unless the person is subject to a longer registration period under the laws of another state in which the person has been convicted or adjudicated, or is subject to lifetime registration.

If a person described in this paragraph is subject to a longer registration period in another state or is subject to lifetime registration, the person shall register for that time period regardless of when the person was released from confinement, convicted, or adjudicated delinquent.

(c) A person also shall register under this section if the person was committed pursuant to a court commitment order under Minnesota Statutes 2012, section 253B.185, chapter 253D, Minnesota Statutes 1992, section 526.10, or a similar law of another state or the United States, regardless of whether the person was convicted of any offense.

(d) A person also shall register under this section if:

(1) the person was charged with or petitioned for a felony violation or attempt to violate any of the offenses listed in paragraph (a), clause (1), or a similar law of another state or the United States, or the person was charged with or petitioned for a violation of any of the offenses listed in paragraph (a), clause (2), or a similar law of another state or the United States;

(2) the person was found not guilty by reason of mental illness or mental deficiency after a trial for that offense, or found guilty but mentally ill after a trial for that offense, in states with a guilty but mentally ill verdict; and

(3) the person was committed pursuant to a court commitment order under section 253B.18 or a similar law of another state or the United States.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 2. Minnesota Statutes 2022, section 299A.78, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of sections 299A.78 to 299A.795, the following definitions apply:

(a) "Commissioner" means the commissioner of the Department of Public Safety.

(b) "Nongovernmental organizations" means nonprofit, nongovernmental organizations that provide legal, social, or other community services.

~~(c) "Blackmail" has the meaning given in section 609.281, subdivision 2.~~

~~(d)~~ (c) "Debt bondage" has the meaning given in section 609.281, subdivision 3.

~~(e)~~ (d) "Forced or coerced labor or services" has the meaning given in section 609.281, subdivision 4.

~~(f)~~ (e) "Labor trafficking" has the meaning given in section 609.281, subdivision 5.

~~(g)~~ (f) "Labor trafficking victim" has the meaning given in section 609.281, subdivision 6.

~~(h)~~ (g) "Sex trafficking" has the meaning given in section 609.321, subdivision 7a.

~~(i)~~ (h) "Sex trafficking victim" has the meaning given in section 609.321, subdivision 7b.

~~(j)~~ (i) "Trafficking" includes "labor trafficking" and "sex trafficking."

~~(k)~~ (j) "Trafficking victim" includes "labor trafficking victim" and "sex trafficking victim."

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 3. Minnesota Statutes 2022, section 299A.79, subdivision 3, is amended to read:

Subd. 3. **Public awareness initiative.** The public awareness initiative required in subdivision 1 must address, at a minimum, the following subjects:

(1) the risks of becoming a trafficking victim;

(2) common recruitment techniques; use of debt bondage, ~~blackmail,~~ forced or coerced labor ~~and~~ or services, prostitution, and other coercive tactics; and risks of assault, criminal sexual conduct, exposure to sexually transmitted diseases, and psychological harm;

(3) crime victims' rights; and

(4) reporting recruitment activities involved in trafficking.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 4. Minnesota Statutes 2022, section 609.02, subdivision 16, is amended to read:

Subd. 16. **Qualified domestic violence-related offense.** "Qualified domestic violence-related offense" includes a violation of or an attempt to violate sections 518B.01, subdivision 14 (violation of domestic abuse order for protection); 609.185 (first-degree murder); 609.19 (second-degree murder); 609.195, paragraph (a) (third-degree murder); 609.20, clauses (1), (2), and (5) (first-degree manslaughter); 609.205, clauses (1) and (5) (second-degree manslaughter); 609.221 (first-degree assault); 609.222 (second-degree assault); 609.223 (third-degree assault); 609.2231 (fourth-degree assault); 609.224 (fifth-degree assault); 609.2242 (domestic assault); 609.2245 (female genital mutilation); 609.2247 (domestic assault by strangulation); 609.25 (kidnapping); 609.255 (false imprisonment); 609.342 (first-degree criminal sexual conduct); 609.343 (second-degree criminal sexual conduct); 609.344 (third-degree criminal sexual conduct); 609.345 (fourth-degree criminal sexual conduct); 609.3458 (sexual extortion); 609.377 (malicious punishment of a child); 609.582, subdivision 1, clause (c) (burglary in the first degree); 609.713 (terroristic threats); 609.748, subdivision 6 (violation of harassment restraining order); 609.749 (harassment or stalking); 609.78, subdivision 2 (interference with an emergency call); 617.261 (nonconsensual dissemination of private sexual images); and 629.75 (violation of domestic abuse no contact order); and similar laws of other states, the United States, the District of Columbia, tribal lands, and United States territories.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 5. Minnesota Statutes 2022, section 609.05, is amended by adding a subdivision to read:

Subd. 2a. **Exception.** (a) A person may not be held criminally liable for a violation of section 609.185, paragraph (a), clause (3), committed by another unless the person intentionally aided, advised, hired, counseled, or conspired with or otherwise procured the other with the intent to cause the death of a human being.

(b) A person may not be held criminally liable for a violation of section 609.19, subdivision 2, clause (1), committed by another unless the person was a major participant in the underlying felony and acted with extreme indifference to human life.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 6. Minnesota Statutes 2022, section 609.2231, subdivision 4, is amended to read:

Subd. 4. **Assaults motivated by bias.** (a) Whoever assaults another in whole or in substantial part because of the victim's or another's actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03, ~~age, or national origin~~ or because of the victim's actual or perceived association with another person or group of a certain actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03, may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than $3,000, or both.

(b) Whoever violates the provisions of paragraph (a) within five years of a previous conviction under paragraph (a) is guilty of a felony and may be sentenced to imprisonment for not more than one year and a day or to payment of a fine of not more than $3,000, or both.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 7. Minnesota Statutes 2022, section 609.2233, is amended to read:

609.2233 FELONY ASSAULT MOTIVATED BY BIAS; INCREASED STATUTORY MAXIMUM SENTENCE.

A person who violates section 609.221, 609.222, or 609.223 in whole or in substantial part because of the victim's or another person's actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03, ~~age, or national origin~~ or because of the victim's actual or perceived association with another person or group of a certain actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03, is subject to a statutory maximum penalty of 25 percent longer than the maximum penalty otherwise applicable.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 8. Minnesota Statutes 2022, section 609.25, subdivision 2, is amended to read:

Subd. 2. **Sentence.** Whoever violates subdivision 1 may be sentenced as follows:

(1) if the victim is released in a safe place without great bodily harm, to imprisonment for not more than 20 years or to payment of a fine of not more than $35,000, or both; or

(2) ~~if the victim is not released in a safe place, or if the victim suffers great bodily harm during the course of the kidnapping, or if the person kidnapped is under the age of 16,~~ to imprisonment for not more than 40 years or to payment of a fine of not more than $50,000, or both if:

(i) the victim is not released in a safe place;

(ii) the victim suffers great bodily harm during the course of the kidnapping; or

(iii) the person kidnapped is under the age of 16.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 9. Minnesota Statutes 2022, section 609.269, is amended to read:

609.269 EXCEPTION.

Sections 609.2661 to 609.268 do not apply to ~~any act described in section 145.412.~~ a person providing reproductive health care offered, arranged, or furnished:

(1) for the purpose of terminating a pregnancy; and

(2) with the consent of the pregnant individual or the pregnant individual's representative, except in a medical emergency in which consent cannot be obtained.

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

Sec. 10. Minnesota Statutes 2022, section 609.281, subdivision 3, is amended to read:

Subd. 3. **Debt bondage.** "Debt bondage" ~~means the status or condition of a debtor arising from a pledge by the debtor of the debtor's personal~~ occurs when a person provides labor or services ~~or those~~ of any kind to pay a real or alleged debt of ~~a~~ the person ~~under the debtor's control as a security for debt~~ or another, if the value of ~~those~~ the labor or services as reasonably assessed is not applied toward the liquidation of the debt or the length and nature of ~~those~~ the labor or services are not respectively limited and defined.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 11. Minnesota Statutes 2022, section 609.281, subdivision 4, is amended to read:

Subd. 4. **Forced or coerced labor or services.** "Forced or coerced labor or services" means labor or services of any kind that are performed or provided by another person and are obtained or maintained through an actor's:

(1) threat, either implicit or explicit, scheme, plan, ~~or~~ pattern, or other action or statement intended to cause a person to believe that, if the person did not perform or provide the labor or services, that person or another ~~person~~ would suffer ~~bodily harm or~~ physical restraint; sexual contact, as defined in section 609.341, subdivision 11, paragraph (b); or bodily, psychological, economic, or reputational harm;

(2) ~~physically restraining or threatening to physically restrain~~ sexual contact, as defined in section 609.341, subdivision 11, paragraph (b), with a person;

(3) physical restraint of a person;

(4) infliction of bodily, psychological, economic, or reputational harm;

~~(3)~~ (5) abuse or threatened abuse of the legal process, including the use or threatened use of a law or legal process, whether administrative, civil, or criminal; or

~~(4) knowingly destroying, concealing, removing, confiscating, or possessing~~ (6) destruction, concealment, removal, confiscation, withholding, or possession of any actual or purported passport or other immigration document, or any other actual or purported government identification document, of another person~~; or~~.

~~(5) use of blackmail.~~

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 12. Minnesota Statutes 2022, section 609.281, subdivision 5, is amended to read:

Subd. 5. **Labor trafficking.** "Labor trafficking" means:

(1) the recruitment, transportation, transfer, harboring, enticement, provision, obtaining, or receipt of a person by any means, ~~for the purpose~~ in furtherance of:

(i) debt bondage ~~or~~;

(ii) forced or coerced labor or services;

~~(ii)~~ (iii) slavery or practices similar to slavery; or

~~(iii)~~ (iv) the removal of organs through the use of coercion or intimidation; or

(2) receiving profit or anything of value, knowing or having reason to know it is derived from an act described in clause (1).

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 13. Minnesota Statutes 2022, section 609.282, subdivision 1, is amended to read:

Subdivision 1. ~~**Individuals under age 18**~~ **Labor trafficking resulting in death.** Whoever knowingly engages in the labor trafficking of an individual ~~who is under the age of 18~~ is guilty of a crime and may be sentenced to imprisonment for not more than ~~20~~ 25 years or to payment of a fine of not more than $40,000, or both if the labor trafficking victim dies and the death arose out of and in the course of the labor trafficking or the labor and services related to the labor trafficking.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 14. Minnesota Statutes 2022, section 609.282, is amended by adding a subdivision to read:

Subd. 1a. **Individuals under age 18; extended period of time; great bodily harm.** Whoever knowingly engages in the labor trafficking of an individual is guilty of a crime and may be sentenced to imprisonment for not more than 20 years or to a payment of a fine of not more than $40,000, or both if any of the following circumstances exist:

(1) the labor trafficking victim is under the age of 18;

(2) the labor trafficking occurs over an extended period of time; or

(3) the labor trafficking victim suffers great bodily harm and the great bodily harm arose out of and in the course of the labor trafficking or the labor and services related to the labor trafficking.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 15. Minnesota Statutes 2022, section 609.321, is amended by adding a subdivision to read:

Subd. 15. **Debt bondage.** "Debt bondage" has the meaning given in section 609.281, subdivision 3.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 16. Minnesota Statutes 2022, section 609.321, is amended by adding a subdivision to read:

Subd. 16. **Forced or coerced labor or services.** "Forced or coerced labor or services" has the meaning given in section 609.281, subdivision 4.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 17. Minnesota Statutes 2022, section 609.321, is amended by adding a subdivision to read:

Subd. 17. **Labor trafficking.** "Labor trafficking" has the meaning given in section 609.281, subdivision 5.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 18. Minnesota Statutes 2022, section 609.321, is amended by adding a subdivision to read:

Subd. 18. **Labor trafficking victim.** "Labor trafficking victim" has the meaning given in section 609.281, subdivision 6.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 19. Minnesota Statutes 2022, section 609.321, is amended by adding a subdivision to read:

Subd. 19. **Trafficking.** "Trafficking" includes labor trafficking and sex trafficking.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 20. Minnesota Statutes 2022, section 609.321, is amended by adding a subdivision to read:

Subd. 20. **Trafficking victim.** "Trafficking victim" includes a labor trafficking victim and a sex trafficking victim.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 21. Minnesota Statutes 2022, section 609.322, subdivision 1, is amended to read:

Subdivision 1. **Solicitation, inducement, and promotion of prostitution; sex trafficking in the first degree.** (a) Whoever, while acting other than as a prostitute or patron, intentionally does any of the following may be sentenced to imprisonment for not more than 25 years or to payment of a fine of not more than $50,000, or both:

(1) solicits or induces an individual under the age of 18 years to practice prostitution;

(2) promotes the prostitution of an individual under the age of 18 years;

(3) receives profit, knowing or having reason to know that it is derived from the prostitution, or the promotion of the prostitution, of an individual under the age of 18 years; or

(4) engages in the sex trafficking of an individual under the age of 18 years.

(b) Whoever violates paragraph (a) or subdivision 1a may be sentenced to imprisonment for not more than 30 years or to payment of a fine of not more than $60,000, or both, if one or more of the following aggravating factors are present:

(1) the offender has committed a prior qualified human trafficking-related offense;

(2) the offense involved a sex trafficking victim who suffered bodily harm during the commission of the offense;

(3) the time period that a sex trafficking victim was held in debt bondage or forced or coerced labor or services exceeded 180 days; or

(4) the offense involved more than one sex trafficking victim.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 22. Minnesota Statutes 2022, section 609.52, subdivision 3, is amended to read:

Subd. 3. **Sentence.** Whoever commits theft may be sentenced as follows:

(1) to imprisonment for not more than 20 years or to payment of a fine of not more than $100,000, or both, if the property is a firearm, or the value of the property or services stolen is more than $35,000 and the conviction is for a violation of subdivision 2, clause (3), (4), (15), (16), or (19), or section 609.2335, subdivision 1, clause (1) or (2), item (i); or

(2) to imprisonment for not more than ten years or to payment of a fine of not more than $20,000, or both, if the value of the property or services stolen exceeds $5,000, or if the property stolen was an article representing a trade secret, an explosive or incendiary device, or a controlled substance listed in Schedule I or II pursuant to section 152.02 with the exception of marijuana; or

(3) to imprisonment for not more than five years or to payment of a fine of not more than $10,000, or both, if any of the following circumstances exist:

(a) the value of the property or services stolen is more than $1,000 but not more than $5,000; or

(b) the property stolen was a controlled substance listed in Schedule III, IV, or V pursuant to section 152.02; or

(c) the value of the property or services stolen is more than $500 but not more than $1,000 and the person has been convicted within the preceding five years for an offense under this section, section 256.98; 268.182; 609.24; 609.245; 609.522; 609.53; 609.582, subdivision 1, 2, or 3; 609.625; 609.63; 609.631; or 609.821, or a statute from another state, the United States, or a foreign jurisdiction, in conformity with any of those sections, and the person received a felony or gross misdemeanor sentence for the offense, or a sentence that was stayed under section 609.135 if the offense to which a plea was entered would allow imposition of a felony or gross misdemeanor sentence; or

(d) the value of the property or services stolen is not more than $1,000, and any of the following circumstances exist:

(i) the property is taken from the person of another or from a corpse, or grave or coffin containing a corpse; or

(ii) the property is a record of a court or officer, or a writing, instrument or record kept, filed or deposited according to law with or in the keeping of any public officer or office; or

(iii) the property is taken from a burning, abandoned, or vacant building or upon its removal therefrom, or from an area of destruction caused by civil disaster, riot, bombing, or the proximity of battle; or

(iv) the property consists of public funds belonging to the state or to any political subdivision or agency thereof; or

(v) the property stolen is a motor vehicle; or

(4) to imprisonment for not more than one year or to payment of a fine of not more than $3,000, or both, if the value of the property or services stolen is more than $500 but not more than $1,000; or

(5) in all other cases where the value of the property or services stolen is $500 or less, to imprisonment for not more than 90 days or to payment of a fine of not more than $1,000, or both, provided, however, in any prosecution under subdivision 2, clauses (1), (2), (3), (4), (13), and (19), the value of the money or property or services received by the defendant in violation of any one or more of the above provisions within any six-month period may be aggregated and the defendant charged accordingly in applying the provisions of this subdivision; provided that when two or more offenses are committed by the same person in two or more counties, the accused may be prosecuted in any county in which one of the offenses was committed for all of the offenses aggregated under this paragraph.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 23. **[609.522] ORGANIZED RETAIL THEFT.**

Subdivision 1. **Definitions.** (a) As used in this section, the terms in this subdivision have the meanings given.

(b) "Article surveillance system" means any electronic device or other security device that is designed to detect or prevent the unauthorized removal of retail merchandise from a retailer.

(c) "Retailer" means a person or entity that sells retail merchandise.

(d) "Retail merchandise" means all forms of tangible property, without limitation, held out for sale by a retailer.

(e) "Value" means the retail market value at the time of the theft or, if the retail market value cannot be ascertained, the cost of replacement of the property within a reasonable time after the theft.

Subd. 2. **Organized retail theft.** (a) Whoever steals or fraudulently obtains retail merchandise from a retailer commits organized retail theft and may be sentenced as provided in subdivision 3 if the actor:

(1) resells or intends to resell the retail merchandise;

(2) advertises or displays any item of the retail merchandise for sale;

(3) returns any item of the retail merchandise to a retailer for anything of value; or

(4) steals retail merchandise within five years of a conviction under this section.

(b) Whoever receives, purchases, or possesses retail merchandise knowing or having reason to know the retail merchandise was stolen from a retailer and with the intent to resell that merchandise may be sentenced as provided in subdivision 3.

(c) Whoever possesses any device, gear, or instrument designed to assist in shoplifting or defeating an electronic article surveillance system with intent to use the same to shoplift and thereby commit theft may be sentenced pursuant to subdivision 3, clause (3).

Subd. 3. **Sentence.** Whoever commits organized retail theft may be sentenced as follows:

(1) to imprisonment for not more than 15 years or to payment of a fine of not more than $35,000, or both, if the value of the property stolen exceeds $5,000;

(2) to imprisonment for not more than seven years or to payment of a fine of not more than $14,000, or both, if either of the following circumstances exist:

(i) the value of the property stolen is more than $1,000 but not more than $5,000; or

(ii) the person commits the offense within ten years of the first of two or more convictions under this section;

(3) to imprisonment for not more than two years or to payment of a fine of not more than $5,000, or both, if either of the following circumstances exist:

(i) the value of the property stolen is more than $500 but not more than $1,000; or

(ii) the person commits the offense within ten years of a previous conviction under this section; or

(4) to imprisonment of not more than one year or to payment of a fine of not more than $3,000, or both, if the value of the property stolen is $500 or less.

Subd. 4. **Aggregation.** The value of the retail merchandise received by the defendant in violation of this section within any six-month period may be aggregated and the defendant charged accordingly in applying the provisions of this subdivision, provided that when two or more offenses are committed by the same person in two or more counties, the accused may be prosecuted in any county in which one of the offenses was committed for all of the offenses aggregated under this paragraph.

Subd. 5. **Enhanced penalty.** If a violation of this section creates a reasonably foreseeable risk of bodily harm to another, the penalties described in subdivision 3 are enhanced as follows:

(1) if the penalty is a gross misdemeanor, the person is guilty of a felony and may be sentenced to imprisonment for not more than three years or to payment of a fine of not more than $5,000, or both; and

(2) if the penalty is a felony, the statutory maximum sentence for the offense is 50 percent longer than for the underlying crime.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 24. Minnesota Statutes 2022, section 609.582, subdivision 3, is amended to read:

Subd. 3. **Burglary in the third degree.** (a) Except as otherwise provided in this section, whoever enters a building without consent and with intent to steal or commit any felony or gross misdemeanor while in the building, or enters a building without consent and steals or commits a felony or gross misdemeanor while in the building, either directly or as an accomplice, commits burglary in the third degree and may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than $10,000, or both.

(b) Whoever enters a building that is open to the public, other than a building identified in subdivision 2, paragraph (b), with intent to steal while in the building, or enters a building that is open to the public, other than a building identified in subdivision 2, paragraph (b), and steals while in the building, either directly or as an accomplice, commits burglary in the third degree and may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than $10,000, or both, if:

(1) the person enters the building within one year after being told to leave the building and not return; and

(2) the person has been convicted within the preceding five years for an offense under this section, section 256.98, 268.182, 609.24, 609.245, 609.52, 609.522, 609.53, 609.625, 609.63, 609.631, or 609.821, or a statute from another state, the United States, or a foreign jurisdiction, in conformity with any of those sections, and the person received a felony sentence for the offense or a sentence that was stayed under section 609.135 if the offense to which a plea was entered would allow imposition of a felony sentence.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 25. Minnesota Statutes 2022, section 609.582, subdivision 4, is amended to read:

Subd. 4. **Burglary in the fourth degree.** (a) Whoever enters a building without consent and with intent to commit a misdemeanor other than to steal, or enters a building without consent and commits a misdemeanor other than to steal while in the building, either directly or as an accomplice, commits burglary in the fourth degree and may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than $3,000, or both.

(b) Whoever enters a building that is open to the public, other than a building identified in subdivision 2, paragraph (b), with intent to steal while in the building, or enters a building that is open to the public, other than a building identified in subdivision 2, paragraph (b), and steals while in the building, either directly or as an accomplice, commits burglary in the fourth degree and may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than $3,000, or both, if the person enters the building within one year after being told to leave the building and not return.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 26. Minnesota Statutes 2022, section 609.595, subdivision 1a, is amended to read:

Subd. 1a. **Criminal damage to property in the second degree.** (a) Whoever intentionally causes damage described in subdivision 2, paragraph (a), ~~because of the property owner's or another's actual or perceived race, color, religion, sex, sexual orientation, disability as defined in section 363A.03, age, or national origin~~ is guilty of a felony and may be sentenced to imprisonment for not more than one year and a day or to payment of a fine of not more than $3,000, or both~~.~~, if the damage:

(1) was committed in whole or in substantial part because of the property owner's or another's actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03;

(2) was committed in whole or in substantial part because of the victim's actual or perceived association with another person or group of a certain actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03; or

(3) was motivated in whole or in substantial part by an intent to intimidate or harm an individual or group of individuals because of actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03.

(b) In any prosecution under paragraph (a), the value of property damaged by the defendant in violation of that paragraph within any six-month period may be aggregated and the defendant charged accordingly in applying this section. When two or more offenses are committed by the same person in two or more counties, the accused may be prosecuted in any county in which one of the offenses was committed for all of the offenses aggregated under this paragraph.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 27. Minnesota Statutes 2022, section 609.595, subdivision 2, is amended to read:

Subd. 2. **Criminal damage to property in the third degree.** (a) Except as otherwise provided in subdivision 1a, whoever intentionally causes damage to another person's physical property without the other person's consent may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than $3,000, or both, if: (1) the damage reduces the value of the property by more than $500 but not more than $1,000 as measured by the cost of repair and replacement; or (2) the damage was to a public safety motor vehicle and the defendant knew the vehicle was a public safety motor vehicle.

(b) Whoever intentionally causes damage to another person's physical property without the other person's consent ~~because of the property owner's or another's actual or perceived race, color, religion, sex, sexual orientation, disability as defined in section 363A.03, age, or national origin~~ may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than $3,000, or both, if the damage reduces the value of the property by not more than $500~~.~~ and:

(1) was committed in whole or in substantial part because of the property owner's or another's actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03;

(2) was committed in whole or in substantial part because of the victim's actual or perceived association with another person or group of a certain actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03; or

(3) was motivated in whole or in substantial part by an intent to intimidate or harm an individual or group of individuals because of actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03.

(c) In any prosecution under paragraph (a), clause (1), the value of property damaged by the defendant in violation of that paragraph within any six-month period may be aggregated and the defendant charged accordingly in applying this section. When two or more offenses are committed by the same person in two or more counties, the accused may be prosecuted in any county in which one of the offenses was committed for all of the offenses aggregated under this paragraph.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 28. Minnesota Statutes 2022, section 609.67, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) "Machine gun" means any firearm designed to discharge, or capable of discharging automatically more than once by a single function of the trigger.

(b) "Shotgun" means a weapon designed, redesigned, made or remade which is intended to be fired from the shoulder and uses the energy of the explosive in a fixed shotgun shell to fire through a smooth bore either a number of ball shot or a single projectile for each single pull of the trigger.

(c) "Short-barreled shotgun" means a shotgun having one or more barrels less than 18 inches in length and any weapon made from a shotgun if such weapon as modified has an overall length less than 26 inches.

(d) "Trigger activator" means:

(1) a removable manual or power driven trigger activating device constructed and designed so that, when attached to a firearm, the rate at which the trigger may be pulled increases and the rate of fire of the firearm increases to that of a machine gun; or

(2) a device that allows a semiautomatic firearm to shoot more than one shot with a single pull of the trigger or by harnessing the recoil of energy of the semiautomatic firearm to which it is affixed so that the trigger resets and continues firing without additional physical manipulation of the trigger.

(e) "Machine gun conversion kit" means any part or combination of parts designed and intended for use in converting a weapon into a machine gun, and any combination of parts from which a machine gun can be assembled, but does not include a spare or replacement part for a machine gun that is possessed lawfully under section 609.67, subdivision 3.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to offenses that occur on or after that date.

Sec. 29. Minnesota Statutes 2022, section 609.67, subdivision 2, is amended to read:

Subd. 2. **Acts prohibited.** (a) Except as otherwise provided herein, whoever owns, possesses, or operates a machine gun, or any trigger activator or machine gun conversion kit~~, or a short-barreled shotgun~~ may be sentenced to imprisonment for not more than ~~five~~ 20 years or to payment of a fine of not more than ~~$10,000~~ $35,000, or both.

(b) Except as otherwise provided herein, whoever owns, possesses, or operates a short-barreled shotgun may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than $10,000, or both.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to offenses that occur on or after that date.

Sec. 30. Minnesota Statutes 2022, section 609.746, subdivision 1, is amended to read:

Subdivision 1. **Surreptitious intrusion; observation device.** (a) A person is guilty of a gross misdemeanor who:

(1) enters upon another's property;

(2) surreptitiously gazes, stares, or peeps in the window or any other aperture of a house or place of dwelling of another; and

(3) does so with intent to intrude upon or interfere with the privacy of a member of the household.

(b) A person is guilty of a gross misdemeanor who:

(1) enters upon another's property;

(2) surreptitiously installs or uses any device for observing, photographing, recording, amplifying, or broadcasting sounds or events through the window or any other aperture of a house or place of dwelling of another; and

(3) does so with intent to intrude upon or interfere with the privacy of a member of the household.

(c) A person is guilty of a gross misdemeanor who:

(1) surreptitiously gazes, stares, or peeps in the window or other aperture of a sleeping room in a hotel, as defined in section 327.70, subdivision 3, a tanning booth, or other place where a reasonable person would have an expectation of privacy and has exposed or is likely to expose their intimate parts, as defined in section 609.341, subdivision 5, or the clothing covering the immediate area of the intimate parts; and

(2) does so with intent to intrude upon or interfere with the privacy of the occupant.

(d) A person is guilty of a gross misdemeanor who:

(1) surreptitiously installs or uses any device for observing, photographing, recording, amplifying, or broadcasting sounds or events through the window or other aperture of a sleeping room in a hotel, as defined in section 327.70, subdivision 3, a tanning booth, or other place where a reasonable person would have an expectation of privacy and has exposed or is likely to expose their intimate parts, as defined in section 609.341, subdivision 5, or the clothing covering the immediate area of the intimate parts; and

(2) does so with intent to intrude upon or interfere with the privacy of the occupant.

(e) A person is guilty of a gross misdemeanor who:

(1) uses any device for photographing, recording, or broadcasting an image of an individual in a house or place of dwelling; a sleeping room of a hotel as defined in section 327.70, subdivision 3; a tanning booth; a bathroom; a locker room; a changing room; an indoor shower facility; or any place where a reasonable person would have an expectation of privacy; and

(2) does so with the intent to photograph, record, or broadcast an image of the individual's intimate parts, as defined in section 609.341, subdivision 5, without the consent of the individual.

(f) A person is guilty of a misdemeanor who:

(1) surreptitiously installs or uses any device for observing, photographing, recording, or broadcasting an image of an individual's intimate parts, as defined in section 609.341, subdivision 5, or the clothing covering the immediate area of the intimate parts;

(2) observes, photographs, or records the image under or around the individual's clothing; and

(3) does so with intent to intrude upon or interfere with the privacy of the individual.

~~(e)~~ (g) A person is guilty of a felony and may be sentenced to imprisonment for not more than two years or to payment of a fine of not more than $5,000, or both, if the person:

(1) violates ~~this subdivision~~ paragraph (a), (b), (c), (d), or (e) after a previous conviction under this subdivision or section 609.749; or

(2) violates ~~this subdivision~~ paragraph (a), (b), (c), (d), or (e) against a minor under the age of 18, knowing or having reason to know that the minor is present.

~~(f)~~ (h) A person is guilty of a felony and may be sentenced to imprisonment for not more than four years or to payment of a fine of not more than $5,000, or both, if: (1) the person violates paragraph (b) ~~or,~~ (d), or (e) against a minor victim under the age of 18; (2) the person is more than 36 months older than the minor victim; (3) the person knows or has reason to know that the minor victim is present; and (4) the violation is committed with sexual intent.

(i) A person is guilty of a gross misdemeanor if the person:

(1) violates paragraph (f) after a previous conviction under this subdivision or section 609.749; or

(2) violates paragraph (f) against a minor under the age of 18, knowing or having reason to know that the victim is a minor.

(j) A person is guilty of a felony if the person violates paragraph (f) after two or more convictions under this subdivision or section 609.749.

~~(g) Paragraphs~~ (k) Paragraph (b) ~~and,~~ (d) ~~do~~, or (e) does not apply to law enforcement officers or corrections investigators, or to those acting under their direction, while engaged in the performance of their lawful duties. Paragraphs (c) ~~and,~~ (d), and (e) do not apply to conduct in: (1) a medical facility; or (2) a commercial establishment if the owner of the establishment has posted conspicuous signs warning that the premises are under surveillance by the owner or the owner's employees.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 31. Minnesota Statutes 2022, section 609.749, subdivision 3, is amended to read:

Subd. 3. **Aggravated violations.** (a) A person who commits any of the following acts is guilty of a felony and may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than $10,000, or both:

(1) commits any offense described in subdivision 2 in whole or in substantial part because of the victim's or another's actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03, ~~age, or national origin~~ or because of the

victim's actual or perceived association with another person or group of a certain actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03;

(2) commits any offense described in subdivision 2 by falsely impersonating another;

(3) commits any offense described in subdivision 2 and a dangerous weapon was used in any way in the commission of the offense;

(4) commits any offense described in subdivision 2 with intent to influence or otherwise tamper with a juror or a judicial proceeding or with intent to retaliate against a judicial officer, as defined in section 609.415, or a prosecutor, defense attorney, or officer of the court, because of that person's performance of official duties in connection with a judicial proceeding; or

(5) commits any offense described in subdivision 2 against a victim under the age of 18, if the actor is more than 36 months older than the victim.

(b) A person who commits any offense described in subdivision 2 against a victim under the age of 18, if the actor is more than 36 months older than the victim, and the act is committed with sexual or aggressive intent, is guilty of a felony and may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than $20,000, or both.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 32. **[609.771] USE OF DEEP FAKE TECHNOLOGY TO INFLUENCE AN ELECTION.**

Subdivision 1. **Definitions.** (a) As used in this section, the following terms have the meanings given.

(b) "Candidate" means an individual who seeks nomination or election to a federal, statewide, legislative, judicial, or local office including special districts, school districts, towns, home rule charter and statutory cities, and counties.

(c) "Deep fake" means any video recording, motion-picture film, sound recording, electronic image, or photograph, or any technological representation of speech or conduct substantially derivative thereof:

(1) which appears to authentically depict any speech or conduct of an individual who did not in fact engage in such speech or conduct; and

(2) the production of which was substantially dependent upon technical means, rather than the ability of another individual to physically or verbally impersonate such individual.

(d) "Depicted individual" means an individual in a deep fake who appears to be engaging in speech or conduct in which the individual did not engage.

Subd. 2. **Use of deep fake to influence an election; violation.** A person who disseminates a deep fake or enters into a contract or other agreement to disseminate a deep fake is guilty of a crime and may be sentenced as provided in subdivision 3 if the person knows or reasonably should know that the item being disseminated is a deep fake and dissemination:

(1) takes place within 90 days before an election;

(2) is made without the consent of the depicted individual; and

(3) is made with the intent to injure a candidate or influence the result of an election.

Subd. 3. **Use of deep fake to influence an election; penalty.** A person convicted of violating subdivision 2 may be sentenced as follows:

(1) if the person commits the violation within five years of one or more prior convictions under this section, to imprisonment for not more than five years or to payment of a fine of not more than $10,000, or both;

(2) if the person commits the violation with the intent to cause violence or bodily harm, to imprisonment for not more than one year or to payment of a fine of not more than $3,000, or both; or

(3) in other cases, to imprisonment for not more than 90 days or to payment of a fine of not more than $1,000, or both.

Subd. 4. **Injunctive relief.** A cause of action for injunctive relief may be maintained against any person who is reasonably believed to be about to violate or who is in the course of violating this section by:

(1) the attorney general;

(2) a county attorney or city attorney;

(3) the depicted individual; or

(4) a candidate for nomination or election to a public office who is injured or likely to be injured by dissemination.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 33. **[617.262] NONCONSENSUAL DISSEMINATION OF A DEEP FAKE DEPICTING INTIMATE PARTS OR SEXUAL ACTS.**

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

(b) "Deep fake" means any video recording, motion-picture film, sound recording, electronic image, or photograph, or any technological representation of speech or conduct substantially derivative thereof:

(1) which appears to authentically depict any speech or conduct of an individual who did not in fact engage in such speech or conduct; and

(2) the production of which was substantially dependent upon technical means, rather than the ability of another individual to physically or verbally impersonate such individual.

(c) "Depicted individual" means an individual in a deep fake who appears to be engaging in speech or conduct in which the individual did not engage.

(d) "Dissemination" means distribution to one or more persons, other than the person depicted in the deep fake, or publication by any publicly available medium.

(e) "Harass" means an act that would cause a substantial adverse effect on the safety, security, or privacy of a reasonable person.

(f) "Intimate parts" means the genitals, pubic area, or anus of an individual, or if the individual is female, a partially or fully exposed nipple.

(g) "Personal information" means any identifier that permits communication or in-person contact with a person, including:

(1) a person's first and last name, first initial and last name, first name and last initial, or nickname;

(2) a person's home, school, or work address;

(3) a person's telephone number, email address, or social media account information; or

(4) a person's geolocation data.

(h) "Sexual act" means either sexual contact or sexual penetration.

(i) "Sexual contact" means the intentional touching of intimate parts or intentional touching with seminal fluid or sperm onto another person's body.

(j) "Sexual penetration" means any of the following acts:

(1) sexual intercourse, cunnilingus, fellatio, or anal intercourse; or

(2) any intrusion, however slight, into the genital or anal openings of an individual by another's body part or an object used by another for this purpose.

(k) "Social media" means any electronic medium, including an interactive computer service, telephone network, or data network, that allows users to create, share, and view user-generated content.

Subd. 2. **Crime.** It is a crime to intentionally disseminate a deep fake when:

(1) the actor knows or reasonably should know that the depicted individual does not consent to the dissemination;

(2) the deep fake realistically depicts any of the following:

(i) the intimate parts of another individual presented as the intimate parts of the depicted individual;

(ii) artificially generated intimate parts presented as the intimate parts of the depicted individual; or

(iii) the depicted individual engaging in a sexual act; and

(3) the depicted individual is identifiable:

(i) from the deep fake itself, by the depicted individual or by another person; or

(ii) from the personal information displayed in connection with the deep fake.

Subd. 3. **Penalties.** (a) Except as provided in paragraph (b), whoever violates subdivision 2 is guilty of a gross misdemeanor.

(b) Whoever violates subdivision 2 may be sentenced to imprisonment for not more than three years or to payment of a fine of $5,000, or both, if one of the following factors is present:

(1) the depicted person suffers financial loss due to the dissemination of the deep fake;

(2) the actor disseminates the deep fake with intent to profit from the dissemination;

(3) the actor maintains an Internet website, online service, online application, or mobile application for the purpose of disseminating the deep fake;

(4) the actor posts the deep fake on a website;

(5) the actor disseminates the deep fake with intent to harass the depicted person;

(6) the actor obtained the deep fake by committing a violation of section 609.52, 609.746, 609.89, or 609.891; or

(7) the actor has previously been convicted under this chapter.

Subd. 4. **No defense.** It is not a defense to a prosecution under this section that the person consented to the creation or possession of the deep fake.

Subd. 5. **Venue.** Notwithstanding anything to the contrary in section 627.01, an offense committed under this section may be prosecuted in:

(1) the county where the offense occurred;

(2) the county of residence of the actor or victim or in the jurisdiction of the victim's designated address if the victim participates in the address confidentiality program established by chapter 5B; or

(3) only if the venue cannot be located in the counties specified under clause (1) or (2), the county where any deep fake is produced, reproduced, found, stored, received, or possessed in violation of this section.

Subd. 6. **Exemptions.** Subdivision 2 does not apply when:

(1) the dissemination is made for the purpose of a criminal investigation or prosecution that is otherwise lawful;

(2) the dissemination is for the purpose of, or in connection with, the reporting of unlawful conduct;

(3) the dissemination is made in the course of seeking or receiving medical or mental health treatment, and the image is protected from further dissemination;

(4) the deep fake was obtained in a commercial setting for the purpose of the legal sale of goods or services, including the creation of artistic products for sale or display, and the depicted individual knew, or should have known, that a deep fake would be created and disseminated;

(5) the deep fake relates to a matter of public interest and dissemination serves a lawful public purpose;

(6) the dissemination is for legitimate scientific research or educational purposes; or

(7) the dissemination is made for legal proceedings and is consistent with common practice in civil proceedings necessary for the proper functioning of the criminal justice system, or protected by court order which prohibits any further dissemination.

Subd. 7. **Immunity.** Nothing in this section shall be construed to impose liability upon the following entities solely as a result of content or information provided by another person:

(1) an interactive computer service as defined in United States Code, title 47, section 230, paragraph (f), clause (2);

(2) a provider of public mobile services or private radio services; or

(3) a telecommunications network or broadband provider.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 34. Minnesota Statutes 2022, section 628.26, is amended to read:

628.26 LIMITATIONS.

(a) Indictments or complaints for any crime resulting in the death of the victim may be found or made at any time after the death of the person killed.

(b) Indictments or complaints for a violation of section 609.25 may be found or made at any time after the commission of the offense.

(c) Indictments or complaints for violation of section 609.282 may be found or made at any time after the commission of the offense if the victim was under the age of 18 at the time of the offense.

(d) Indictments or complaints for violation of section 609.282 where the victim was 18 years of age or older at the time of the offense, or 609.42, subdivision 1, clause (1) or (2), shall be found or made and filed in the proper court within six years after the commission of the offense.

(e) Indictments or complaints for violation of sections 609.322, 609.342 to 609.345, and 609.3458 may be found or made at any time after the commission of the offense.

(f) Indictments or complaints for violation of sections 609.466 and 609.52, subdivision 2, paragraph (a), clause (3), item (iii), shall be found or made and filed in the proper court within six years after the commission of the offense.

(g) Indictments or complaints for violation of section 609.2335, 609.52, subdivision 2, paragraph (a), clause (3), items (i) and (ii), (4), (15), or (16), 609.631, or 609.821, where the value of the property or services stolen is more than $35,000, or for violation of section 609.527 where the offense involves eight or more direct victims or the total combined loss to the direct and indirect victims is more than $35,000, shall be found or made and filed in the proper court within five years after the commission of the offense.

(h) Except for violations relating to false material statements, representations or omissions, indictments or complaints for violations of section 609.671 shall be found or made and filed in the proper court within five years after the commission of the offense.

(i) Indictments or complaints for violation of sections 609.561 to 609.563, shall be found or made and filed in the proper court within five years after the commission of the offense.

(j) Indictments or complaints for violation of section 609.746 shall be found or made and filed in the proper court within the later of three years after the commission of the offense or three years after the offense was reported to law enforcement authorities.

~~(j)~~ (k) In all other cases, indictments or complaints shall be found or made and filed in the proper court within three years after the commission of the offense.

~~(k)~~ (l) The limitations periods contained in this section shall exclude any period of time during which the defendant was not an inhabitant of or usually resident within this state.

~~(l)~~ (m) The limitations periods contained in this section for an offense shall not include any period during which the alleged offender participated under a written agreement in a pretrial diversion program relating to that offense.

~~(m)~~ (n) The limitations periods contained in this section shall not include any period of time during which physical evidence relating to the offense was undergoing DNA analysis, as defined in section 299C.155, unless the defendant demonstrates that the prosecuting or law enforcement agency purposefully delayed the DNA analysis process in order to gain an unfair advantage.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date and to crimes committed before that date if the limitations period for the crime did not expire before August 1, 2023.

Sec. 35. **REPEALER.**

Minnesota Statutes 2022, sections 609.281, subdivision 2; 609.293, subdivisions 1 and 5; 609.34; and 609.36, are repealed.

EFFECTIVE DATE. This section is effective August 1, 2023.

ARTICLE 3
PUBLIC SAFETY AND CRIME VICTIMS

Section 1. Minnesota Statutes 2022, section 144.6586, subdivision 2, is amended to read:

Subd. 2. **Contents of notice.** The commissioners of health and public safety, in consultation with sexual assault victim advocates and health care professionals, shall develop the notice required by subdivision 1. The notice must inform the victim, at a minimum, of:

(1) the obligation under section 609.35 of the ~~county where the criminal sexual conduct occurred~~ state to pay for the examination performed for the purpose of gathering evidence, that payment is not contingent on the victim reporting the criminal sexual conduct to law enforcement, and that the victim may incur expenses for treatment of injuries;

(2) the victim's rights if the crime is reported to law enforcement, including the victim's right to apply for reparations under sections 611A.51 to 611A.68, information on how to apply for reparations, and information on how to obtain an order for protection or a harassment restraining order; and

(3) the opportunity under section 611A.27 to obtain status information about an unrestricted sexual assault examination kit, as defined in section 299C.106, subdivision 1, paragraph (h).

Sec. 2. Minnesota Statutes 2022, section 145.4712, is amended to read:

145.4712 EMERGENCY CARE TO SEXUAL ASSAULT VICTIMS.

Subdivision 1. **Emergency care to female sexual assault victims.** (a) It shall be the standard of care for all hospitals and other health care providers that provide emergency care to, at a minimum:

(1) provide each female sexual assault victim with medically and factually accurate and unbiased written and oral information about emergency contraception from the American College of Obstetricians and Gynecologists and distributed to all hospitals by the Department of Health;

(2) orally inform each female sexual assault victim of the option of being provided with emergency contraception at the hospital or other health care facility; and

(3) immediately provide emergency contraception to each sexual assault victim who requests it provided it is not medically contraindicated and is ordered by a legal prescriber. Emergency contraception shall be administered in accordance with current medical protocols regarding timing and dosage necessary to complete the treatment.

(b) A hospital or health care provider may administer a pregnancy test. If the pregnancy test is positive, the hospital or health care provider does not have to comply with the provisions in paragraph (a).

Subd. 2. **Emergency care to male and female sexual assault victims.** It shall be the standard of care for all hospitals and health care providers that provide emergency care to, at a minimum:

(1) provide each sexual assault victim with factually accurate and unbiased written and oral medical information about prophylactic antibiotics for treatment of sexually transmitted ~~diseases~~ infections;

(2) orally inform each sexual assault victim of the option of being provided prophylactic antibiotics for treatment of sexually transmitted ~~diseases~~ infections at the hospital or other health care facility; and

(3) immediately provide prophylactic antibiotics for treatment of sexually transmitted ~~diseases~~ infections to each sexual assault victim who requests it, provided it is not medically contraindicated and is ordered by a legal prescriber.

Sec. 3. **[260B.020] OFFICE OF RESTORATIVE PRACTICES.**

Subdivision 1. **Definition.** As used in this section, "restorative practices" means programs, practices, and policies that incorporate core principles, including but not limited to voluntariness, prioritization of agreement by the people closest to the harm on what is needed to repair the harm, reintegration into the community, honesty, and respect. Further, restorative practices are rooted in community values and create meaningful outcomes that may include but are not limited to:

(1) establishing and meeting goals related to increasing connection to community, restoring relationships, and increasing empathy, perspective taking, and taking responsibility for impact of actions by all parties involved;

(2) addressing the needs of those who have been harmed;

(3) recognizing and addressing the underlying issues of behavior;

(4) engaging with those most directly affected by an incident and including community members that reflect the diversity of the child's environment;

(5) having broad authority to determine the complete and appropriate responses to specific incidents through the use of a collaborative process;

(6) providing solutions and approaches that affirm and are tailored to specific cultures; and

(7) implementing policies and procedures that are informed by the science of the social, emotional, and cognitive development of children.

Subd. 2. **Establishment.** The Office of Restorative Practices is established within the Department of Public Safety. The Office of Restorative Practices shall have the powers and duties described in this section.

Subd. 3. **Department of Children, Youth, and Family; automatic transfer.** In the event that a Department of Children, Youth, and Family is created as an independent agency, the Office of Restorative Practices shall be transferred to that department pursuant to section 15.039 effective six months following the effective date for legislation creating that department.

Subd. 4. **Director; other staff.** (a) The commissioner of public safety shall appoint a director of the Office of Restorative Practices. The director should have qualifications that include or are similar to the following:

(1) experience in the many facets of restorative justice and practices such as peacemaking circles, sentencing circles, community conferencing, community panels, and family group decision making;

(2) experience in victim-centered and trauma-informed practices;

(3) knowledge of the range of social problems that bring children and families to points of crisis such as poverty, racism, unemployment, and unequal opportunity;

(4) knowledge of the many ways youth become involved in other systems such as truancy, juvenile delinquency, child protection; and

(5) understanding of educational barriers.

(b) The director shall hire additional staff to perform the duties of the Office of Restorative Practices. The staff shall be in the classified service of the state and their compensation shall be established pursuant to chapter 43A.

Subd. 5. **Duties.** (a) The Office of Restorative Practices shall promote the use of restorative practices across multiple disciplines, including but not limited to:

(1) pretrial diversion programs established pursuant to section 388.24;

(2) delinquency, criminal justice, child welfare, and education systems; and

(3) community violence prevention practices.

(b) The Office of Restorative Practices shall collaborate with Tribal communities, counties, multicounty agencies, other state agencies, nonprofit agencies, and other jurisdictions, and with existing restorative practices initiatives in those jurisdictions to establish new restorative practices initiatives, support existing restorative practices initiatives, and identify effective restorative practices initiatives.

(c) The Office of Restorative Practices shall encourage collaboration between jurisdictions by creating a statewide network, led by restorative practitioners, to share effective methods and practices.

(d) The Office of Restorative Practices shall create a statewide directory of restorative practices initiatives. The office shall make this directory available to all restorative practices initiatives, counties, multicounty agencies, nonprofit agencies, and Tribes in order to facilitate referrals to restorative practices initiatives and programs.

(e) The Office of Restorative Practices shall work throughout the state to build capacity for the use of restorative practices in all jurisdictions and shall encourage every county to have at least one available restorative practices initiative.

(f) The Office of Restorative Practices shall engage restorative practitioners in discerning ways to measure the effectiveness of restorative efforts throughout the state.

(g) The Office of Restorative Practices shall oversee the coordination and establishment of local restorative practices advisory committees. The office shall oversee compliance with the conditions of this funding program. If a complaint or concern about a local advisory committee or a grant recipient is received, the Office of Restorative Practices shall exercise oversight as provided in this section.

(h) The Office of Restorative Practices shall provide information to local restorative practices advisory committees, or restorative practices initiatives in Tribal communities and governments, counties, multicounty agencies, other state agencies, and other jurisdictions about best practices that are developmentally tailored to youth, trauma-informed, and healing-centered, and provide technical support. Providing information includes but is not limited to sharing data on successful practices in other jurisdictions, sending notification about available training opportunities, and sharing known resources for financial support. The Office of Restorative Practices shall also provide training and technical support to local restorative practices advisory committees. Training includes but is not limited to the use and scope of restorative practices, victim-centered restorative practices, and trauma-informed care.

(i) The Office of Restorative Practices shall annually establish minimum requirements for the grant application process.

(j) The Office of Restorative Practices shall work with Tribes, counties, multicounty agencies, and nonprofit agencies throughout the state to educate those entities about the application process for grants and encourage applications.

Subd. 6. **Grants.** (a) Within available appropriations, the director shall award grants to establish and support restorative practices initiatives. An approved applicant must receive a grant of up to $500,000 each year.

(b) On an annual basis, the Office of Restorative Practices shall establish a minimum number of applications that must be received during the application process. If the minimum number of applications is not received, the office must reopen the application process.

(c) Grants may be awarded to private and public nonprofit agencies; local units of government, including cities, counties, and townships; local educational agencies; and Tribal governments. A restorative practices advisory committee may support multiple entities applying for grants based on community needs, the number of youth and families in the jurisdiction, and the number of restorative practices available to the community. Budgets supported by grant funds can include contracts with partner agencies.

(d) Applications must include the following:

(1) a list of willing restorative practices advisory committee members;

(2) letters of support from potential restorative practices advisory committee members;

(3) a description of the planning process that includes:

(i) a description of the origins of the initiative, including how the community provided input; and

(ii) an estimated number of participants to be served; and

(4) a formal document containing a project description that outlines the proposed goals, activities, and outcomes of the initiative including, at a minimum:

(i) a description of how the initiative meets the minimum eligibility requirements of the grant;

(ii) the roles and responsibilities of key staff assigned to the initiative;

(iii) identification of any key partners, including a summary of the roles and responsibilities of those partners;

(iv) a description of how volunteers and other community members are engaged in the initiative; and

(v) a plan for evaluation and data collection.

(e) In determining the appropriate amount of each grant, the Office of Restorative Practices shall consider the number of individuals likely to be served by the local restorative practices initiative.

Subd. 7. **Restorative practices advisory committees; membership and duties.** (a) Restorative practices advisory committees must include:

(1) a judge of the judicial district that will be served by the restorative practices initiative;

(2) the county attorney of a county that will be served by the restorative practices initiative or a designee;

(3) the chief district public defender in the district that will be served by the local restorative justice program or a designee;

(4) a representative from the children's unit of a county social services agency assigned to the area that will be served by the restorative practices initiative;

(5) a representative from the local probation department or community corrections agency that works with youth in the area that will be served by the restorative practices initiative;

(6) a representative from a local law enforcement agency that operates in the area that will be served by the restorative practices initiative;

(7) a school administrator or designee from a school or schools that operate in the area that will be served by the restorative practices initiative;

(8) multiple community members that reflect the racial, socioeconomic, and other diversity of the population of a county that will be served by the local restorative justice program and the individuals most frequently involved in the truancy, juvenile offender, and juvenile safety and placement systems;

(9) restorative practitioners, including restorative practitioners from within the community if available and, if not, from nearby communities;

(10) parents, youth, and justice-impacted participants; and

(11) at least one representative from a victims advocacy group.

(b) Community members described in paragraph (a), clause (8), must make up at least one-third of the restorative practices advisory committee.

(c) Community members, parents, youth, and justice-impacted participants participating in the advisory committee may receive a per diem from grant funds in the amount determined by the General Services Administration.

(d) The restorative practices advisory committees must utilize restorative practices in their decision-making process and come to consensus when developing, expanding, and maintaining restorative practices criteria and referral processes for their communities.

(e) Restorative practices advisory committees shall be responsible for establishing eligibility requirements for referrals to the local restorative practices initiative. Once restorative practices criteria and referral processes are developed, children, families, and cases, depending upon the point of prevention or intervention, must be referred to the local restorative practices initiatives or programs that serve the county, local community, or Tribal community where the child and family reside.

(f) Referrals may be made under circumstances, including but not limited to:

(1) as an alternative to arrest as outlined in section 260B.1755;

(2) for a juvenile petty offense;

(3) for a juvenile traffic offense;

(4) for a juvenile delinquency offense, including before and after a delinquency petition has been filed;

(5) for a child protection case, including before and after adjudication;

(6) for a children's mental health case;

(7) for a juvenile status offense, including but not limited to truancy or running away;

(8) for substance use issues;

(9) for situations involving transition to or from the community; and

(10) through self-referral.

Subd. 8. **Oversight of restorative practices advisory committees.** (a) Complaints by restorative practices advisory committee members, community members, restorative practices initiatives, or restorative practices practitioners regarding concerns about grant recipients may be made to the Office of Restorative Practices.

(b) The Office of Restorative Practices may prescribe the methods by which complaints to the office are to be made, reviewed, and acted upon.

(c) The Office of Restorative Practices shall establish and use a restorative process to respond to complaints so that grant recipients are being held to their agreed upon responsibilities and continue to meet the minimum eligibility requirements for grants to local restorative practices initiatives for the duration of the grant.

Subd. 9. **Report.** By February 15 of each year, the director shall report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over public safety, human services, and education, on the work of the Office of Restorative Practices, any grants issued pursuant to this section, and the status of local restorative practices initiatives in the state that were reviewed in the previous year.

Sec. 4. Minnesota Statutes 2022, section 297I.06, subdivision 1, is amended to read:

Subdivision 1. **Insurance policies surcharge.** (a) Except as otherwise provided in subdivision 2, each licensed insurer engaged in writing policies of homeowner's insurance authorized in section 60A.06, subdivision 1, clause (1)(c), or commercial fire policies or commercial nonliability policies shall collect a surcharge as provided in this paragraph. ~~Through June 30, 2013,~~ The surcharge is equal to 0.65 percent of the gross premiums and assessments, less return premiums, on direct business received by the company, or by its agents for it, for homeowner's insurance policies, commercial fire policies, and commercial nonliability insurance policies in this state. ~~Beginning July 1, 2013, the surcharge is 0.5 percent.~~

(b) The surcharge amount collected under paragraph (a) or subdivision 2, paragraph (b), may not be considered premium for any other purpose. The surcharge amount under paragraph (a) must be separately stated on either a billing or policy declaration or document containing similar information sent to an insured.

(c) Amounts collected by the commissioner under this section must be deposited in the fire safety account established pursuant to subdivision 3.

Sec. 5. Minnesota Statutes 2022, section 299A.38, is amended to read:

299A.38 SOFT BODY ARMOR REIMBURSEMENT.

Subdivision 1. **Definitions.** As used in this section:

~~(a)~~ (1) "commissioner" means the commissioner of public safety~~.~~;

(2) "firefighter" means a volunteer, paid on-call, part-time, or career firefighter serving a general population within the boundaries of the state;

~~(b)~~ (3) "peace officer" means a person who is licensed under section 626.84, subdivision 1, paragraph (c)~~.~~;

(4) "public safety officer" means a firefighter or qualified emergency medical service provider;

(5) "qualified emergency medical service provider" means a person certified under section 144E.101 who is actively employed by a Minnesota licensed ambulance service; and

~~(c)~~ (6) "vest" means bullet-resistant soft body armor that is flexible, concealable, and custom fitted to the peace officer to provide ballistic and trauma protection.

Subd. 2. **State and local reimbursement.** Peace officers and heads of local law enforcement agencies and public safety officers and heads of agencies and entities who buy vests for the use of peace officer employees, public safety officer employees, or both may apply to the commissioner for reimbursement of funds spent to buy vests. On approving an application for reimbursement, the commissioner shall pay the applicant an amount equal to the lesser

of one-half of the vest's purchase price or $600, as adjusted according to subdivision 2a. The political subdivision, agency, or entity that employs the peace officer or public safety officer shall pay at least the lesser of one-half of the vest's purchase price or $600, as adjusted according to subdivision 2a. The political subdivision, agency, or entity may not deduct or pay its share of the vest's cost from any clothing, maintenance, or similar allowance otherwise provided to the peace officer by the law enforcement agency or public safety officer by the employing agency or entity.

Subd. 2a. **Adjustment of reimbursement amount.** On October 1, 2006, the commissioner of public safety shall adjust the $600 reimbursement amounts specified in subdivision 2, and in each subsequent year, on October 1, the commissioner shall adjust the reimbursement amount applicable immediately preceding that October 1 date. The adjusted rate must reflect the annual percentage change in the Consumer Price Index for all urban consumers, published by the federal Bureau of Labor Statistics, occurring in the one-year period ending on the preceding June 1.

Subd. 3. **Eligibility requirements.** (a) Only vests that either meet or exceed the requirements of standard 0101.03 of the National Institute of Justice or that meet or exceed the requirements of that standard, except wet armor conditioning, are eligible for reimbursement.

(b) Eligibility for reimbursement is limited to vests bought after December 31, 1986, by or for peace officers (1) who did not own a vest meeting the requirements of paragraph (a) before the purchase, or (2) who owned a vest that was at least five years old.

(c) The requirement set forth in paragraph (b), clauses (1) and (2), shall not apply to any peace officer who purchases a vest constructed from a zylon-based material, provided that the peace officer provides proof of purchase or possession of the vest prior to July 1, 2005.

Subd. 4. **Rules.** The commissioner may adopt rules under chapter 14 to administer this section.

Subd. 5. **Limitation of liability.** A state agency, political subdivision of the state, ~~or~~ state or local government employee, or other entity that provides reimbursement for purchase of a vest under this section is not liable to a peace officer or the peace officer's heirs or a public safety officer or the public safety officer's heirs for negligence in the death of or injury to the ~~peace~~ officer because the vest was defective or deficient.

Subd. 6. **Right to benefits unaffected.** A peace officer or public safety officer who is reimbursed for the purchase of a vest under this section and who suffers injury or death because the officer failed to wear the vest, or because the officer wore a vest that was defective or deficient, may not lose or be denied a benefit or right, including a benefit under section 299A.44, to which the officer, or the officer's heirs, is otherwise entitled.

Sec. 6. Minnesota Statutes 2022, section 299A.41, subdivision 3, is amended to read:

Subd. 3. **Killed in the line of duty.** "Killed in the line of duty" does not include deaths from natural causes, except as provided in this subdivision. In the case of a public safety officer, killed in the line of duty includes the death of a public safety officer caused by accidental means while the public safety officer is acting in the course and scope of duties as a public safety officer. Killed in the line of duty also means if a public safety officer dies as the direct and proximate result of a heart attack, stroke, or vascular rupture, that officer shall be presumed to have died as the direct and proximate result of a personal injury sustained in the line of duty if:

(1) that officer, while on duty:

(i) engaged in a situation, and that engagement involved nonroutine stressful or strenuous physical law enforcement, fire suppression, rescue, hazardous material response, emergency medical services, prison security, disaster relief, or other emergency response activity; or

(ii) participated in a training exercise, and that participation involved nonroutine stressful or strenuous physical activity;

(2) that officer died as a result of a heart attack, stroke, or vascular rupture suffered:

(i) while engaging or participating under clause (1);

(ii) while still on duty after engaging or participating under clause (1); or

(iii) not later than 24 hours after engaging or participating under clause (1); ~~and~~

(3) that officer died due to suicide secondary to a diagnosis of posttraumatic stress disorder as described in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders published by the American Psychiatric Association;

(4) within 45 days of the end of exposure, while on duty, to a traumatic event. As used in this section, "traumatic event" means an officer exposed to an event that is:

(i) a homicide, suicide, or the violent or gruesome death of another individual, including but not limited to a death resulting from a mass casualty event, mass fatality event, or mass shooting;

(ii) a harrowing circumstance posing an extraordinary and significant danger or threat to the life of or of serious bodily harm to any individual, including but not limited to a death resulting from a mass casualty event, mass fatality event, or mass shooting; or

(iii) an act of criminal sexual violence committed against any individual; and

~~(3)~~ (5) the presumption is not overcome by competent medical evidence to the contrary.

Sec. 7. Minnesota Statutes 2022, section 299A.85, subdivision 6, is amended to read:

Subd. 6. **Reports.** The office must report on measurable outcomes achieved to meet its statutory duties, along with specific objectives and outcome measures proposed for the following year. The report must include data and statistics on missing and murdered Indigenous women, children, and Two-Spirit relatives in Minnesota, including names, dates of disappearance, and dates of death, to the extent the data is publicly available. The report must also identify and describe the work of any reward advisory group and itemize the expenditures of the Gaagige-Mikwendaagoziwag reward account, if any. The office must submit the report by January 15 each year to the chairs and ranking minority members of the legislative committees with primary jurisdiction over public safety.

Sec. 8. **[299A.90] OFFICE FOR MISSING AND MURDERED BLACK WOMEN AND GIRLS.**

Subdivision 1. **Establishment.** The commissioner shall establish and maintain an office dedicated to preventing and ending the targeting of Black women and girls within the Minnesota Office of Justice Programs.

Subd. 2. **Director; staff.** (a) The commissioner must appoint a director who is a person closely connected to the Black community and who is highly knowledgeable about criminal investigations. The commissioner is encouraged to consider candidates for appointment who are recommended by members of the Black community.

(b) The director may select, appoint, and compensate out of available funds assistants and employees as necessary to discharge the office's responsibilities.

(c) The director and full-time staff shall be members of the Minnesota State Retirement Association.

Subd. 3. **Duties.** (a) The office has the following duties:

(1) advocate in the legislature for legislation that will facilitate the accomplishment of mandates identified in the report of the Task Force on Missing and Murdered African American Women;

(2) advocate for state agencies to take actions to facilitate the accomplishment of mandates identified in the report of the Task Force on Missing and Murdered African American Women;

(3) develop recommendations for legislative and agency actions to address injustice in the criminal justice system's response to cases of missing and murdered Black women and girls;

(4) facilitate research to refine the mandates in the report of the Task Force on Missing and Murdered African American Women and to assess the potential efficacy, feasibility, and impact of the recommendations;

(5) collect data on missing person and homicide cases involving Black women and girls, including the total number of cases, the rate at which the cases are solved, the length of time the cases remain open, and a comparison to similar cases involving different demographic groups;

(6) collect data on Amber Alerts, including the total number of Amber Alerts issued, the total number of Amber Alerts that involve Black girls, and the outcome of cases involving Amber Alerts disaggregated by the child's race and sex;

(7) collect data on reports of missing Black girls, including the number classified as voluntary runaways, and a comparison to similar cases involving different demographic groups;

(8) analyze and assess the intersection between cases involving missing and murdered Black women and girls and labor trafficking and sex trafficking;

(9) develop recommendations for legislative, agency, and community actions to address the intersection between cases involving missing and murdered Black women and girls and labor trafficking and sex trafficking;

(10) analyze and assess the intersection between cases involving murdered Black women and girls and domestic violence, including prior instances of domestic violence within the family or relationship, whether an offender had prior convictions for domestic assault or related offenses, and whether the offender used a firearm in the murder or any prior instances of domestic assault;

(11) develop recommendations for legislative, agency, and community actions to address the intersection between cases involving murdered Black women and girls and domestic violence;

(12) develop tools and processes to evaluate the implementation and impact of the efforts of the office;

(13) track and collect Minnesota data on missing and murdered Black women and girls, and provide statistics upon public or legislative inquiry;

(14) facilitate technical assistance for local and Tribal law enforcement agencies during active cases involving missing and murdered Black women and girls;

(15) conduct case reviews and report on the results of case reviews for the following types of cases involving missing and murdered Black women and girls: cold cases for missing Black women and girls and death investigation review for cases of Black women and girls ruled as suicide or overdose under suspicious circumstances;

(16) conduct case reviews of the prosecution and sentencing for cases where a perpetrator committed a violent or exploitative crime against a Black woman or girl. These case reviews must identify those cases where the perpetrator is a repeat offender;

(17) prepare draft legislation as necessary to allow the office access to the data necessary for the office to conduct the reviews required in this section and advocate for passage of that legislation;

(18) review sentencing guidelines for crimes related to missing and murdered Black women and girls, recommend changes if needed, and advocate for consistent implementation of the guidelines across Minnesota courts;

(19) develop and maintain communication with relevant divisions in the Department of Public Safety, including but not limited to the Bureau of Criminal Apprehension, regarding any cases involving missing and murdered Black women and girls and on procedures for investigating cases involving missing and murdered Black women and girls;

(20) consult with the Council for Minnesotans of African Heritage established in section 15.0145; and

(21) coordinate, as relevant, with federal efforts, and efforts in neighboring states and Canada.

(b) As used in this subdivision:

(1) "labor trafficking" has the meaning given in section 609.281, subdivision 5; and

(2) "sex trafficking" has the meaning given in section 609.321, subdivision 7a.

Subd. 4. **Coordination with other organizations.** In fulfilling its duties, the office may coordinate, as useful, with stakeholder groups that were represented on the Task Force on Missing and Murdered African American Women and state agencies that are responsible for the systems that play a role in investigating, prosecuting, and adjudicating cases involving violence committed against Black women and girls; those who have a role in supporting or advocating for missing or murdered Black women and girls and the people who seek justice for them; and those who represent the interests of Black people. This includes the following entities: Minnesota Chiefs of Police Association; Minnesota Sheriffs' Association; Bureau of Criminal Apprehension; Minnesota Police and Peace Officers Association; Tribal law enforcement; Minnesota County Attorneys Association; United States Attorney's Office; juvenile courts; Minnesota Coroners' and Medical Examiners' Association; United States Coast Guard; state agencies, including the Departments of Health, Human Services, Education, Corrections, and Public Safety; service providers who offer legal services, advocacy, and other services to Black women and girls; Black women and girls who are survivors; and organizations and leadership from urban and statewide Black communities.

Subd. 5. **Reports.** The office must report on measurable outcomes achieved to meet its statutory duties, along with specific objectives and outcome measures proposed for the following year. The report must include data and statistics on missing and murdered Black women and girls in Minnesota, including names, dates of disappearance, and dates of death, to the extent the data is publicly available. The office must submit the report by January 15 each year to the chairs and ranking minority members of the legislative committees with primary jurisdiction over public safety.

Subd. 6. **Acceptance of gifts and receipt of grants.** (a) A missing and murdered Black women and girls account is established in the special revenue fund. Money in the account, including interest earned, is appropriated to the office for the purposes of carrying out the office's duties, including but not limited to issuing grants to community-based organizations.

(b) Notwithstanding sections 16A.013 to 16A.016, the office may accept funds contributed by individuals and may apply for and receive grants from public and private entities. The funds accepted or received under this subdivision must be deposited in the missing and murdered Black women and girls account created under paragraph (a).

Subd. 7. **Grants to organizations.** (a) The office shall issue grants to community-based organizations that provide services designed to prevent or end the targeting of Black women or girls, or to provide assistance to victims of offenses that targeted Black women or girls.

(b) Grant recipients must use money to:

(1) provide services designed to reduce or prevent crimes or other negative behaviors that target Black women or girls;

(2) provide training to the community about how to handle situations and crimes involving the targeting of Black women and girls, including but not limited to training for law enforcement officers, county attorneys, city attorneys, judges, and other criminal justice partners; or

(3) provide services to Black women and girls who are victims of crimes or other offenses, or to the family members of missing and murdered Black women and girls.

(c) Applicants must apply in a form and manner established by the office.

(d) Grant recipients must provide an annual report to the office that includes:

(1) the services provided by the grant recipient;

(2) the number of individuals served in the previous year; and

(3) any other information required by the office.

(e) On or before February 1 of each year, the office shall report to the legislative committees and divisions with jurisdiction over public safety on the work of grant recipients, including a description of the number of entities awarded grants, the amount of those grants, and the number of individuals served by the grantees.

(f) The office may enter into agreements with the Office of Justice Programs for the administration of grants issued under this subdivision.

Subd. 8. **Access to data.** Notwithstanding section 13.384 or 13.85, the director has access to corrections and detention data and medical data maintained by an agency and classified as private data on individuals or confidential data on individuals to the extent the data is necessary for the office to perform its duties under this section.

Sec. 9. **[299C.055] LEGISLATIVE REPORT ON FUSION CENTER ACTIVITIES.**

(a) The superintendent must prepare an annual report for the public and the legislature on the Minnesota Fusion Center (MNFC) that includes general information about the MNFC; the types of activities it monitors; the scale of information it collects; the local, state, and federal agencies with which it shares information; and the quantifiable benefits it produces. None of the reporting requirements in this section supersede chapter 13 or any other state or federal law. The superintendent must report on activities for the preceding calendar year unless another time period is specified. The report must include the following information, to the extent allowed by other law:

(1) the MNFC's operating budget for the current biennium, number of staff, and staff duties;

(2) the number of publications generated and an overview of the type of information provided in the publications, including products such as law enforcement briefs, partner briefs, risk assessments, threat assessments, and operational reports;

(3) a summary of audit findings for the MNFC and what corrective actions were taken pursuant to audits;

(4) the number of data requests received by the MNFC and a general description of those requests;

(5) the types of surveillance and data analysis technologies utilized by the MNFC, such as artificial intelligence or social media analysis tools;

(6) a description of the commercial and governmental databases utilized by the MNFC to the extent permitted by law;

(7) the number of suspicious activity reports (SARs) received and processed by the MNFC;

(8) the number of SARs received and processed by the MNFC that were converted into Bureau of Criminal Apprehension case files, that were referred to the Federal Bureau of Investigation, or that were referred to local law enforcement agencies;

(9) the number of SARs received and processed by the MNFC that involve an individual on the Terrorist Screening Center watchlist;

(10) the number of requests for information (RFIs) that the MNFC received from law enforcement agencies and the number of responses to federal requests for RFIs;

(11) the names of the federal agencies the MNFC received data from or shared data with;

(12) the names of the agencies that submitted SARs;

(13) a summary description of the MNFC's activities with the Joint Terrorism Task Force; and

(14) the number of investigations aided by the MNFC's use of SARs and RFIs.

(b) The agency must use existing appropriations to fund preparation of reports required under this section.

(c) The report shall be provided to the chairs and ranking minority members of the committees of the house of representatives and senate with jurisdiction over data practices and public safety issues, and shall be posted on the MNFC website by February 15 each year beginning on February 15, 2024.

Sec. 10. **[299C.061] STATE FRAUD UNIT.**

Subdivision 1. **Definitions.** As used in this section, the following terms have the meanings provided:

(1) "fraud" includes any violation of sections 609.466, 609.611, 609.651, 609.7475, or 609.821;

(2) "peace officer" has the meaning given in section 626.84, subdivision 1, paragraph (c);

(3) "state agency" has the meaning given in section 13.02, subdivision 17;

(4) "superintendent" means the superintendent of the Bureau of Criminal Apprehension; and

(5) "unit" means the State Fraud Unit housed at the Bureau of Criminal Apprehension.

Subd. 2. **State Fraud Unit.** The superintendent shall form a State Fraud Unit within the Bureau of Criminal Apprehension to conduct investigations into fraud involving state-funded programs or services subject to availability of funds.

Subd. 3. **Mandatory referral; duty to investigate.** A state agency shall refer all suspected fraudulent activity under the provisions noted within subdivision 1, clause (1), equaling $100,000 or more, to the unit for evaluation and investigation or appropriate referral. Upon receipt of this referral, the unit shall review and, where appropriate, conduct criminal investigations into such allegations. The unit has sole discretion as to which allegations are investigated further, referred back to the reporting agency for appropriate regulatory investigation, or referred to another law enforcement agency with appropriate jurisdiction.

Subd. 4. **Discretionary referral.** (a) A state agency may refer suspected fraudulent activity related to any state-funded programs or services equaling less than $100,000 to the unit for investigation. Upon referral, the unit shall:

(1) accept the referral and, where appropriate, conduct criminal investigations into the allegations and make appropriate referrals for criminal prosecution; or

(2) redirect the referral to another appropriate law enforcement agency or civil investigative authority, offering assistance where appropriate.

Subd. 5. **State agency reporting.** By January 15 of each year, each state agency must report all suspected fraudulent activities equaling $10,000 or more to the unit to be summarized in the report under subdivision 6.

Subd. 6. **State Fraud Unit annual report.** By February 1 of each odd-numbered year, the superintendent shall report to the commissioner, the governor, and the chairs and ranking minority members of the legislative committees with jurisdiction over public safety finance and policy the following information about the unit:

(1) the number of investigations initiated;

(2) the number of allegations investigated;

(3) the outcomes or current status of each investigation;

(4) the charging decisions made by the prosecuting authority of incidents investigated by the unit;

(5) the number of plea agreements reached in incidents investigated by the unit;

(6) the number of reports received under subdivision 5; and

(7) any other information relevant to the unit's mission.

EFFECTIVE DATE. Subdivisions 1, 3, 5, and 6 are effective July 1, 2023. Subdivisions 3 and 4 are effective January 1, 2024.

Sec. 11. Minnesota Statutes 2022, section 299C.106, subdivision 3, is amended to read:

Subd. 3. **Submission and storage of sexual assault examination kits.** (a) Within 60 days of receiving an unrestricted sexual assault examination kit, a law enforcement agency shall submit the kit for testing to a forensic laboratory. The testing laboratory shall return unrestricted sexual assault examination kits to the submitting agency for storage after testing is complete. The submitting agency must store unrestricted sexual assault examination kits indefinitely.

(b) Within 60 days of a hospital preparing a restricted sexual assault examination kit or a law enforcement agency receiving a restricted sexual assault examination kit from a hospital, the hospital or the agency shall submit the kit to ~~the Bureau of Criminal Apprehension~~ a forensic laboratory. The ~~bureau~~ laboratory shall store all restricted sexual assault examination kits collected by hospitals or law enforcement agencies in the state. The ~~bureau~~ laboratory shall retain a restricted sexual assault examination kit for at least 30 months from the date the ~~bureau~~ laboratory receives the kit.

(c) The receiving forensic laboratory must test the sexual assault examination kit within 90 days of receipt from a hospital or law enforcement agency. Upon completion of testing, the forensic laboratory will update the kit-tracking database to indicate that testing is complete. The forensic laboratory must notify the submitting agency when any kit testing does not meet the 90-day deadline and provide an estimated time frame for testing completion.

Sec. 12. Minnesota Statutes 2022, section 299C.53, subdivision 3, is amended to read:

Subd. 3. **Missing and endangered persons.** The Bureau of Criminal Apprehension must operate a missing person alert program. If the Bureau of Criminal Apprehension receives a report from a law enforcement agency indicating that a person is missing and endangered, the superintendent must originate an alert. The superintendent may assist the law enforcement agency in conducting the preliminary investigation, offer resources, and assist the agency in helping implement the investigation policy with particular attention to the need for immediate action. The law enforcement agency shall promptly notify all appropriate law enforcement agencies in the state and is required to issue a missing person alert utilizing the Crime Alert Network as prescribed in section 299A.61 and, if deemed appropriate, law enforcement agencies in adjacent states or jurisdictions of any information that may aid in the prompt location and safe return of a missing and endangered person. The superintendent shall provide guidance on issuing alerts using this system and provide the system for law enforcement agencies to issue these alerts. The Bureau of Criminal Apprehension may provide assistance to agencies in issuing missing person alerts as required by this section.

Sec. 13. Minnesota Statutes 2022, section 299F.46, subdivision 1, is amended to read:

Subdivision 1. **Hotel inspection.** (a) It shall be the duty of the commissioner of public safety to inspect, or cause to be inspected, at least once every three years, every hotel in this state; and, for that purpose, the commissioner, or the commissioner's deputies or designated alternates or agents, shall have the right to enter or have access thereto at any reasonable hour; and, when, upon such inspection, it shall be found that the hotel so inspected does not conform to or is not being operated in accordance with the provisions of sections 157.011 and 157.15 to 157.22, in so far as the same relate to fire prevention or fire protection of hotels, or the rules promulgated thereunder, or is being maintained or operated in such manner as to violate the Minnesota State Fire Code promulgated pursuant to section 326B.02, subdivision 6, 299F.51, or any other law of this state relating to fire prevention and fire protection of hotels, the commissioner and the deputies or designated alternates or agents shall report such a situation to the hotel inspector who shall proceed as provided for in chapter 157.

(b) The word "hotel", as used in this subdivision, has the meaning given in section 299F.391.

Sec. 14. Minnesota Statutes 2022, section 299F.50, is amended by adding a subdivision to read:

Subd. 11. **Hotel.** "Hotel" means any building, or portion thereof, containing six or more guest rooms intended or designed to be used, or which are used, rented, or hired out to be occupied, or which are occupied for sleeping purposes by guests.

Sec. 15. Minnesota Statutes 2022, section 299F.50, is amended by adding a subdivision to read:

Subd. 12. **Lodging house.** "Lodging house" means any building, or portion thereof, containing not more than five guest rooms which are used or are intended to be used for sleeping purposes by guests and where rent is paid in money, goods, labor, or otherwise.

Sec. 16. Minnesota Statutes 2022, section 299F.51, subdivision 1, is amended to read:

Subdivision 1. **Generally.** (a) Every ~~single-family~~ single-family dwelling and every dwelling unit in a multifamily dwelling must have an approved and operational carbon monoxide alarm installed within ten feet of each room lawfully used for sleeping purposes.

(b) Every guest room in a hotel or lodging house must have an approved and operational carbon monoxide alarm installed in each room lawfully used for sleeping purposes.

Sec. 17. Minnesota Statutes 2022, section 299F.51, subdivision 2, is amended to read:

Subd. 2. **Owner's duties.** (a) The owner of a multifamily dwelling unit which is required to be equipped with one or more approved carbon monoxide alarms must:

(1) provide and install one approved and operational carbon monoxide alarm within ten feet of each room lawfully used for sleeping; and

(2) replace any required carbon monoxide alarm that has been stolen, removed, found missing, or rendered inoperable during a prior occupancy of the dwelling unit and which has not been replaced by the prior occupant prior to the commencement of a new occupancy of a dwelling unit.

(b) The owner of a hotel or lodging house that is required to be equipped with one or more approved carbon monoxide alarms must:

(1) provide and install one approved and operational carbon monoxide alarm in each room lawfully used for sleeping; and

(2) replace any required carbon monoxide alarm that has been stolen, removed, found missing, or rendered inoperable during a prior occupancy and that has not been replaced by the prior occupant prior to the commencement of a new occupancy of a hotel guest room or lodging house.

Sec. 18. Minnesota Statutes 2022, section 299F.51, subdivision 5, is amended to read:

Subd. 5. **Exceptions; certain multifamily dwellings and state-operated facilities.** (a) In lieu of requirements of subdivision 1, multifamily dwellings may have approved and operational carbon monoxide ~~alarms~~ detectors installed between 15 and 25 feet of carbon monoxide-producing central fixtures and equipment, provided there is a centralized alarm system or other mechanism for responsible parties to hear the alarm at all times.

(b) An owner of a multifamily dwelling that contains minimal or no sources of carbon monoxide may be exempted from the requirements of subdivision 1, provided that such owner certifies to the commissioner of public safety that such multifamily dwelling poses no foreseeable carbon monoxide risk to the health and safety of the dwelling units.

(c) The requirements of this section do not apply to facilities owned or operated by the state of Minnesota.

Sec. 19. Minnesota Statutes 2022, section 299F.51, is amended by adding a subdivision to read:

Subd. 6. **Safety warning.** A first violation of this section shall not result in a penalty, but is punishable by a safety warning. A second or subsequent violation is a petty misdemeanor.

Sec. 20. Minnesota Statutes 2022, section 299M.10, is amended to read:

299M.10 MONEY CREDITED TO GENERAL FUND.

The fees and penalties collected under this chapter~~, except as provided in section 299M.07,~~ must be deposited in the state treasury and credited to the ~~general fund. Money received by the State Fire Marshal Division in the form of gifts, grants, reimbursements, or appropriation from any source for the administration of this chapter must also be deposited in the state treasury and credited to the general fund.~~ state fire marshal account, which is established in the special revenue fund. Money in the state fire marshal account is annually appropriated to the commissioner of public safety to administer the programs under this chapter.

Sec. 21. Minnesota Statutes 2022, section 326.32, subdivision 10, is amended to read:

Subd. 10. **License holder.** "License holder" means any individual, partnership as defined in section 323A.0101, clause (8), or corporation licensed to perform the duties of a private detective or a protective agent.

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

Sec. 22. **[604.32] CAUSE OF ACTION FOR NONCONSENSUAL DISSEMINATION OF A DEEP FAKE DEPICTING INTIMATE PARTS OR SEXUAL ACTS.**

Subdivision 1. **Definitions.** (a) As used in this section, the following terms have the meanings given.

(b) "Deep fake" means any video recording, motion-picture film, sound recording, electronic image, or photograph, or any technological representation of speech or conduct substantially derivative thereof:

(1) which appears to authentically depict any speech or conduct of an individual who did not in fact engage in such speech or conduct; and

(2) the production of which was substantially dependent upon technical means, rather than the ability of another individual to physically or verbally impersonate such individual.

(c) "Depicted individual" means an individual in a deep fake who appears to be engaging in speech or conduct in which the individual did not engage.

(d) "Intimate parts" means the genitals, pubic area, partially or fully exposed nipple, or anus of an individual.

(e) "Personal information" means any identifier that permits communication or in-person contact with a person, including:

(1) a person's first and last name, first initial and last name, first name and last initial, or nickname;

(2) a person's home, school, or work address;

(3) a person's telephone number, email address, or social media account information; or

(4) a person's geolocation data.

(f) "Sexual act" means either sexual contact or sexual penetration.

(g) "Sexual contact" means the intentional touching of intimate parts or intentional touching with seminal fluid or sperm onto another person's body.

(h) "Sexual penetration" means any of the following acts:

(1) sexual intercourse, cunnilingus, fellatio, or anal intercourse; or

(2) any intrusion, however slight, into the genital or anal openings of an individual by another's body part or an object used by another for this purpose.

Subd. 2. **Nonconsensual dissemination of a deep fake.** (a) A cause of action against a person for the nonconsensual dissemination of a deep fake exists when:

(1) a person disseminated a deep fake without the consent of the depicted individual;

(2) the deep fake realistically depicts any of the following:

(i) the intimate parts of another individual presented as the intimate parts of the depicted individual;

(ii) artificially generated intimate parts presented as the intimate parts of the depicted individual; or

(iii) the depicted individual engaging in a sexual act; and

(3) the depicted individual is identifiable:

(i) from the deep fake itself, by the depicted individual or by another person; or

(ii) from the personal information displayed in connection with the deep fake.

(b) The fact that the depicted individual consented to the creation of the deep fake or to the voluntary private transmission of the deep fake is not a defense to liability for a person who has disseminated the deep fake without consent.

Subd. 3. **Damages.** The court may award the following damages to a prevailing plaintiff from a person found liable under subdivision 2:

(1) general and special damages, including all finance losses due to the dissemination of the deep fake and damages for mental anguish;

(2) an amount equal to any profit made from the dissemination of the deep fake by the person who intentionally disclosed the deep fake;

(3) a civil penalty awarded to the plaintiff of an amount up to $10,000; and

(4) court costs, fees, and reasonable attorney fees.

Subd. 4. **Injunction; temporary relief.** (a) A court may issue a temporary or permanent injunction or restraining order to prevent further harm to the plaintiff.

(b) The court may issue a civil fine for the violation of a court order in an amount up to $1,000 per day for failure to comply with an order granted under this section.

Subd. 5. **Confidentiality.** The court shall allow confidential filings to protect the privacy of the plaintiff in cases filed under this section.

Subd. 6. **Liability; exceptions.** (a) No person shall be found liable under this section when:

(1) the dissemination is made for the purpose of a criminal investigation or prosecution that is otherwise lawful;

(2) the dissemination is for the purpose of, or in connection with, the reporting of unlawful conduct;

(3) the dissemination is made in the course of seeking or receiving medical or mental health treatment, and the image is protected from further dissemination;

(4) the deep fake was obtained in a commercial setting for the purpose of the legal sale of goods or services, including the creation of artistic products for sale or display, and the depicted individual knew that a deep fake would be created and disseminated in a commercial setting;

(5) the deep fake relates to a matter of public interest and dissemination serves a lawful public purpose and the person disseminating the deep fake as a matter of public interest clearly identifies that the video recording, motion-picture film, sound recording, electronic image, or photograph, or other item is a deep fake, and acts in good faith to prevent further dissemination of the deep fake;

(6) the dissemination is for legitimate scientific research or educational purposes and the deep fake is clearly identified as such, and the person acts in good faith to minimize the risk that the deep fake will be further disseminated; or

(7) the dissemination is made for legal proceedings and is consistent with common practice in civil proceedings necessary for the proper functioning of the criminal justice system, or protected by court order which prohibits any further dissemination.

(b) This section does not alter or amend the liabilities and protections granted by United States Code, title 47, section 230, and shall be construed in a manner consistent with federal law.

(c) A cause of action arising under this section does not prevent the use of any other cause of action or remedy available under the law.

Subd. 7. **Jurisdiction.** A court has jurisdiction over a cause of action filed pursuant to this section if the plaintiff or defendant resides in this state.

Subd. 8. **Venue.** A cause of action arising under this section may be filed in either:

(1) the county of residence of the defendant or plaintiff or in the jurisdiction of the plaintiff's designated address if the plaintiff participates in the address confidentiality program established by chapter 5B; or

(2) the county where any deep fake is produced, reproduced, or stored in violation of this section.

Subd. 9. **Discovery of dissemination.** In a civil action brought under subdivision 2, the statute of limitations is tolled until the plaintiff discovers the deep fake has been disseminated.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to dissemination of a deep fake that takes place on or after that date.

Sec. 23. Minnesota Statutes 2022, section 609.35, is amended to read:

609.35 COSTS OF MEDICAL EXAMINATION.

(a) Costs incurred by a ~~county, city, or private~~ hospital or other emergency medical facility or by a ~~private~~ physician, sexual assault nurse examiner, forensic nurse, or other licensed health care provider for the examination of a victim of criminal sexual conduct ~~when the examination is performed for the purpose of gathering evidence~~ that occurred in the state shall be paid by the ~~county in which the criminal sexual conduct occurred~~ state. These costs include~~,~~ but are not limited to~~,~~ the full cost of the ~~rape kit~~ medical forensic examination, associated tests and treatments relating to ~~the complainant's~~ sexually transmitted ~~disease status~~ infection, and pregnancy status, including emergency contraception. A hospital, emergency medical facility, or health care provider shall submit the costs for examination and any associated tests and treatment to the Office of Justice Programs for payment. Upon receipt of the costs, the commissioner shall provide payment to the facility or health care provider. The cost of the examination and any associated test and treatments shall not exceed the amount of $1,400. Beginning on January 1, 2024, the maximum amount of an award shall be adjusted annually by the inflation rate.

(b) Nothing in this section shall be construed to limit the duties, responsibilities, or liabilities of any insurer, whether public or private. ~~However, a county~~ The hospital or other licensed health care provider performing the examination may seek insurance reimbursement from the victim's insurer only if authorized by the victim. This authorization may only be sought after the examination is performed. When seeking this authorization, the ~~county~~ hospital or other licensed health care provider shall inform the victim that if the victim does not authorize this, the ~~county~~ state is required by law to pay for the examination and that the victim is in no way liable for these costs or obligated to authorize the reimbursement.

(c) The applicability of this section does not depend upon whether the victim reports the offense to law enforcement or the existence or status of any investigation or prosecution.

EFFECTIVE DATE. This section is effective July 1, 2023, and applies to any examination that occurs on or after that date.

Sec. 24. Minnesota Statutes 2022, section 611A.211, subdivision 1, is amended to read:

Subdivision 1. **Grants.** The commissioner of public safety shall award grants to programs which provide support services or emergency shelter and housing supports as defined by section 611A.31 to victims of sexual assault. The commissioner shall also award grants for training, technical assistance, and the development and implementation of education programs to increase public awareness of the causes of sexual assault, the solutions to preventing and ending sexual assault, and the problems faced by sexual assault victims.

Sec. 25. Minnesota Statutes 2022, section 611A.31, subdivision 2, is amended to read:

Subd. 2. ~~**Battered woman**~~ **Domestic abuse victim.** ~~"Battered woman"~~ "Domestic abuse victim" means a ~~woman~~ person who is being or has been victimized by domestic abuse as defined in section 518B.01, subdivision 2.

Sec. 26. Minnesota Statutes 2022, section 611A.31, subdivision 3, is amended to read:

Subd. 3. **Emergency shelter services.** "Emergency shelter services" include, but are not limited to, secure crisis shelters for ~~battered women~~ domestic abuse victims and housing networks for ~~battered women~~ domestic abuse victims.

Sec. 27. Minnesota Statutes 2022, section 611A.31, is amended by adding a subdivision to read:

Subd. 3a. **Housing supports.** "Housing supports" means services and supports used to enable victims to secure and maintain transitional and permanent housing placement. Housing supports include but are not limited to rental assistance and financial assistance to maintain housing stability. Transitional housing placements may take place in communal living, clustered site or scattered site programs, or other transitional housing models.

Sec. 28. Minnesota Statutes 2022, section 611A.32, is amended to read:

611A.32 ~~BATTERED WOMEN~~ DOMESTIC ABUSE PROGRAMS.

Subdivision 1. **Grants awarded.** The commissioner shall award grants to programs which provide emergency shelter services ~~to battered women~~, housing supports, and support services to ~~battered women and~~ domestic abuse victims and their children. The commissioner shall also award grants for training, technical assistance, and for the development and implementation of education programs to increase public awareness of the causes of ~~battering~~ domestic abuse, the solutions to preventing and ending domestic violence, and the problems faced by ~~battered women and~~ domestic abuse victims. Grants shall be awarded in a manner that ensures that they are equitably distributed to programs serving metropolitan and nonmetropolitan populations. ~~By July 1, 1995, community-based domestic abuse advocacy and support services programs must be established in every judicial assignment district.~~

Subd. 1a. **Program for American Indian ~~women~~ domestic abuse victims.** The commissioner shall establish at least one program under this section to provide emergency shelter services and support services to ~~battered~~ American Indian ~~women~~ domestic abuse victims and their children. The commissioner shall grant continuing operating expenses to the program established under this subdivision in the same manner as operating expenses are granted to programs established under subdivision 1.

Subd. 2. **Applications.** Any public or private nonprofit agency may apply to the commissioner for a grant to provide emergency shelter services ~~to battered women~~, housing supports, support services, and one or more of these services and supports to domestic abuse victims~~, or both, to battered women~~ and their children. The application shall be submitted in a form approved by the commissioner by rule adopted under chapter 14 and shall include:

(1) a proposal for the provision of emergency shelter services ~~for battered women~~, housing supports, support services, and one or more of these services and supports for domestic abuse victims~~, or both, for battered women~~ and their children;

(2) a proposed budget;

(3) the agency's overall operating budget, including documentation on the retention of financial reserves and availability of additional funding sources;

(4) evidence of an ability to integrate into the proposed program the uniform method of data collection and program evaluation established under section 611A.33;

(5) evidence of an ability to represent the interests of ~~battered women and~~ domestic abuse victims and their children to local law enforcement agencies and courts, county welfare agencies, and local boards or departments of health;

(6) evidence of an ability to do outreach to unserved and underserved populations and to provide culturally and linguistically appropriate services; and

(7) any other content the commissioner may require by rule adopted under chapter 14~~, after considering the recommendations of the advisory council~~.

Programs which have been approved for grants in prior years may submit materials which indicate changes in items listed in clauses (1) to (7), in order to qualify for renewal funding. Nothing in this subdivision may be construed to require programs to submit complete applications for each year of renewal funding.

Subd. 3. **Duties of grantees.** Every public or private nonprofit agency which receives a grant to provide emergency shelter services ~~to battered women and~~, housing supports, or support services to ~~battered women and~~ domestic abuse victims shall comply with all rules of the commissioner related to the administration of the ~~pilot~~ programs.

Subd. 5. **Classification of data collected by grantees.** Personal history information and other information collected, used or maintained by a grantee from which the identity or location of any victim of domestic abuse may be determined is private data on individuals, as defined in section 13.02, subdivision 12, and the grantee shall maintain the data in accordance with the provisions of chapter 13.

Sec. 29. **RULES; SOFT BODY ARMOR REIMBURSEMENT.**

The commissioner of public safety shall amend rules adopted under Minnesota Statutes, section 299A.38, subdivision 4, to reflect the soft body armor reimbursement for public safety officers under that section.

Sec. 30. **GAAGIGE-MIKWENDAAGOZIWAG REWARD ACCOUNT FOR INFORMATION ON MISSING AND MURDERED INDIGENOUS RELATIVES.**

Subdivision 1. **Definitions.** As used in this section:

(1) "Gaagige-Mikwendaagoziwag" means "they will be remembered forever";

(2) "missing and murdered Indigenous relatives" means missing and murdered Indigenous people from or descended from a federally recognized Indian Tribe; and

(3) "Two-Spirit" means cultural, spiritual, sexual, and gender identity as reflected in complex Indigenous understandings of gender roles, spirituality, and the long history of gender diversity in Indigenous cultures.

Subd. 2. **Account created.** An account for rewards for information on missing and murdered Indigenous women, girls, boys, and Two-Spirit relatives is created in the special revenue fund. Money deposited into the account is appropriated to the commissioner of public safety to pay rewards and for the purposes provided under this section.

Subd. 3. **Reward.** The director of the Office for Missing and Murdered Indigenous Relatives, in consultation with the Gaagige-Mikwendaagoziwag reward advisory group:

(1) shall determine the eligibility criteria and procedures for granting rewards under this section; and

(2) is authorized to pay a reward to any person who provides relevant information relating to a missing and murdered Indigenous woman, girl, boy, and Two-Spirit relative investigation.

Subd. 4. **Reward advisory group.** (a) The director of the Office for Missing and Murdered Indigenous Relatives, in consultation with the stakeholder groups described in Minnesota Statutes, section 299A.85, subdivision 5, shall appoint an advisory group to make recommendations on:

(1) paying rewards under this section;

(2) supporting community-based efforts through funding community-led searches and search kits, including but not limited to global position system devices and vests; community-led communications, including but not limited to flyers, staples, and duct tape; and other justice-related expenses;

(3) funding for community-led communications and outreach, including but not limited to billboards and other media-related expenses;

(4) funding activities and programs to gather information on missing and murdered Indigenous women, girls, boys, and Two-Spirit relatives and to partner with and support community-led efforts;

(5) developing, implementing, and coordinating prevention and awareness programming based on best practices and data-driven research; and

(6) any other funding activities and needs.

(b) The advisory group shall consist of the following individuals:

(1) a representative from the Office for Missing and Murdered Indigenous Relatives;

(2) a representative from a Tribal, statewide, or local organization that provides legal services to Indigenous women and girls;

(3) a representative from a Tribal, statewide, or local organization that provides advocacy or counseling for Indigenous women and girls who have been victims of violence;

(4) a representative from a Tribal, statewide, or local organization that provides services to Indigenous women and girls;

(5) a Tribal peace officer who works for or resides on a federally recognized American Indian reservation in Minnesota;

(6) a representative from the Minnesota Human Trafficking Task Force; and

(7) a survivor or family member of a missing and murdered Indigenous woman, girl, boy, or Two-Spirit relative.

(c) Each member shall serve as long as the member occupies the position which made the member eligible for the appointment. Vacancies shall be filled by the appointing authority.

(d) The advisory group shall meet as necessary but at a minimum twice per year to carry out its duties and shall elect a chair from among its members at its first meeting. The director shall convene the group's first meeting. The director shall provide necessary office space and administrative support to the group. Members of the group serve without compensation but shall receive expense reimbursement as provided in Minnesota Statutes, section 15.059.

(e) The representative from the Office for Missing and Murdered Indigenous Relatives may fully participate in the advisory group's activities but may not vote on issues before the group.

Subd. 5. **Advertising.** The director of the Office for Missing and Murdered Indigenous Relatives, in consultation with the reward advisory group, may spend up to four percent of available funds on an advertising or public relations campaign to increase public awareness on the availability of rewards under this section.

Subd. 6. **Grants; donations.** The director of the Office for Missing and Murdered Indigenous Relatives, in consultation with the reward advisory group, may apply for and accept grants and donations from the public and from public and private entities to implement this section. The commissioner of public safety shall deposit any grants or donations received under this subdivision into the account established under subdivision 1.

Subd. 7. **Expiration.** This section expires on June 30, 2025.

Sec. 31. **REPEALER.**

Minnesota Statutes 2022, section 299C.80, subdivision 7, is repealed.

ARTICLE 4
SENTENCING

Section 1. Minnesota Statutes 2022, section 244.09, subdivision 2, is amended to read:

Subd. 2. **Members.** The Sentencing Guidelines Commission shall consist of the following:

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

(2) one judge of the court of appeals, appointed by the chief ~~justice of the supreme court~~ judge of the appellate court;

(3) one district court judge appointed by the ~~chief justice of the supreme court~~ Judicial Council upon recommendation of the Minnesota District Judges Association;

(4) one public defender appointed by the governor upon recommendation of the state public defender;

(5) one county attorney appointed by the governor upon recommendation of the board of directors of the Minnesota County Attorneys Association;

(6) the commissioner of corrections or a designee;

(7) one peace officer as defined in section 626.84 appointed by the governor;

(8) one probation officer or ~~parole~~ supervised release officer appointed by the governor; ~~and~~

(9) one person who works for an organization that provides treatment or rehabilitative services for individuals convicted of felony offenses appointed by the governor;

(10) one person who is an academic with a background in criminal justice or corrections appointed by the governor; and

(11) three public members appointed by the governor, one of whom shall be a person who has been the victim of a crime defined as a felony or a victims' advocate, and one of whom shall be a person who has been formerly convicted of and discharged from a felony-level sentence.

When an appointing authority selects individuals for membership on the commission, the authority shall make reasonable efforts to appoint qualified members of protected groups, as defined in section 43A.02, subdivision 33.

One of the members shall be designated by the governor as chair of the commission.

Sec. 2. Minnesota Statutes 2022, section 244.09, subdivision 3, is amended to read:

Subd. 3. **Appointment terms.** (a) Except as provided in paragraph (b), each appointed member shall be appointed for four years and shall continue to serve during that time as long as the member occupies the position which made the member eligible for the appointment. Each member shall continue in office until a successor is duly appointed. Members shall be eligible for reappointment, and appointment may be made to fill an unexpired term.

(b) The term of any member appointed or reappointed by the governor before the first Monday in January ~~1991~~ 2027 expires on that date. ~~The term of any member appointed or reappointed by the governor after the first Monday in January 1991 is coterminous with the governor.~~ The terms of members appointed or reappointed by the governor to fill the vacancies that occur on the first Monday in January 2027 shall be staggered so that five members shall be appointed for initial terms of four years and four members shall be appointed for initial terms of two years.

(c) The members of the commission shall elect any additional officers necessary for the efficient discharge of their duties.

Sec. 3. Minnesota Statutes 2022, section 244.09, is amended by adding a subdivision to read:

Subd. 15. **Report on sentencing adjustments.** The Sentencing Guidelines Commission shall include in its annual report to the legislature a summary and analysis of sentence adjustments issued under section 609.133. At a minimum, the summary and analysis must include information on the counties where a sentencing adjustment was granted and on the race, sex, and age of individuals who received a sentence adjustment.

Sec. 4. Minnesota Statutes 2022, section 609.02, subdivision 2, is amended to read:

Subd. 2. **Felony.** "Felony" means a crime for which a sentence of imprisonment for ~~more than~~ one year or more may be imposed.

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

Sec. 5. Minnesota Statutes 2022, section 609.03, is amended to read:

609.03 PUNISHMENT WHEN NOT OTHERWISE FIXED.

If a person is convicted of a crime for which no punishment is otherwise provided the person may be sentenced as follows:

(1) If the crime is a felony, to imprisonment for not more than five years or to payment of a fine of not more than $10,000, or both; or

(2) If the crime is a gross misdemeanor, to imprisonment for not more than ~~one year~~ 364 days or to payment of a fine of not more than $3,000, or both; or

(3) If the crime is a misdemeanor, to imprisonment for not more than 90 days or to payment of a fine of not more than $1,000, or both; or

(4) If the crime is other than a misdemeanor and a fine is imposed but the amount is not specified, to payment of a fine of not more than $1,000, or to imprisonment for a specified term of not more than six months if the fine is not paid.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to offenders receiving a gross misdemeanor sentence on or after that date and retroactively to offenders who received a gross misdemeanor sentence before that date.

Sec. 6. **[609.0342] MAXIMUM PUNISHMENT FOR GROSS MISDEMEANORS.**

(a) Any law of this state that provides for a maximum sentence of imprisonment of one year or is defined as a gross misdemeanor shall be deemed to provide for a maximum fine of $3,000 and a maximum sentence of imprisonment of 364 days.

(b) Any sentence of imprisonment for one year or 365 days imposed or executed before July 1, 2023, shall be deemed to be a sentence of imprisonment for 364 days. A court may at any time correct or reduce such a sentence pursuant to rule 27.03, subdivision 9, of the Rules of Criminal Procedure and shall issue a corrected sentencing order upon motion of any eligible defendant.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to offenders receiving a gross misdemeanor sentence on or after that date and retroactively to offenders who received a gross misdemeanor sentence before that date.

Sec. 7. Minnesota Statutes 2022, section 609.105, subdivision 1, is amended to read:

Subdivision 1. **Sentence to ~~more than~~ one year or more.** A felony sentence to imprisonment for ~~more than~~ one year or more shall commit the defendant to the custody of the commissioner of corrections.

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

Sec. 8. Minnesota Statutes 2022, section 609.105, subdivision 3, is amended to read:

Subd. 3. **Sentence to less than one year ~~or less~~.** A sentence to imprisonment for a period of less than one year ~~or any lesser period~~ shall be to a workhouse, work farm, county jail, or other place authorized by law.

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

Sec. 9. Minnesota Statutes 2022, section 609.1055, is amended to read:

609.1055 OFFENDERS WITH SERIOUS AND PERSISTENT MENTAL ILLNESS; ALTERNATIVE PLACEMENT.

When a court intends to commit an offender with a serious and persistent mental illness, as defined in section 245.462, subdivision 20, paragraph (c), to the custody of the commissioner of corrections for imprisonment at a state correctional facility, either when initially pronouncing a sentence or when revoking an offender's probation, the court, when consistent with public safety, may instead place the offender on probation or continue the offender's probation and require as a condition of the probation that the offender successfully complete an appropriate supervised alternative living program having a mental health treatment component. This section applies only to offenders who would have a remaining term of imprisonment after adjusting for credit for prior imprisonment, if any, of ~~more than~~ one year or more.

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

Sec. 10. **[609.133] SENTENCE ADJUSTMENT.**

Subdivision 1. **Definitions.** As used in this section:

(1) "prosecutor" means the attorney general, county attorney, or city attorney responsible for the prosecution of individuals charged with a crime; and

(2) "victim" has the meaning given in section 611A.01.

Subd. 2. **Prosecutor-initiated sentence adjustment.** The prosecutor responsible for the prosecution of an individual convicted of a crime may commence a proceeding to adjust the sentence of that individual at any time after the initial sentencing provided the prosecutor does not seek to increase the period of confinement or, if the individual is serving a stayed sentence, increase the period of supervision.

Subd. 3. **Review by prosecutor.** (a) A prosecutor may review individual cases at the prosecutor's discretion.

(b) Prior to filing a petition under this section, a prosecutor shall make a reasonable and good faith effort to seek input from any identifiable victim and shall consider the impact an adjusted sentence would have on the victim.

(c) The commissioner of corrections, a supervising agent, or an offender may request that a prosecutor review an individual case. A prosecutor is not required to respond to a request. Inaction by a prosecutor shall not be considered by any court as grounds for an offender, a supervising agent, or the commissioner of corrections to petition for a sentence adjustment under this section or for a court to adjust a sentence without a petition.

Subd. 4. **Petition; contents; fee.** (a) A prosecutor's petition for sentence adjustment shall be filed in the district court where the individual was convicted and include the following:

(1) the full name of the individual on whose behalf the petition is being brought and, to the extent possible, all other legal names or aliases by which the individual has been known at any time;

(2) the individual's date of birth;

(3) the individual's address;

(4) a brief statement of the reason the prosecutor is seeking a sentence adjustment for the individual;

(5) the details of the offense for which an adjustment is sought, including:

(i) the date and jurisdiction of the occurrence;

(ii) either the names of any victims or that there were no identifiable victims;

(iii) whether there is a current order for protection, restraining order, or other no contact order prohibiting the individual from contacting the victims or whether there has ever been a prior order for protection or restraining order prohibiting the individual from contacting the victims;

(iv) the court file number; and

(v) the date of conviction;

(6) what steps the individual has taken since the time of the offense toward personal rehabilitation, including treatment, work, good conduct within correctional facilities, or other personal history that demonstrates rehabilitation;

(7) the individual's criminal conviction record indicating all convictions for misdemeanors, gross misdemeanors, or felonies in this state, and for all comparable convictions in any other state, federal court, or foreign country, whether the convictions occurred before or after the conviction for which an adjustment is sought;

(8) the individual's criminal charges record indicating all prior and pending criminal charges against the individual in this state or another jurisdiction, including all criminal charges that have been continued for dismissal, stayed for adjudication, or were the subject of pretrial diversion; and

(9) to the extent known, all prior requests by the individual, whether for the present offense or for any other offenses in this state or any other state or federal court, for pardon, return of arrest records, or expungement or sealing of a criminal record, whether granted or not, and all stays of adjudication or imposition of sentence involving the petitioner.

(b) The filing fee for a petition brought under this section shall be waived.

Subd. 5. **Service of petition.** (a) The prosecutor shall serve the petition for sentence adjustment on the individual on whose behalf the petition is being brought.

(b) The prosecutor shall make a good faith and reasonable effort to notify any person determined to be a victim of the offense for which adjustment is sought of the existence of a petition. Notification under this paragraph does not constitute a violation of an existing order for protection, restraining order, or other no contact order.

(c) Notice to victims of the offense under this subdivision must:

(1) specifically inform the victim of the right to object, orally or in writing, to the proposed adjustment of sentence; and

(2) inform the victims of the right to be present and to submit an oral or written statement at the hearing described in subdivision 6.

(d) If a victim notifies the prosecutor of an objection to the proposed adjustment of sentence and is not present when the court considers the sentence adjustment, the prosecutor shall make these objections known to the court.

Subd. 6. **Hearing.** (a) The court shall hold a hearing on the petition no sooner than 60 days after service of the petition. The hearing shall be scheduled so that the parties have adequate time to prepare and present arguments regarding the issue of sentence adjustment. The parties may submit written arguments to the court prior to the date of the hearing and may make oral arguments before the court at the hearing. The individual on whose behalf the petition has been brought must be present at the hearing, unless excused under Minnesota Rules of Criminal Procedure, rule 26.03, subdivision 1, clause (3).

(b) A victim of the offense for which sentence adjustment is sought has a right to submit an oral or written statement to the court at the time of the hearing describing the harm suffered by the victim as a result of the crime and the victim's recommendation on whether adjustment should be granted or denied. The judge shall consider the victim's statement when making a decision.

(c) Representatives of the Department of Corrections, supervising agents, community treatment providers, and any other individual with relevant information may submit an oral or written statement to the court at the time of the hearing.

Subd. 7. **Nature of remedy; standard.** (a) The court shall determine whether there are substantial and compelling reasons to adjust the individual's sentence. In making this determination, the court shall consider what impact, if any, a sentence adjustment would have on public safety, including whether an adjustment would promote the rehabilitation of the individual, properly reflect the severity of the underlying offense, or reduce sentencing disparities. In making this determination, the court may consider factors relating to both the offender and the offense, including but not limited to:

(1) the presentence investigation report used at sentencing, if available;

(2) the individual's performance on probation or supervision;

(3) the individual's disciplinary record during any period of incarceration;

(4) records of any rehabilitation efforts made by the individual since the date of offense and any plan to continue those efforts in the community;

(5) evidence that remorse, age, diminished physical condition, or any other factor has significantly reduced the likelihood that the individual will commit a future offense;

(6) the amount of time the individual has served in custody or under supervision; and

(7) significant changes in law or sentencing practice since the date of offense.

(b) Notwithstanding any law to the contrary, if the court determines by a preponderance of the evidence that there are substantial and compelling reasons to adjust the individual's sentence, the court may modify the sentence in any way provided the adjustment does not:

(1) increase the period of confinement or, if the individual is serving a stayed sentence, increase the period of supervision;

(2) reduce or eliminate the amount of court-ordered restitution; or

(3) reduce or eliminate a term of conditional release required by law when a court commits an offender to the custody of the commissioner of corrections.

The court may stay imposition or execution of sentence pursuant to section 609.135.

(c) A sentence adjustment is not a valid basis to vacate the judgment of conviction, enter a judgment of conviction for a different offense, or impose sentence for any other offense.

(d) The court shall state in writing or on the record the reasons for its decision on the petition. If the court grants a sentence adjustment, the court shall provide the information in section 244.09, subdivision 15, to the Sentencing Guidelines Commission.

Subd. 8. **Appeals.** An order issued under this section shall not be considered a final judgment, but shall be treated as an order imposing or staying a sentence.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 11. Minnesota Statutes 2022, section 609.135, subdivision 1a, is amended to read:

Subd. 1a. **Failure to pay restitution.** If the court orders payment of restitution as a condition of probation and if the defendant fails to pay the restitution in accordance with the payment schedule or structure established by the court or the probation officer, the prosecutor or the defendant's probation officer may, on the prosecutor's or the officer's own motion or at the request of the victim, ask the court to hold a hearing to determine whether or not the conditions of probation should be changed or probation should be revoked. The defendant's probation officer shall ask for the hearing if the restitution ordered has not been paid prior to 60 days before the term of probation expires. The court shall schedule and hold this hearing and take appropriate action, including action under subdivision 2, paragraph ~~(g)~~ (h), before the defendant's term of probation expires.

Nothing in this subdivision limits the court's ability to refer the case to collections under section 609.104 when a defendant fails to pay court-ordered restitution.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 12. Minnesota Statutes 2022, section 609.135, subdivision 1c, is amended to read:

Subd. 1c. **Failure to complete court-ordered treatment.** If the court orders a defendant to undergo treatment as a condition of probation and if the defendant fails to successfully complete treatment at least 60 days before the term of probation expires, the prosecutor or the defendant's probation officer may ask the court to hold a hearing to determine whether the conditions of probation should be changed or probation should be revoked. The court shall schedule and hold this hearing and take appropriate action, including action under subdivision 2, paragraph ~~(h)~~ (i), before the defendant's term of probation expires.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 13. Minnesota Statutes 2022, section 609.135, subdivision 2, is amended to read:

Subd. 2. **Stay of sentence maximum periods.** (a) Except as provided in paragraph (b), if the conviction is for a felony ~~other than section 609.2113, subdivision 1 or 2, 609.2114, subdivision 2, or section 609.3451, subdivision 1 or 1a, or Minnesota Statutes 2012, section 609.21, subdivision 1a, paragraph (b) or (c)~~, the stay shall be for not more than ~~four~~ five years or the maximum period for which the sentence of imprisonment might have been imposed, whichever is ~~longer~~ less.

(b) If the conviction is for a felony described in section 609.19, 609.195, 609.20, 609.2112, 609.2662, 609.2663, 609.2664, 609.268, 609.342, 609.343, 609.344, 609.345, 609.3451, 609.3458, or 609.749, the stay shall be for not more than the maximum period for which the sentence of imprisonment might have been imposed.

~~(b)~~ (c) If the conviction is for a gross misdemeanor violation of section 169A.20, 609.2113, subdivision 3, or 609.3451, ~~or for a felony described in section 609.2113, subdivision 1 or 2, 609.2114, subdivision 2, or 609.3451, subdivision 1 or 1a,~~ the stay shall be for not more than ~~six~~ five years. The court shall provide for unsupervised probation for the last year of the stay unless the court finds that the defendant needs supervised probation for all or part of the last year.

~~(c)~~ (d) If the conviction is for a gross misdemeanor not specified in paragraph ~~(b)~~ (c), the stay shall be for not more than two years.

~~(d)~~ (e) If the conviction is for any misdemeanor under section 169A.20; 609.746, subdivision 1; 609.79; or 617.23; or for a misdemeanor under section 609.2242 or 609.224, subdivision 1, in which the victim of the crime was a family or household member as defined in section 518B.01, the stay shall be for not more than two years. The court shall provide for unsupervised probation for the second year of the stay unless the court finds that the defendant needs supervised probation for all or part of the second year.

~~(e)~~ (f) If the conviction is for a misdemeanor not specified in paragraph ~~(d)~~ (e), the stay shall be for not more than one year.

~~(f)~~ (g) The defendant shall be discharged six months after the term of the stay expires, unless the stay has been revoked or extended under paragraph ~~(g)~~ (h), or the defendant has already been discharged.

~~(g)~~ (h) Notwithstanding the maximum periods specified for stays of sentences under paragraphs (a) to ~~(f)~~ (g), a court may extend a defendant's term of probation for up to one year if it finds, at a hearing conducted under subdivision 1a, that:

(1) the defendant has not paid court-ordered restitution in accordance with the payment schedule or structure; and

(2) the defendant is likely to not pay the restitution the defendant owes before the term of probation expires.

This one-year extension of probation for failure to pay restitution may be extended by the court for up to one additional year if the court finds, at another hearing conducted under subdivision 1a, that the defendant still has not paid the court-ordered restitution that the defendant owes.

Nothing in this subdivision limits the court's ability to refer the case to collections under section 609.104.

~~(h)~~ (i) Notwithstanding the maximum periods specified for stays of sentences under paragraphs (a) to ~~(f)~~ (g), a court may extend a defendant's term of probation for up to three years if it finds, at a hearing conducted under subdivision 1c, that:

(1) the defendant has failed to complete court-ordered treatment successfully; and

(2) the defendant is likely not to complete court-ordered treatment before the term of probation expires.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to sentences announced on or after that date.

Sec. 14. **LIABILITY FOR MURDER COMMITTED BY ANOTHER; RETROACTIVE APPLICATION.**

Subdivision 1. **Purpose.** Any person convicted of a violation of Minnesota Statutes, section 609.185, paragraph (a), clause (3), or 609.19, subdivision 2, clause (1), and in the custody of the commissioner of corrections or under court supervision is entitled to petition to have the person's conviction vacated pursuant to this section.

Subd. 2. **Notification.** (a) By October 1, 2023, the commissioner of corrections shall notify individuals convicted for a violation of Minnesota Statutes, section 609.185, paragraph (a), clause (3), or 609.19, subdivision 2, clause (1), of the right to file a preliminary application for relief if:

(1) the person was convicted for a violation of Minnesota Statutes, section 609.185, paragraph (a), clause (3), and did not actually cause the death of a human being or intentionally aid, advise, hire, counsel, or conspire with or otherwise procure another with the intent to cause the death of a human being; or

(2) the person was convicted for a violation of Minnesota Statutes, section 609.19, subdivision 2, clause (1), and did not actually cause the death of a human being or was not a major participant in the underlying felony who acted with extreme indifference to human life.

(b) The notice shall include the address of the Ramsey County District Court court administration.

(c) The commissioner of corrections may coordinate with the judicial branch to establish a standardized notification form.

Subd. 3. **Preliminary application.** (a) An applicant shall submit a preliminary application to the Ramsey County District Court. The preliminary application must contain:

(1) the applicant's name and, if different, the name under which the person was convicted;

(2) the applicant's date of birth;

(3) the district court case number of the case for which the person is seeking relief;

(4) a statement as to whether the applicant was convicted following a trial or pursuant to a plea;

(5) a statement as to whether the person filed a direct appeal from the conviction, a petition for postconviction relief, or both;

(6) a brief statement, not to exceed 2,000 words, explaining why the applicant is entitled to relief from a conviction for the death of a human being caused by another; and

(7) the name and address of any attorney representing the applicant.

(b) The preliminary application may contain:

(1) the name, date of birth, and district court case number of any other person charged with, or convicted of, a crime arising from the same set of circumstances for which the applicant was convicted; and

(2) a copy of a criminal complaint or indictment, or the relevant portions of a presentence investigation or life imprisonment report, describing the facts of the case for which the applicant was convicted.

(c) The judicial branch may establish a standardized preliminary application form, but shall not reject a preliminary application for failure to use a standardized form.

(d) Any person seeking relief under this section must submit a preliminary application no later than October 1, 2024. Submission is complete upon mailing.

(e) Submission of a preliminary application shall be without costs or any fees charged to the applicant.

Subd. 4. **Review of preliminary application.** (a) Upon receipt of a preliminary application, the court administrator of the Ramsey County District Court shall immediately direct attention of the filing thereof to the chief judge or judge acting on the chief judge's behalf who shall promptly assign the matter to a judge in said district.

(b) The judicial branch may appoint a special master to review preliminary applications and may assign additional staff as needed to assist in the review of preliminary applications.

(c) The reviewing judge shall determine whether, in the discretion of that judge, there is a reasonable probability that the applicant is entitled to relief under this section.

(d) In making the determination under paragraph (c), the reviewing judge shall consider the preliminary application and any materials submitted with the preliminary application and may consider relevant records in the possession of the judicial branch.

(e) The court may summarily deny an application when the applicant is not in the custody of the commissioner of corrections or under court supervision; the applicant was not convicted of a violation of Minnesota Statutes, section 609.185, paragraph (a), clause (3), or 609.19, subdivision 2, clause (1), before August 1, 2023; the issues raised in the application are not relevant to the relief available under this section or have previously been decided by the court of appeals or the supreme court in the same case; or the applicant has filed a second or successive preliminary application.

(f) If the reviewing judge determines that there is a reasonable probability that the applicant is entitled to relief, the judge shall send notice to the applicant and the applicant's attorney, if any, and the prosecutorial office responsible for prosecuting the applicant. In the event the applicant is without counsel, the reviewing judge shall send notice to the state public defender and shall advise the applicant of such referral.

(g) If the reviewing judge determines that there is not a reasonable probability that the applicant is entitled to relief, the judge shall send notice to the applicant and the applicant's attorney, if any.

Subd. 5. **Petition for relief; hearing.** (a) Within 60 days of receipt of the notice sent pursuant to subdivision 4, paragraph (f), the individual seeking relief shall file and serve a petition to vacate the conviction. The petition shall contain the information identified in subdivision 3, paragraph (a), and a statement of why the petitioner is entitled to relief. The petition may contain any other relevant information including police reports, trial transcripts, and plea transcripts involving the petitioner or any other person investigated for, charged with, or convicted of a crime arising out of the same set of circumstances for which the petitioner was convicted. The filing of the petition and any document subsequent thereto and all proceedings thereon shall be without costs or any fees charged to the petitioner.

(b) A county attorney representing the prosecutorial office shall respond to the petition by answer or motion within 30 days after the filing of the petition pursuant to paragraph (a), unless extended for good cause. The response shall be filed with the court administrator of the district court and served on the petitioner if unrepresented or on the petitioner's attorney. The response may serve notice of the intent to support the petition or include a statement explaining why the petitioner is not entitled to relief along with any supporting documents. The filing of the response and any document subsequent thereto and all proceedings thereon shall be without costs or any fees charged to the county attorney.

(c) Within 30 days of receipt of the response from the county attorney, the court shall:

(1) issue an order pursuant to subdivision 6 and schedule the matter for sentencing or resentencing pursuant to subdivision 6, paragraph (e), if the county attorney indicates an intent to support the petition;

(2) issue an order denying the petition if additional information or submissions establish that there is not a reasonable probability that the applicant is entitled to relief under this section; or

(3) schedule the matter for a hearing and issue any appropriate order regarding submission of evidence or identification of witnesses.

(d) The hearing shall be held in open court and conducted pursuant to Minnesota Statutes, section 590.04, except that the petitioner must be present at the hearing, unless excused under Rules of Criminal Procedure, rule 26.03, subdivision 1, clause (3).

Subd. 6. **Determination; order; resentencing.** (a) A petitioner who was convicted of a violation of Minnesota Statutes, section 609.185, paragraph (a), clause (3), is entitled to relief if the petitioner:

(1) did not cause the death of a human being; and

(2) did not intentionally aid, advise, hire, counsel, or conspire with or otherwise procure another with the intent to cause the death of a human being.

(b) A petitioner who was convicted of a violation of Minnesota Statutes, section 609.19, subdivision 2, clause (1), is entitled to relief if the petitioner:

(1) did not cause the death of a human being; and

(2) was not a major participant in the underlying felony and did not act with extreme indifference to human life.

(c) If the court determines that the petitioner does not qualify for relief, the court shall issue an order denying the petition. If the court determines that the petitioner is entitled to relief, the court shall issue an order vacating the conviction for a violation of Minnesota Statutes, section 609.185, paragraph (a), clause (3), or 609.19, subdivision 2, clause (1), and either:

(1) resentence the petitioner for any other offense for which the petitioner was convicted; or

(2) enter a conviction and impose a sentence for any other predicate felony arising out of the course of conduct that served as the factual basis for the conviction vacated by the court.

(d) The court shall state in writing or on the record the reasons for its decision on the petition.

(e) If the court intends to resentence a petitioner or impose a sentence on a petitioner, the court must hold the hearing at a time that allows any victim an opportunity to submit a statement consistent with Minnesota Statutes, section 611A.038. The prosecutor shall make a good faith and reasonable effort to notify any person determined to be a victim of the hearing and the right to submit or make a statement. A sentence imposed under this subdivision shall not increase the petitioner's period of confinement or, if the petitioner was serving a stayed sentence, increase the period of supervision. A person resentenced under this paragraph is entitled to credit for time served in connection with the vacated offense.

(f) Relief granted under this section shall not be treated as an exoneration for purposes of the Incarceration and Exoneration Remedies Act.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 15. **PROBATION LIMITS; RETROACTIVE APPLICATION.**

(a) Any person placed on probation before August 1, 2023, is eligible for resentencing if:

(1) the person was placed on probation for a felony violation;

(2) the court placed the person on probation for a length of time that exceeded five years;

(3) under Minnesota Statutes, section 609.135, subdivision 2, the maximum length of probation the court could have ordered the person to serve on or after August 1, 2023, is five years; and

(4) the sentence of imprisonment has not been executed.

(b) Eligibility for resentencing within the maximum length of probation the court could have ordered the person to serve on or after August 1, 2023, applies to each period of probation ordered by the court. Upon resentencing, periods of probation must be served consecutively if a court previously imposed consecutive periods of probation on the person. The court may not increase a previously ordered period of probation under this section or order that periods of probation be served consecutively unless the court previously imposed consecutive periods of probation.

(c) Resentencing may take place without a hearing.

(d) The term of the stay of probation for any person who is eligible for resentencing under paragraph (a) and who has served five or more years of probation as of August 1, 2023, shall be considered to have expired on October 1, 2023, unless:

(1) the term of the stay of probation would have expired before that date under the original sentence; or

(2) the length of probation is extended pursuant to Minnesota Statutes, section 609.135, subdivision 2, paragraph (h) or (i).

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to sentences announced before that date.

Sec. 16. **SENTENCING GUIDELINES COMMISSION; MODIFICATION.**

The Sentencing Guidelines Commission shall modify the Sentencing Guidelines to be consistent with changes to Minnesota Statutes, section 609.135, subdivision 2, governing the maximum length of probation a court may order.

Sec. 17. **REVISOR INSTRUCTION.**

In Minnesota Statutes, the revisor of statutes shall substitute "364 days" for "one year" consistent with the change in this act. The revisor shall also make other technical changes resulting from the change of term to the statutory language if necessary to preserve the meaning of the text.

ARTICLE 5
EXPUNGEMENT

Section 1. Minnesota Statutes 2022, section 13.871, subdivision 14, is amended to read:

Subd. 14. **Expungement petitions.** (a) Provisions regarding the classification and sharing of data contained in a petition for expungement of a criminal record are included in section 609A.03.

(b) Provisions regarding the classification and sharing of data related to automatic expungements are included in sections 299C.097 and 609A.015.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 2. Minnesota Statutes 2022, section 152.18, subdivision 1, is amended to read:

Subdivision 1. **Deferring prosecution for certain first time drug offenders.** (a) A court may defer prosecution as provided in paragraph (c) for any person found guilty, after trial or upon a plea of guilty, of a violation of section 152.023, subdivision 2, 152.024, subdivision 2, 152.025, subdivision 2, or 152.027, subdivision 2, 3, 4, or 6, paragraph (d), for possession of a controlled substance, who:

(1) has not previously participated in or completed a diversion program authorized under section 401.065;

(2) has not previously been placed on probation without a judgment of guilty and thereafter been discharged from probation under this section; and

(3) has not been convicted of a felony violation of this chapter, including a felony-level attempt or conspiracy, or been convicted by the United States or another state of a similar offense that would have been a felony under this chapter if committed in Minnesota, unless ten years have elapsed since discharge from sentence.

(b) The court must defer prosecution as provided in paragraph (c) for any person found guilty of a violation of section 152.025, subdivision 2, who:

(1) meets the criteria listed in paragraph (a), clauses (1) to (3); and

(2) has not previously been convicted of a felony offense under any state or federal law or of a gross misdemeanor under section 152.025.

(c) In granting relief under this section, the court shall, without entering a judgment of guilty and with the consent of the person, defer further proceedings and place the person on probation upon such reasonable conditions as it may require and for a period, not to exceed the maximum sentence provided for the violation. The court may give the person the opportunity to attend and participate in an appropriate program of education regarding the nature and effects of alcohol and drug abuse as a stipulation of probation. Upon violation of a condition of the probation, the court may enter an adjudication of guilt and proceed as otherwise provided. The court may, in its discretion, dismiss the proceedings against the person and discharge the person from probation before the expiration of the maximum period prescribed for the person's probation. If during the period of probation the person does not violate any of the conditions of the probation, then upon expiration of the period the court shall discharge the person and dismiss the proceedings against that person. Discharge and dismissal under this subdivision shall be without court adjudication of guilt, but a not public record of it shall be retained by the Bureau of Criminal Apprehension for the purpose of use by the courts in determining the merits of subsequent proceedings against the person. The not public record may also be opened only upon court order for purposes of a criminal investigation, prosecution, or sentencing. Upon receipt of notice that the proceedings were dismissed, the Bureau of Criminal Apprehension shall notify the arresting or citing law enforcement agency and direct that agency to seal its records related to the charge. Upon request by law enforcement, prosecution, or corrections authorities, the bureau shall notify the requesting party of the existence of the not public record and the right to seek a court order to open it pursuant to this section. The court shall forward a record of any discharge and dismissal under this subdivision to the bureau which shall make and maintain the not public record of it as provided under this subdivision. The discharge or dismissal shall not be deemed a conviction for purposes of disqualifications or disabilities imposed by law upon conviction of a crime or for any other purpose.

For purposes of this subdivision, "not public" has the meaning given in section 13.02, subdivision 8a.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 3. Minnesota Statutes 2022, section 181.981, subdivision 1, is amended to read:

Subdivision 1. **Limitation on admissibility of criminal history.** Information regarding a criminal history record of an employee or former employee may not be introduced as evidence in a civil action against a private employer or its employees or agents that is based on the conduct of the employee or former employee, if:

(1) the duties of the position of employment did not expose others to a greater degree of risk than that created by the employee or former employee interacting with the public outside of the duties of the position or that might be created by being employed in general;

(2) before the occurrence of the act giving rise to the civil action~~,~~:

(i) a court order sealed any record of the criminal case;

(ii) any record of the criminal case was sealed as the result of an automatic expungement, including but not limited to a grant of expungement made pursuant to section 609A.015; or

(iii) the employee or former employee received a pardon;

(3) the record is of an arrest or charge that did not result in a criminal conviction; or

(4) the action is based solely upon the employer's compliance with section 364.021.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 4. Minnesota Statutes 2022, section 245C.08, subdivision 1, is amended to read:

Subdivision 1. **Background studies conducted by Department of Human Services.** (a) For a background study conducted by the Department of Human Services, the commissioner shall review:

(1) information related to names of substantiated perpetrators of maltreatment of vulnerable adults that has been received by the commissioner as required under section 626.557, subdivision 9c, paragraph (j);

(2) the commissioner's records relating to the maltreatment of minors in licensed programs, and from findings of maltreatment of minors as indicated through the social service information system;

(3) information from juvenile courts as required in subdivision 4 for individuals listed in section 245C.03, subdivision 1, paragraph (a), when there is reasonable cause;

(4) information from the Bureau of Criminal Apprehension, including information regarding a background study subject's registration in Minnesota as a predatory offender under section 243.166;

(5) except as provided in clause (6), information received as a result of submission of fingerprints for a national criminal history record check, as defined in section 245C.02, subdivision 13c, when the commissioner has reasonable cause for a national criminal history record check as defined under section 245C.02, subdivision 15a, or as required under section 144.057, subdivision 1, clause (2);

(6) for a background study related to a child foster family setting application for licensure, foster residence settings, children's residential facilities, a transfer of permanent legal and physical custody of a child under sections 260C.503 to 260C.515, or adoptions, and for a background study required for family child care, certified license-exempt child care, child care centers, and legal nonlicensed child care authorized under chapter 119B, the commissioner shall also review:

(i) information from the child abuse and neglect registry for any state in which the background study subject has resided for the past five years;

(ii) when the background study subject is 18 years of age or older, or a minor under section 245C.05, subdivision 5a, paragraph (c), information received following submission of fingerprints for a national criminal history record check; and

(iii) when the background study subject is 18 years of age or older or a minor under section 245C.05, subdivision 5a, paragraph (d), for licensed family child care, certified license-exempt child care, licensed child care centers, and legal nonlicensed child care authorized under chapter 119B, information obtained using non-fingerprint-based data including information from the criminal and sex offender registries for any state in which the background study subject resided for the past five years and information from the national crime information database and the national sex offender registry; and

(7) for a background study required for family child care, certified license-exempt child care centers, licensed child care centers, and legal nonlicensed child care authorized under chapter 119B, the background study shall also include, to the extent practicable, a name and date-of-birth search of the National Sex Offender Public website.

(b) Notwithstanding expungement by a court, the commissioner may consider information obtained under paragraph (a), clauses (3) and (4), unless:

(1) the commissioner received notice of the petition for expungement and the court order for expungement is directed specifically to the commissioner; or

(2) the commissioner received notice of the expungement order issued pursuant to section 609A.017, 609A.025, or 609A.035, and the order for expungement is directed specifically to the commissioner.

(c) The commissioner shall also review criminal case information received according to section 245C.04, subdivision 4a, from the Minnesota court information system that relates to individuals who have already been studied under this chapter and who remain affiliated with the agency that initiated the background study.

(d) When the commissioner has reasonable cause to believe that the identity of a background study subject is uncertain, the commissioner may require the subject to provide a set of classifiable fingerprints for purposes of completing a fingerprint-based record check with the Bureau of Criminal Apprehension. Fingerprints collected under this paragraph shall not be saved by the commissioner after they have been used to verify the identity of the background study subject against the particular criminal record in question.

(e) The commissioner may inform the entity that initiated a background study under NETStudy 2.0 of the status of processing of the subject's fingerprints.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 5. Minnesota Statutes 2022, section 245C.08, subdivision 2, is amended to read:

Subd. 2. **Background studies conducted by a county agency for family child care.** (a) Before the implementation of NETStudy 2.0, for a background study conducted by a county agency for family child care services, the commissioner shall review:

(1) information from the county agency's record of substantiated maltreatment of adults and the maltreatment of minors;

(2) information from juvenile courts as required in subdivision 4 for:

(i) individuals listed in section 245C.03, subdivision 1, paragraph (a), who are ages 13 through 23 living in the household where the licensed services will be provided; and

(ii) any other individual listed under section 245C.03, subdivision 1, when there is reasonable cause; and

(3) information from the Bureau of Criminal Apprehension.

(b) If the individual has resided in the county for less than five years, the study shall include the records specified under paragraph (a) for the previous county or counties of residence for the past five years.

(c) Notwithstanding expungement by a court, the county agency may consider information obtained under paragraph (a), clause (3), unless:

(1) the commissioner received notice of the petition for expungement and the court order for expungement is directed specifically to the commissioner; or

(2) the commissioner received notice of the expungement order issued pursuant to section 609A.017, 609A.025, or 609A.035, and the order for expungement is directed specifically to the commissioner.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 6. **[299C.097] DATABASE FOR IDENTIFYING INDIVIDUALS ELIGIBLE FOR EXPUNGEMENT.**

(a) The superintendent of the Bureau of Criminal Apprehension shall maintain a computerized data system relating to petty misdemeanor and misdemeanor offenses that may become eligible for expungement pursuant to section 609A.015 and which do not require fingerprinting pursuant to section 299C.10 and are not linked to an arrest record in the criminal history system.

(b) These data are private data on individuals under section 13.02, subdivision 12.

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

Sec. 7. Minnesota Statutes 2022, section 299C.10, subdivision 1, is amended to read:

Subdivision 1. **Required fingerprinting.** (a) Sheriffs, peace officers, and community corrections agencies operating secure juvenile detention facilities shall take or cause to be taken immediately ~~finger~~ fingerprints and ~~thumb-prints~~ thumbprints, photographs, distinctive physical mark identification data, information on any known aliases or street names, and other identification data requested or required by the superintendent of the bureau, of the following:

(1) persons arrested for, appearing in court on a charge of, or convicted of a felony, gross misdemeanor, or targeted misdemeanor;

(2) juveniles arrested for, appearing in court on a charge of, adjudicated delinquent for, or alleged to have committed felonies or gross misdemeanors as distinguished from those committed by adult offenders;

(3) adults and juveniles admitted to jails or detention facilities;

(4) persons reasonably believed by the arresting officer to be fugitives from justice;

(5) persons in whose possession, when arrested, are found concealed firearms or other dangerous weapons, burglar tools or outfits, high-power explosives, or articles, machines, or appliances usable for an unlawful purpose and reasonably believed by the arresting officer to be intended for such purposes;

(6) juveniles referred by a law enforcement agency to a diversion program for a felony or gross misdemeanor offense; and

(7) persons currently involved in the criminal justice process, on probation, on parole, or in custody for any offense whom the superintendent of the bureau identifies as being the subject of a court disposition record which cannot be linked to an arrest record, and whose fingerprints are necessary to reduce the number of suspense files, or

to comply with the mandates of section 299C.111, relating to the reduction of the number of suspense files. This duty to obtain fingerprints for the offenses in suspense at the request of the bureau shall include the requirement that fingerprints be taken in post-arrest interviews, while making court appearances, while in custody, or while on any form of probation, diversion, or supervised release.

(b) Unless the superintendent of the bureau requires a shorter period, within 24 hours of taking the fingerprints and data, the fingerprint records and other identification data specified under paragraph (a) must be electronically entered into a bureau-managed searchable database in a manner as may be prescribed by the superintendent.

(c) Prosecutors, courts, and probation officers and their agents, employees, and subordinates shall attempt to ensure that the required identification data is taken on a person described in paragraph (a). Law enforcement may take fingerprints of an individual who is presently on probation.

(d) ~~Finger~~ Fingerprints and ~~thumb prints~~ thumbprints must be obtained no later than:

(1) release from booking; or

(2) if not booked prior to acceptance of a plea of guilty or not guilty.

Prior to acceptance of a plea of guilty or not guilty, an individual's finger and thumb prints must be submitted to the Bureau of Criminal Apprehension for the offense. If finger and thumb prints have not been successfully received by the bureau, an individual may, upon order of the court, be taken into custody for no more than eight hours so that the taking of prints can be completed. Upon notice and motion of the prosecuting attorney, this time period may be extended upon a showing that additional time in custody is essential for the successful taking of prints.

(e) For purposes of this section, a targeted misdemeanor is a misdemeanor violation of section 169A.20 (driving while impaired), 518B.01 (order for protection violation), 609.224 (fifth-degree assault), 609.2242 (domestic assault), 609.746 (interference with privacy), 609.748 (harassment or restraining order violation), 609.749 (obscene or harassing telephone calls), 617.23 (indecent exposure), or 629.75 (domestic abuse no contact order).

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to violations that occur on or after that date.

Sec. 8. Minnesota Statutes 2022, section 299C.11, subdivision 1, is amended to read:

Subdivision 1. **Identification data other than DNA.** (a) Each sheriff and chief of police shall furnish the bureau, upon such form as the superintendent shall prescribe, with such ~~finger and thumb prints~~ fingerprints and thumbprints, photographs, distinctive physical mark identification data, information on known aliases and street names, and other identification data as may be requested or required by the superintendent of the bureau, which must be taken under the provisions of section 299C.10. In addition, sheriffs and chiefs of police shall furnish this identification data to the bureau for individuals found to have been convicted of a felony, gross misdemeanor, or targeted misdemeanor, within the ten years immediately preceding their arrest. When the bureau learns that an individual who is the subject of a background check has used, or is using, identifying information, including, but not limited to, name and date of birth, other than those listed on the criminal history, the bureau shall convert into an electronic format, if necessary, and enter into a bureau-managed searchable database the new identifying information when supported by fingerprints within three business days of learning the information if the information is not entered by a law enforcement agency.

(b) No petition under chapter 609A is required if the person has not been convicted of any felony or gross misdemeanor, either within or without the state, within the period of ten years immediately preceding the determination of all pending criminal actions or proceedings in favor of the arrested person, and either of the following occurred:

(1) all charges were dismissed prior to a determination of probable cause; or

(2) the prosecuting authority declined to file any charges and a grand jury did not return an indictment.

Where these conditions are met, the bureau or agency shall, upon demand, destroy the arrested person's ~~finger and thumb prints~~ fingerprints and thumbprints, photographs, distinctive physical mark identification data, information on known aliases and street names, and other identification data, and all copies and duplicates of them.

(c) The bureau or agency shall destroy an arrested person's fingerprints and thumbprints, photographs, distinctive physical mark identification data, information on known aliases and street names, and other identification data and all copies and duplicates of them without the demand of any person or the granting of a petition under chapter 609A if:

(1) the sheriff, chief of police, bureau, or other arresting agency determines that the person was arrested or identified as the result of mistaken identity before presenting information to the prosecuting authority for a charging decision; or

(2) the prosecuting authority declines to file any charges or a grand jury does not return an indictment based on a determination that the person was identified or arrested as the result of mistaken identity.

(d) A prosecuting authority that determines a person was arrested or identified as the result of mistaken identity and either declines to file any charges or receives notice that a grand jury did not return an indictment shall notify the bureau and the applicable sheriff, chief of police, or other arresting agency of the determination.

~~(c)~~ (e) Except as otherwise provided in paragraph (b) or (c), upon the determination of all pending criminal actions or proceedings in favor of the arrested person, and the granting of the petition of the arrested person under chapter 609A, the bureau shall seal ~~finger and thumb prints~~ fingerprints and thumbprints, photographs, distinctive physical mark identification data, information on known aliases and street names, and other identification data, and all copies and duplicates of them if the arrested person has not been convicted of any felony or gross misdemeanor, either within or without the state, within the period of ten years immediately preceding such determination.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to determinations that a person was identified as the result of mistaken identity made on or after that date.

Sec. 9. Minnesota Statutes 2022, section 299C.11, subdivision 3, is amended to read:

Subd. 3. **Definitions.** For purposes of this section:

(1) "determination of all pending criminal actions or proceedings in favor of the arrested person" does not include:

(i) the sealing of a criminal record pursuant to section 152.18, subdivision 1, 242.31, or chapter 609A;

(ii) the arrested person's successful completion of a diversion program;

(iii) an order of discharge under section 609.165; or

(iv) a pardon granted under section 638.02; ~~and~~

(2) "mistaken identity" means the person was incorrectly identified as being a different person:

(i) because the person's identity had been transferred, used, or possessed in violation of section 609.527; or

(ii) as a result of misidentification by a witness or law enforcement, confusion on the part of a witness or law enforcement as to the identity of the person who committed the crime, misinformation provided to law enforcement as to the identity of the person who committed the crime, or some other mistake on the part of a witness or law enforcement as to the identity of the person who committed the crime; and

~~(2)~~ (3) "targeted misdemeanor" has the meaning given in section 299C.10, subdivision 1.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 10. Minnesota Statutes 2022, section 299C.111, is amended to read:

299C.111 SUSPENSE FILE REPORTING.

The superintendent shall immediately notify the appropriate entity or individual when a disposition record for a felony, gross misdemeanor, or targeted misdemeanor is received that cannot be linked to an arrest record.

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

Sec. 11. Minnesota Statutes 2022, section 299C.17, is amended to read:

299C.17 REPORT BY COURT ADMINISTRATOR.

The superintendent shall require the court administrator of every court which sentences a defendant for a felony, gross misdemeanor, ~~or targeted~~ misdemeanor, or petty misdemeanor to electronically transmit within 24 hours of the disposition of the case a report, in a form prescribed by the superintendent providing information required by the superintendent with regard to the prosecution and disposition of criminal cases. A copy of the report shall be kept on file in the office of the court administrator.

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

Sec. 12. Minnesota Statutes 2022, section 609A.01, is amended to read:

609A.01 EXPUNGEMENT OF CRIMINAL RECORDS.

This chapter provides the grounds and procedures for expungement of criminal records under section 13.82; 152.18, subdivision 1; 299C.11, where expungement is automatic under sections 609A.015, 609A.017, or 609A.035, or a petition is authorized under section 609A.02, subdivision 3; or other applicable law. The remedy available is limited to a court order or grant of expungement under section 609A.015 sealing the records and prohibiting the disclosure of their existence or their opening except under court order or statutory authority. Nothing in this chapter authorizes the destruction of records or their return to the subject of the records.

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

Sec. 13. **[609A.015] AUTOMATIC EXPUNGEMENT OF RECORDS.**

Subdivision 1. **Eligibility; dismissal; exoneration.** (a) A person who is the subject of a criminal record or delinquency record is eligible for a grant of expungement relief without the filing of a petition:

(1) if the person was arrested and all charges were dismissed after a case was filed unless dismissal was based on a finding that the defendant was incompetent to proceed;

(2) upon the dismissal and discharge of proceedings against a person under section 152.18, subdivision 1, for violation of section 152.024, 152.025, or 152.027 for possession of a controlled substance; or

(3) if all pending actions or proceedings were resolved in favor of the person.

(b) For purposes of this chapter, a verdict of not guilty by reason of mental illness is not a resolution in favor of the person. For purposes of this chapter, an action or proceeding is resolved in favor of the person if the petitioner received an order under section 590.11 determining that the person is eligible for compensation based on exoneration.

Subd. 2. **Eligibility; diversion and stay of adjudication.** A person is eligible for a grant of expungement relief if the person has successfully completed the terms of a diversion program or stay of adjudication for a qualifying offense that is not a felony and has not been petitioned or charged with a new offense, other than an offense that would be a petty misdemeanor, in Minnesota:

(1) for one year immediately following completion of the diversion program or stay of adjudication; or

(2) for one year immediately preceding a subsequent review performed pursuant to subdivision 5, paragraph (a).

Subd. 3. **Eligibility; certain criminal proceedings.** (a) A person is eligible for a grant of expungement relief if the person:

(1) was convicted of a qualifying offense;

(2) has not been convicted of a new offense, other than an offense that would be a petty misdemeanor, in Minnesota:

(i) during the applicable waiting period immediately following discharge of the disposition or sentence for the crime; or

(ii) during the applicable waiting period immediately preceding a subsequent review performed pursuant to subdivision 5, paragraph (a); and

(3) is not charged with an offense, other than an offense that would be a petty misdemeanor, in Minnesota at the time the person reaches the end of the applicable waiting period or at the time of a subsequent review.

(b) As used in this subdivision, "qualifying offense" means a conviction for:

(1) any petty misdemeanor offense other than a violation of a traffic regulation relating to the operation or parking of motor vehicles;

(2) any misdemeanor offense other than:

(i) section 169A.20 under the terms described in section 169A.27 (fourth-degree driving while impaired);

(ii) section 518B.01, subdivision 14 (violation of an order for protection);

(iii) section 609.224 (assault in the fifth degree);

(iv) section 609.2242 (domestic assault);

(v) section 609.748 (violation of a harassment restraining order);

(vi) section 609.78 (interference with emergency call);

(vii) section 609.79 (obscene or harassing phone calls);

(viii) section 617.23 (indecent exposure);

(ix) section 609.746 (interference with privacy); or

(x) section 629.75 (violation of domestic abuse no contact order);

(3) any gross misdemeanor offense other than:

(i) section 169A.25 (second-degree driving while impaired);

(ii) section 169A.26 (third-degree driving while impaired);

(iii) section 518B.01, subdivision 14 (violation of an order for protection);

(iv) section 609.2113, subdivision 3 (criminal vehicular operation);

(v) section 609.2231 (assault in the fourth degree);

(vi) section 609.224 (assault in the fifth degree);

(vii) section 609.2242 (domestic assault);

(viii) section 609.233 (criminal neglect);

(ix) section 609.3451 (criminal sexual conduct in the fifth degree);

(x) section 609.377 (malicious punishment of child);

(xi) section 609.485 (escape from custody);

(xii) section 609.498 (tampering with witness);

(xiii) section 609.582, subdivision 4 (burglary in the fourth degree);

(xiv) section 609.746 (interference with privacy);

(xv) section 609.748 (violation of a harassment restraining order);

(xvi) section 609.749 (harassment; stalking);

(xvii) section 609.78 (interference with emergency call);

(xviii) section 617.23 (indecent exposure);

(xix) section 617.261 (nonconsensual dissemination of private sexual images); or

(xx) section 629.75 (violation of domestic abuse no contact order); or

(4) any felony offense listed in section 609A.02, subdivision 3, paragraph (b), other than:

(i) section 152.023, subdivision 2 (possession of a controlled substance in the third degree);

(ii) 152.024, subdivision 2 (possession of a controlled substance in the fourth degree);

(iii) section 609.485, subdivision 4, paragraph (a), clause (2) or (4) (escape from civil commitment for mental illness); or

(iv) section 609.746, subdivision 1, paragraph (e) (interference with privacy; subsequent violation or minor victim).

(c) As used in this subdivision, "applicable waiting period" means:

(1) if the offense was a petty misdemeanor, two years since discharge of the sentence;

(2) if the offense was a misdemeanor, two years since discharge of the sentence for the crime;

(3) if the offense was a gross misdemeanor, three years since discharge of the sentence for the crime;

(4) if the offense was a felony violation of section 152.025, four years since the discharge of the sentence for the crime; and

(5) if the offense was any other felony, five years since discharge of the sentence for the crime.

(d) Felony offenses deemed to be a gross misdemeanor or misdemeanor pursuant to section 609.13, subdivision 1, remain ineligible for expungement under this section. Gross misdemeanor offenses ineligible for a grant of expungement under this section remain ineligible if deemed to be for a misdemeanor pursuant to section 609.13, subdivision 2.

Subd. 4. **Notice.** (a) The court shall notify a person who may become eligible for an automatic expungement under this section of that eligibility at any hearing where the court dismisses and discharges proceedings against a person under section 152.18, subdivision 1, for violation of section 152.024, 152.025, or 152.027 for possession of a controlled substance; concludes that all pending actions or proceedings were resolved in favor of the person; grants a person's placement into a diversion program; or sentences a person or otherwise imposes a consequence for a qualifying offense.

(b) To the extent possible, prosecutors, defense counsel, supervising agents, and coordinators or supervisors of a diversion program shall notify a person who may become eligible for an automatic expungement under this section of that eligibility.

(c) If any party gives notification under this subdivision, the notification shall inform the person that:

(1) a record expunged under this section may be opened for purposes of a background study by the Department of Human Services under section 245C.08 and for purposes of a background check by the Professional Educator Licensing and Standards Board as required under section 122A.18, subdivision 8; and

(2) the person can file a petition to expunge the record and request that the petition be directed to the commissioner of human services and the Professional Educator Licensing and Standards Board.

Subd. 5. **Bureau of Criminal Apprehension to identify eligible persons and grant expungement relief.** (a) The Bureau of Criminal Apprehension shall identify any records that qualify for a grant of expungement relief pursuant to this subdivision or subdivision 1, 2, or 3. The Bureau of Criminal Apprehension shall make an initial determination of eligibility within 30 days of the end of the applicable waiting period. If a record is not eligible for a grant of expungement at the time of the initial determination, the Bureau of Criminal Apprehension shall make subsequent eligibility determinations annually until the record is eligible for a grant of expungement.

(b) In making the determination under paragraph (a), the Bureau of Criminal Apprehension shall identify individuals who are the subject of relevant records through the use of fingerprints and thumbprints where fingerprints and thumbprints are available. Where fingerprints and thumbprints are not available, the Bureau of Criminal Apprehension shall identify individuals through the use of the person's name and date of birth. Records containing the same name and date of birth shall be presumed to refer to the same individual unless other evidence establishes, by a preponderance of the evidence, that they do not refer to the same individual. The Bureau of Criminal Apprehension is not required to review any other evidence in making a determination.

(c) The Bureau of Criminal Apprehension shall grant expungement relief to qualifying persons and seal its own records without requiring an application, petition, or motion. Records shall be sealed 60 days after notice is sent to the judicial branch pursuant to paragraph (e) unless an order of the judicial branch prohibits sealing the records or additional information establishes that the records are not eligible for expungement.

(d) Nonpublic criminal records maintained by the Bureau of Criminal Apprehension and subject to a grant of expungement relief shall display a notation stating "expungement relief granted pursuant to section 609A.015."

(e) The Bureau of Criminal Apprehension shall inform the judicial branch of all cases for which expungement relief was granted pursuant to this section. Notification may be through electronic means and may be made in real time or in the form of a monthly report. Upon receipt of notice, the judicial branch shall seal all records relating to an arrest, indictment or information, trial, verdict, or dismissal and discharge for any case in which expungement relief was granted and shall issue any order deemed necessary to achieve this purpose.

(f) The Bureau of Criminal Apprehension shall inform each law enforcement agency that its records may be affected by a grant of expungement relief. Notification may be through electronic means. Each notified law enforcement agency that receives a request to produce records shall first contact the Bureau of Criminal Apprehension to determine if the records were subject to a grant of expungement under this section. The law enforcement agency must not disclose records relating to an arrest, indictment or information, trial, verdict, or dismissal and discharge for any case in which expungement relief was granted and must maintain the data consistent with the classification in paragraph (g). This paragraph does not apply to requests from a criminal justice agency as defined in section 609A.03, subdivision 7a, paragraph (f), for the purposes of:

(1) initiating, furthering, or completing a criminal investigation or prosecution or for sentencing purposes or providing probation or other correctional services; or

(2) evaluating a prospective employee in a criminal justice agency without a court order.

(g) Data on the person whose offense has been expunged under this subdivision, including any notice sent pursuant to paragraph (f), are private data on individuals as defined in section 13.02, subdivision 12.

(h) The prosecuting attorney shall notify the victim that an offense qualifies for automatic expungement under this section in the manner provided in section 611A.03, subdivisions 1 and 2.

(i) In any subsequent prosecution of a person granted expungement relief, the expunged criminal record may be pleaded and has the same effect as if the relief had not been granted.

(j) The Bureau of Criminal Apprehension is directed to develop, modify, or update a system to provide criminal justice agencies with uniform statewide access to criminal records sealed by expungement.

Subd. 6. **Immunity from civil liability.** Employees of the Bureau of Criminal Apprehension shall not be held civilly liable for the exercise or the failure to exercise, or the decision to exercise or the decision to decline to exercise, the powers granted by this section or for any act or omission occurring within the scope of the performance of their duties under this section.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to offenses that meet the eligibility criteria on or after that date and retroactively to offenses that met those qualifications before January 1, 2025, and are stored in the Bureau of Criminal Apprehension's criminal history system as of January 1, 2025.

Sec. 14. **[609A.017] MISTAKEN IDENTITY; AUTOMATIC EXPUNGEMENT.**

Subdivision 1. **Definitions.** (a) As used in this section, the following terms have the meanings given.

(b) "Conviction" means a plea of guilty, a verdict of guilty by a jury, or a finding of guilty by a court.

(c) "Mistaken identity" means a person was incorrectly identified as being a different person:

(1) because the person's identity had been transferred, used, or possessed in violation of section 609.527; or

(2) as a result of misidentification by a witness or law enforcement, confusion on the part of a witness or law enforcement as to the identity of the person who committed the crime, misinformation provided to law enforcement as to the identity of the person who committed the crime, or some other mistake on the part of a witness or law enforcement as to the identity of the person who committed the crime.

Subd. 2. **Determination by prosecutor; notification.** If, before a conviction, a prosecutor determines that a defendant was issued a citation, charged, indicted, or otherwise prosecuted as the result of mistaken identity, the prosecutor must dismiss or move to dismiss the action or proceeding and must state in writing or on the record that mistaken identity is the reason for the dismissal.

Subd. 3. **Order of expungement.** (a) The court shall issue an order of expungement without the filing of a petition when an action or proceeding is dismissed based on a determination that a defendant was issued a citation, charged, indicted, or otherwise prosecuted as the result of mistaken identity. The order shall cite this section as the basis for the order.

(b) An order issued under this section is not subject to the considerations or standards identified in section 609A.025 or 609A.03, subdivision 5, paragraph (a), (b), or (c).

Subd. 4. **Effect of order.** (a) An order issued under this section is not subject to the limitations in section 609A.03, subdivision 7a or 9. The effect of the court order to seal the record of the proceedings shall be to restore the person, in the contemplation of the law, to the status the person occupied before the arrest, indictment, or information. The person shall not be guilty of perjury or otherwise of giving a false statement if the person fails to acknowledge the arrest, indictment, information, or trial in response to any inquiry made for any purpose.

(b) A criminal justice agency may seek access to a record that was sealed under this section for purposes of determining whether the subject of the order was identified in any other action or proceeding as the result of mistaken identity or for a criminal investigation, prosecution, or sentencing involving any other person. The requesting agency must obtain an ex parte court order after stating a good-faith basis to believe that opening the record may lead to relevant information.

(c) The court administrator must distribute and confirm receipt of an order issued under this section pursuant to section 609A.03, subdivision 8.

(d) Data on the person whose offense has been expunged contained in a letter or other notification sent under this subdivision are private data on individuals as defined in section 13.02.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to determinations that a person was identified as the result of mistaken identity on or after that date.

Sec. 15. Minnesota Statutes 2022, section 609A.02, subdivision 3, is amended to read:

Subd. 3. **Certain criminal proceedings.** (a) A petition may be filed under section 609A.03 to seal all records relating to an arrest, indictment or information, trial, or verdict if the records are not subject to section 299C.11, subdivision 1, paragraph (b), and if:

(1) all pending actions or proceedings were resolved in favor of the petitioner. For purposes of this chapter, a verdict of not guilty by reason of mental illness is not a resolution in favor of the petitioner. For the purposes of this chapter, an action or proceeding is resolved in favor of the petitioner, if the petitioner received an order under section 590.11 determining that the petitioner is eligible for compensation based on exoneration;

(2) the petitioner has successfully completed the terms of a diversion program or stay of adjudication and has not been charged with a new crime for at least one year since completion of the diversion program or stay of adjudication;

(3) the petitioner was convicted of ~~or received a stayed sentence for~~ a petty misdemeanor or misdemeanor or the sentence imposed was within the limits provided by law for a misdemeanor and the petitioner has not been convicted of a new crime for at least two years since discharge of the sentence for the crime;

(4) the petitioner was convicted of ~~or received a stayed sentence for~~ a gross misdemeanor or the sentence imposed was within the limits provided by law for a gross misdemeanor and the petitioner has not been convicted of a new crime for at least ~~four~~ three years since discharge of the sentence for the crime; ~~or~~

(5) the petitioner was convicted of a gross misdemeanor that is deemed to be for a misdemeanor pursuant to section 609.13, subdivision 2, clause (2), and has not been convicted of a new crime for at least three years since discharge of the sentence for the crime;

(6) the petitioner was convicted of a felony violation of section 152.025 and has not been convicted of a new crime for at least four years since discharge of the sentence for the crime;

(7) the petitioner was convicted of a felony that is deemed to be for a gross misdemeanor or misdemeanor pursuant to section 609.13, subdivision 1, clause (2), and has not been convicted of a new crime for at least five years since discharge of the sentence for the crime; or

~~(5)~~ (8) the petitioner was convicted of ~~or received a stayed sentence for~~ a felony violation of an offense listed in paragraph (b), and has not been convicted of a new crime for at least ~~five~~ four years since discharge of the sentence for the crime.

(b) Paragraph (a), clause ~~(5)~~ (7), applies to the following offenses:

(1) section 35.824 (altering livestock certificate);

(2) section 62A.41 (insurance regulations);

(3) section 86B.865, subdivision 1 (certification for title on watercraft);

(4) section 152.023, subdivision 2 (possession of a controlled substance in the third degree); 152.024, subdivision 2 (possession of a controlled substance in the fourth degree); 152.025 (controlled substance in the fifth degree); or 152.097 (sale of simulated controlled substance);

(5) section 168A.30, subdivision 1 (certificate of title false information); or 169.09, subdivision 14, paragraph (a), clause (2) (accident resulting in great bodily harm);

(6) chapter 201; 203B; or 204C (voting violations);

(7) section 228.45; 228.47; 228.49; 228.50; or 228.51 (false bill of lading);

(8) section 256.984 (false declaration in assistance application);

(9) section 296A.23, subdivision 2 (willful evasion of fuel tax);

(10) section 297D.09, subdivision 1 (failure to affix stamp on scheduled substances);

(11) section 297G.19 (liquor taxation); or 340A.701 (unlawful acts involving liquor);

(12) section 325F.743 (precious metal dealers); or 325F.755, subdivision 7 (prize notices and solicitations);

(13) section 346.155, subdivision 10 (failure to control regulated animal);

(14) section 349.2127; or 349.22 (gambling regulations);

(15) section 588.20 (contempt);

(16) section 609.27, subdivision 1, clauses (2) to (5) (coercion);

(17) section 609.31 (leaving state to evade establishment of paternity);

(18) section 609.485, subdivision 4, paragraph (a), clause (2) or (4) (escape from civil commitment for mental illness);

(19) section 609.49 (failure to appear in court);

(20) section 609.52, subdivision 2, when sentenced pursuant to section 609.52, subdivision 3, clause (3)(a) (theft of $5,000 or less)~~, or other theft offense that is sentenced under this provision;~~ or 609.52, subdivision 3a, clause (1) (theft of $1,000 or less with risk of bodily harm); or any other offense sentenced pursuant to section 609.52, subdivision 3, clause (3)(a);

(21) section 609.521 (possession of shoplifting gear);

~~(21)~~ (22) section 609.525 (bringing stolen goods into state);

~~(22)~~ (23) section 609.526, subdivision 2, clause (2) (metal dealer receiving stolen goods);

~~(23)~~ (24) section 609.527, subdivision 5b (possession or use of scanning device or reencoder); 609.528, subdivision 3, clause (3) (possession or sale of stolen or counterfeit check); or 609.529 (mail theft);

~~(24)~~ (25) section 609.53 (receiving stolen goods);

~~(25)~~ (26) section 609.535, subdivision 2a, paragraph (a), clause (1) (dishonored check over $500);

~~(26)~~ (27) section 609.54, clause (1) (embezzlement of public funds $2,500 or less);

~~(27)~~ (28) section 609.551 (rustling and livestock theft);

~~(28)~~ (29) section 609.5641, subdivision 1a, paragraph (a) (wildfire arson);

~~(29)~~ (30) section 609.576, subdivision 1, clause (3), item (iii) (negligent fires);

(31) section 609.582, subdivision 3 (burglary in the third degree);

(32) section 609.59 (possession of burglary or theft tools);

~~(30)~~ (33) section 609.595, subdivision 1, clauses (3) to (5), and subdivision 1a, paragraph (a) (criminal damage to property);

~~(31)~~ (34) section 609.597, subdivision 3, clause (3) (assaulting or harming police horse);

~~(32)~~ (35) section 609.625 (aggravated forgery); 609.63 (forgery); 609.631, subdivision 4, clause (3)(a) (check forgery $2,500 or less); 609.635 (obtaining signature by false pretense); 609.64 (recording, filing forged instrument); or 609.645 (fraudulent statements);

~~(33)~~ (36) section 609.65, clause (1) (false certification by notary); or 609.651, subdivision 4, paragraph (a) (lottery fraud);

~~(34)~~ (37) section 609.652 (fraudulent driver's license and identification card);

~~(35)~~ (38) section 609.66, subdivision 1a, paragraph (a) (discharge of firearm; silencer); or 609.66, subdivision 1b (furnishing firearm to minor);

~~(36)~~ (39) section 609.662, subdivision 2, paragraph (b) (duty to render aid);

~~(37)~~ (40) section 609.686, subdivision 2 (tampering with fire alarm);

~~(38)~~ (41) section 609.746, subdivision 1, paragraph ~~(e)~~ (g) (interference with privacy; subsequent violation or minor victim);

~~(39)~~ (42) section 609.80, subdivision 2 (interference with cable communications system);

~~(40)~~ (43) section 609.821, subdivision 2 (financial transaction card fraud);

~~(41)~~ (44) section 609.822 (residential mortgage fraud);

~~(42)~~ (45) section 609.825, subdivision 2 (bribery of participant or official in contest);

~~(43)~~ (46) section 609.855, subdivision 2, paragraph (c), clause (1) (interference with transit operator);

~~(44)~~ (47) section 609.88 (computer damage); or 609.89 (computer theft);

~~(45)~~ (48) section 609.893, subdivision 2 (telecommunications and information services fraud);

~~(46)~~ (49) section 609.894, subdivision 3 or 4 (cellular counterfeiting);

~~(47)~~ (50) section 609.895, subdivision 3, paragraph (a) or (b) (counterfeited intellectual property);

~~(48)~~ (51) section 609.896 (movie pirating);

~~(49)~~ (52) section 624.7132, subdivision 15, paragraph (b) (transfer pistol to minor); 624.714, subdivision 1a (pistol without permit; subsequent violation); or 624.7141, subdivision 2 (transfer of pistol to ineligible person); or

~~(50)~~ (53) section 624.7181 (rifle or shotgun in public by minor).

EFFECTIVE DATE. This section is effective July 1, 2023, and applies to all offenses that meet the eligibility criteria on or after that date.

Sec. 16. Minnesota Statutes 2022, section 609A.03, subdivision 5, is amended to read:

Subd. 5. **Nature of remedy; standard.** (a) Except as otherwise provided by paragraph (b), expungement of a criminal record under this section is an extraordinary remedy to be granted only upon clear and convincing evidence that it would yield a benefit to the petitioner commensurate with the disadvantages to the public and public safety of:

(1) sealing the record; and

(2) burdening the court and public authorities to issue, enforce, and monitor an expungement order.

(b) Except as otherwise provided by this paragraph, if the petitioner is petitioning for the sealing of a criminal record under section 609A.02, subdivision 3, paragraph (a), clause (1) or (2), the court shall grant the petition to seal the record unless the agency or jurisdiction whose records would be affected establishes by clear and convincing evidence that the interests of the public and public safety outweigh the disadvantages to the petitioner of not sealing the record.

(c) In making a determination under this subdivision, the court shall consider:

(1) the nature and severity of the underlying crime, the record of which would be sealed;

(2) the risk, if any, the petitioner poses to individuals or society;

(3) the length of time since the crime occurred;

(4) the steps taken by the petitioner toward rehabilitation following the crime;

(5) aggravating or mitigating factors relating to the underlying crime, including the petitioner's level of participation and context and circumstances of the underlying crime;

(6) the reasons for the expungement, including the petitioner's attempts to obtain employment, housing, or other necessities;

(7) the petitioner's criminal record;

(8) the petitioner's record of employment and community involvement;

(9) the recommendations of interested law enforcement, prosecutorial, and corrections officials;

(10) the recommendations of victims or whether victims of the underlying crime were minors;

(11) the amount, if any, of restitution outstanding, past efforts made by the petitioner toward payment, and the measures in place to help ensure completion of restitution payment after expungement of the record if granted; and

(12) other factors deemed relevant by the court.

(d) Notwithstanding section 13.82, 13.87, or any other law to the contrary, if the court issues an expungement order it may require that the criminal record be sealed, the existence of the record not be revealed, and the record not be opened except as required under subdivision 7. Records must not be destroyed or returned to the subject of the record.

(e) Information relating to a criminal history record of an employee, former employee, or tenant that has been expunged before the occurrence of the act giving rise to the civil action may not be introduced as evidence in a civil action against a private employer or landlord or its employees or agents that is based on the conduct of the employee, former employee, or tenant.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 17. Minnesota Statutes 2022, section 609A.03, subdivision 7a, is amended to read:

Subd. 7a. **Limitations of order effective January 1, 2015, and later.** (a) Upon issuance of an expungement order related to a charge supported by probable cause, the DNA samples and DNA records held by the Bureau of Criminal Apprehension and collected under authority other than section 299C.105 shall not be sealed, returned to the subject of the record, or destroyed.

(b) Notwithstanding the issuance of an expungement order:

(1) except as provided in clause (2), an expunged record may be opened, used, or exchanged between criminal justice agencies without a court order for the purposes of initiating, furthering, or completing a criminal investigation or prosecution or for sentencing purposes or providing probation or other correctional services;

(2) when a criminal justice agency seeks access to a record that was sealed under section 609A.02, subdivision 3, paragraph (a), clause (1), after an acquittal or a court order dismissing for lack of probable cause, for purposes of a criminal investigation, prosecution, or sentencing, the requesting agency must obtain an ex parte court order after stating a good-faith basis to believe that opening the record may lead to relevant information;

(3) an expunged record of a conviction may be opened for purposes of evaluating a prospective employee in a criminal justice agency without a court order;

(4) an expunged record of a conviction may be opened for purposes of a background study under section 245C.08 unless the commissioner had been properly served with notice of the petition for expungement and the court order for expungement is directed specifically to the commissioner of human services following proper service of a petition, or following proceedings under section 609A.025 or 609A.035 upon service of an order to the commissioner of human services;

(5) an expunged record of a conviction may be opened for purposes of a background check required under section 122A.18, subdivision 8, unless the court order for expungement is directed specifically to the Professional Educator Licensing and Standards Board; ~~and~~

(6) the court may order an expunged record opened upon request by the victim of the underlying offense if the court determines that the record is substantially related to a matter for which the victim is before the court~~.~~;

(7) a prosecutor may request, and the district court shall provide, certified records of conviction for a record expunged pursuant to sections 609A.015, 609A.017, 609A.02, 609A.025, and 609A.035, and the certified records of conviction may be disclosed and introduced in criminal court proceedings as provided by the rules of court and applicable law; and

(8) the subject of an expunged record may request, and the court shall provide, certified or uncertified records of conviction for a record expunged pursuant to sections 609A.015, 609A.017, 609A.02, 609A.025, and 609A.035.

(c) An agency or jurisdiction subject to an expungement order shall maintain the record in a manner that provides access to the record by a criminal justice agency under paragraph (b), clause (1) or (2), but notifies the recipient that the record has been sealed. The Bureau of Criminal Apprehension shall notify the commissioner of human services or the Professional Educator Licensing and Standards Board of the existence of a sealed record and of the right to obtain access under paragraph (b), clause (4) or (5). Upon request, the agency or jurisdiction subject to the expungement order shall provide access to the record to the commissioner of human services or the Professional Educator Licensing and Standards Board under paragraph (b), clause (4) or (5).

(d) An expunged record that is opened or exchanged under this subdivision remains subject to the expungement order in the hands of the person receiving the record.

(e) A criminal justice agency that receives an expunged record under paragraph (b), clause (1) or (2), must maintain and store the record in a manner that restricts the use of the record to the investigation, prosecution, or sentencing for which it was obtained.

(f) For purposes of this section, a "criminal justice agency" means a court or government agency that performs the administration of criminal justice under statutory authority.

(g) This subdivision applies to expungement orders subject to its limitations and effective on or after January 1, 2015, and grants of expungement relief issued on or after January 1, 2025.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 18. Minnesota Statutes 2022, section 609A.03, subdivision 9, is amended to read:

Subd. 9. **Stay of order; appeal.** An expungement order issued under this section shall be stayed automatically for 60 days after the order is filed and, if the order is appealed, during the appeal period. A person or an agency or jurisdiction whose records would be affected by the order may appeal the order within 60 days of service of notice of filing of the order. An agency or jurisdiction or its officials or employees need not file a cost bond or supersedeas bond in order to further stay the proceedings or file an appeal.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 19. **[609A.035] PARDON EXTRAORDINARY; NO PETITION REQUIRED.**

(a) Notwithstanding section 609A.02, if the Board of Pardons grants a petition for a pardon extraordinary pursuant to section 638.02, subdivision 2, it shall file a copy of the pardon extraordinary with the district court of the county in which the conviction occurred.

(b) The district court shall issue an expungement order sealing all records wherever held relating to the arrest, indictment or information, trial, verdict, and pardon for the pardoned offense without the filing of a petition and send an expungement order to each government entity whose records are affected.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 20. Minnesota Statutes 2022, section 611A.03, subdivision 1, is amended to read:

Subdivision 1. **Plea agreements; notification of victim.** Prior to the entry of the factual basis for a plea pursuant to a plea agreement recommendation, a prosecuting attorney shall make a reasonable and good faith effort to inform the victim of:

(1) the contents of the plea agreement recommendation, including the amount of time recommended for the defendant to serve in jail or prison if the court accepts the agreement; ~~and~~

(2) the right to be present at the sentencing hearing and at the hearing during which the plea is presented to the court and to express orally or in writing, at the victim's option, any objection to the agreement or to the proposed disposition. If the victim is not present when the court considers the recommendation, but has communicated objections to the prosecuting attorney, the prosecuting attorney shall make these objections known to the court~~.~~; and

(3) the eligibility of the offense for automatic expungement pursuant to section 609A.015.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to plea agreements entered into on or after that date.

Sec. 21. Minnesota Statutes 2022, section 638.02, subdivision 2, is amended to read:

Subd. 2. **Petition; pardon extraordinary.** Any person, convicted of a crime in any court of this state, who has served the sentence imposed by the court and has been discharged of the sentence either by order of court or by operation of law, may petition the Board of Pardons for the granting of a pardon extraordinary. Unless the Board of Pardons expressly provides otherwise in writing by unanimous vote, the application for a pardon extraordinary may not be filed until the applicable time period in clause (1) or (2) has elapsed:

(1) if the person was convicted of a crime of violence as defined in section 624.712, subdivision 5, ten years must have elapsed since the sentence was discharged and during that time the person must not have been convicted of any other crime; and

(2) if the person was convicted of any crime not included within the definition of crime of violence under section 624.712, subdivision 5, five years must have elapsed since the sentence was discharged and during that time the person must not have been convicted of any other crime.

If the Board of Pardons determines that the person is of good character and reputation, the board may, in its discretion, grant the person a pardon extraordinary. The pardon extraordinary, when granted, has the effect of setting aside and nullifying the conviction and of purging the person of it, and the person shall never after that be required to disclose the conviction at any time or place other than in a judicial proceeding or as part of the licensing process for peace officers. The pardon extraordinary, after being granted and filed with the district court in which the conviction occurred, will also seal all records wherever held related to the arrest, indictment or information, trial, verdict, and pardon.

The application for a pardon extraordinary, the proceedings to review an application, and the notice requirements are governed by the statutes and the rules of the board in respect to other proceedings before the board. The application shall contain any further information that the board may require.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 22. Minnesota Statutes 2022, section 638.02, subdivision 3, is amended to read:

Subd. 3. **Pardon extraordinary; filing; copies sent.** Upon granting a pardon extraordinary, the Board of Pardons shall file a copy of it with the district court of the county in which the conviction occurred, and the court shall order the conviction set aside and include a copy of the pardon in the court file. The court shall order all records wherever held relating to the arrest, indictment or information, trial, verdict, and pardon sealed and prohibit the disclosure of the existence of the records or the opening of the records except under court order or pursuant to section 609A.03, subdivision 7a, paragraph (b), clause (1), (7) or (8). The court shall send a copy of its order and the pardon to the Bureau of Criminal Apprehension and all other government entities that hold affected records. The court administrator under section 609A.03, subdivision 8, shall send a copy of the expungement order to each government entity whose records are affected by the order, including but not limited to the Department of Corrections, the Department of Public Safety, and law enforcement agencies.

EFFECTIVE DATE. This section is effective August 1, 2023.

ARTICLE 6
CLEMENCY REFORM

Section 1. Minnesota Statutes 2022, section 13.871, subdivision 8, is amended to read:

Subd. 8. **~~Board of Pardons~~ Clemency Review Commission records.** Access to ~~Board of Pardons~~ records of the Clemency Review Commission is governed by section ~~638.07~~ 638.20.

Sec. 2. Minnesota Statutes 2022, section 299C.11, subdivision 3, is amended to read:

Subd. 3. **Definitions.** For purposes of this section:

(1) "determination of all pending criminal actions or proceedings in favor of the arrested person" does not include:

(i) the sealing of a criminal record pursuant to section 152.18, subdivision 1, 242.31, or chapter 609A;

(ii) the arrested person's successful completion of a diversion program;

(iii) an order of discharge under section 609.165; or

(iv) a pardon granted under ~~section 638.02~~ chapter 638; and

(2) "targeted misdemeanor" has the meaning given in section 299C.10, subdivision 1.

Sec. 3. Minnesota Statutes 2022, section 638.01, is amended to read:

638.01 BOARD OF PARDONS~~; HOW CONSTITUTED; POWERS~~.

The Board of Pardons ~~shall consist~~ consists of the governor, the chief justice of the supreme court, and the attorney general. The ~~board~~ governor in conjunction with the board may grant ~~pardons and reprieves and commute the sentence of any person convicted of any offense against the laws of the state, in the manner and under the conditions and rules hereinafter prescribed, but not otherwise~~ clemency according to this chapter.

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

Sec. 4. **[638.011] DEFINITIONS.**

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

Subd. 2. **Board.** "Board" means the Board of Pardons under section 638.01.

Subd. 3. **Clemency.** Unless otherwise provided, "clemency" includes a pardon, commutation, and reprieve after conviction for a crime against the state except in cases of impeachment.

Subd. 4. **Commission.** "Commission" means the Clemency Review Commission under section 638.09.

Subd. 5. **Department.** "Department" means the Department of Corrections.

Subd. 6. **Waiver request.** "Waiver request" means a request to waive a time restriction under sections 638.12, subdivisions 2 and 3, and 638.19, subdivision 1.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 5. **[638.09] CLEMENCY REVIEW COMMISSION.**

Subdivision 1. **Establishment; duties.** (a) The Clemency Review Commission is established to:

(1) review each eligible clemency application and waiver request that it receives;

(2) recommend to the board, in writing, whether to grant or deny the application or waiver request, with each member's vote reported;

(3) recommend to the board, in writing, whether the board should conduct a hearing on a clemency application, with each member's vote reported; and

(4) provide victim support services, assistance to applicants, and other assistance as the board requires.

(b) Unless otherwise provided:

(1) the commission's recommendations under this chapter are nonbinding on the governor or the board; and

(2) chapter 15 applies unless otherwise inconsistent with this chapter.

Subd. 2. **Composition.** (a) The commission consists of nine members, each serving a term coterminous with the governor.

(b) The governor, the attorney general, and the chief justice of the supreme court must each appoint three members to serve on the commission and replace members when the members' terms expire. Members serve at the pleasure of their appointing authority.

Subd. 3. **Appointments to commission.** (a) An appointing authority is encouraged to consider the following criteria when appointing a member:

(1) expertise in law, corrections, victims' services, correctional supervision, mental health, and substance abuse treatment; and

(2) experience addressing systemic disparities, including but not limited to disparities based on race, gender, and ability.

(b) An appointing authority must seek out and encourage qualified individuals to apply to serve on the commission, including:

(1) members of Indigenous communities, Black communities, and other communities of color;

(2) members diverse as to gender identity; and

(3) members diverse as to age and ability.

(c) If there is a vacancy, the appointing authority who selected the vacating member must make an interim appointment to expire at the end of the vacating member's term.

(d) A member may continue to serve until the member's successor is appointed, but a member may not serve more than eight years in total.

Subd. 4. **Commission; generally.** (a) The commission must biennially elect one of its members as chair and one as vice-chair. The chair serves as the board's secretary.

(b) Each commission member must be:

(1) compensated at a rate of $150 for each day or part of the day spent on commission activities; and

(2) reimbursed for all reasonable expenses actually paid or incurred by the member while performing official duties.

(c) Beginning January 1, 2025, and annually thereafter, the board may set a new per diem rate for commission members, not to exceed an amount ten percent higher than the previous year's rate.

Subd. 5. **Executive director.** (a) The board must appoint a commission executive director knowledgeable about clemency and criminal justice. The executive director serves at the pleasure of the board in the unclassified service as an executive branch employee.

(b) The executive director's salary is set in accordance with section 15A.0815, subdivision 3.

(c) The executive director may obtain office space and supplies and hire administrative staff necessary to carry out the commission's official functions, including providing administrative support to the board and attending board meetings. Any additional staff serve in the unclassified service at the pleasure of the executive director.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 6. **[638.10] CLEMENCY APPLICATION.**

Subdivision 1. **Required contents.** A clemency application must:

(1) be in writing;

(2) be signed under oath by the applicant; and

(3) state the clemency sought, state why the clemency should be granted, and contain the following information and any additional information that the commission or board requires:

(i) the applicant's name, address, and date and place of birth, and every alias by which the applicant is or has been known;

(ii) the applicant's demographic information, including race, ethnicity, gender, disability status, and age, only if voluntarily reported;

(iii) the name of the crime for which clemency is requested, the date and county of conviction, the sentence imposed, and the sentence's expiration or discharge date;

(iv) the names of the sentencing judge, the prosecuting attorney, and any victims of the crime;

(v) a brief description of the crime and the applicant's age at the time of the crime;

(vi) the date and outcome of any prior clemency application, including any application submitted before July 1, 2024;

(vii) to the best of the applicant's knowledge, a statement of any past criminal conviction and any pending criminal charge or investigation;

(viii) for an applicant under the department's custody, a statement describing the applicant's reentry plan should clemency be granted; and

(ix) an applicant statement acknowledging and consenting to the disclosure to the commission, board, and public of any private data on the applicant in the application or in any other record relating to the clemency being sought, including conviction and arrest records.

Subd. 2. **Required form.** (a) An application must be made on a commission-approved form or forms and filed with the commission by commission-prescribed deadlines. The commission must consult with the board on the forms and deadlines.

(b) The application must include language informing the applicant that the board and the commission will consider any and all past convictions and that the applicant may provide information about the convictions.

Subd. 3. **Reviewing application for completeness.** The commission must review an application for completeness. An incomplete application must be returned to the applicant, who may then provide the missing information and resubmit the application within a commission-prescribed period.

Subd. 4. **Notice to applicant.** After the commission's initial investigation of a clemency application, the commission must notify the applicant of the scheduled date, time, and location that the applicant must appear before the commission for a meeting under section 638.14.

Subd. 5. **Equal access to information.** Each board and commission member must have equal access to information under this chapter that is used when making a clemency decision.

Sec. 7. **[638.11] THIRD-PARTY NOTIFICATIONS.**

Subdivision 1. **Notice to victim; victim rights.** (a) After receiving a clemency application, the commission must make all reasonable efforts to locate any victim of the applicant's crime.

(b) At least 30 calendar days before the commission meeting at which the application will be heard, the commission must notify any located victim of:

(1) the application;

(2) the meeting's scheduled date, time, and location; and

(3) the victim's right to attend the meeting and submit an oral or written statement to the commission.

(c) The commission must make all reasonable efforts to ensure that a victim can:

(1) submit an oral or written statement; and

(2) receive victim support services as necessary to help the victim submit a statement and participate in the clemency process.

Subd. 2. **Notice to sentencing judge and prosecuting attorney.** (a) At least 30 calendar days before the commission meeting at which the application will be heard, the commission must notify the sentencing judge and prosecuting attorney or their successors of the application and solicit the judge's and attorney's written statements on whether to grant clemency.

(b) Unless otherwise provided in this chapter, "law enforcement agency" includes the sentencing judge and prosecuting attorney or their successors.

Subd. 3. **Notice to public.** At least 30 calendar days before the commission meeting at which the application will be heard, the commission must publish notice of an application in a qualified newspaper of general circulation in the county in which the applicant's crime occurred.

Sec. 8. **[638.12] TYPES OF CLEMENCY; ELIGIBILITY AND WAIVER.**

Subdivision 1. **Types of clemency; requirements.** (a) The board may:

(1) pardon a criminal conviction imposed under the laws of this state;

(2) commute a criminal sentence imposed by a court of this state to time served or a lesser sentence; or

(3) grant a reprieve of a sentence imposed by a court of this state.

(b) A grant of clemency must be in writing and has no force or effect if the governor or a board majority duly convened opposes the clemency. Every conditional grant of clemency must state the terms and conditions upon which it was granted, and every commutation must specify the terms of the commuted sentence.

(c) A granted pardon sets aside the conviction and purges the conviction from an individual's criminal record. The individual is not required to disclose the conviction at any time or place other than:

(1) in a judicial proceeding; or

(2) during the licensing process for peace officers.

Subd. 2. **Pardon eligibility; waiver.** (a) An individual convicted of a crime in a court of this state may apply for a pardon of the individual's conviction on or after five years from the sentence's expiration or discharge date.

(b) An individual may request the board to waive the waiting period if there is a showing of unusual circumstances and special need.

(c) The commission must review a waiver request and recommend to the board whether to grant the request. When considering a waiver request, the commission is exempt from the meeting requirements under section 638.14 and chapter 13D.

(d) The board must grant a waiver request unless the governor or a board majority opposes the waiver.

Subd. 3. **Commutation eligibility.** (a) An individual may apply for a commutation of an unexpired criminal sentence imposed by a court of this state, including an individual confined in a correctional facility or on probation, parole, supervised release, or conditional release. An application for commutation may not be filed until the date that the individual has served at least one-half of the sentence imposed or on or after five years from the conviction date, whichever is earlier.

(b) An individual may request the board to waive the waiting period if there is a showing of unusual circumstances and special need.

(c) The commission must review a waiver request and recommend to the board whether to grant the request. When considering a waiver request, the commission is exempt from the meeting requirements under section 638.14 and chapter 13D.

(d) The board must grant a waiver request unless the governor or a board majority opposes the waiver.

Sec. 9. **[638.13] ACCESS TO RECORDS; ISSUING SUBPOENA.**

Subdivision 1. **Access to records.** (a) Notwithstanding chapter 13 or any other law to the contrary, upon receiving a clemency application, the board or commission may request and obtain any relevant reports, data, and other information from state courts, law enforcement agencies, or state agencies. The board and the commission must have access to all relevant sealed or otherwise inaccessible court records, presentence investigation reports, police reports, criminal history reports, prison records, and any other relevant information.

(b) State courts, law enforcement agencies, and state agencies must promptly respond to record requests from the board or the commission.

Subd. 2. **Issuing subpoena.** The board or the commission may issue a subpoena requiring the presence of any person before the commission or board and the production of papers, records, and exhibits in any pending matter. When a person is summoned before the commission or the board, the person may be allowed compensation for travel and attendance as the commission or the board considers reasonable.

Sec. 10. **[638.14] COMMISSION MEETINGS.**

Subdivision 1. **Frequency.** The commission must meet at least four times each year for one or more days at each meeting to hear eligible clemency applications and recommend appropriate action to the board on each application. One or more of the meetings may be held at a department-operated correctional facility.

Subd. 2. **When open to the public.** All commission meetings are open to the public as provided under chapter 13D, but the commission may hold closed meetings:

(1) as provided under chapter 13D; or

(2) as necessary to protect sensitive or confidential information, including (i) a victim's identity, and (ii) sensitive or confidential victim testimony.

Subd. 3. **Recording.** When possible, the commission must record its meetings by audio or audiovisual means.

Subd. 4. **Board attendance.** The governor, attorney general, and chief justice, or their designees, may attend commission meetings as ex officio nonvoting members, but their attendance does not affect whether the commission has a quorum.

Subd. 5. **Applicant appearance; third-party statements.** (a) An applicant for clemency must appear before the commission either in person or through available forms of telecommunication.

(b) The victim of an applicant's crime may appear and speak at the meeting or submit a written statement to the commission. The commission may treat a victim's written statement as confidential and not disclose the statement to the applicant or the public if there is or has been an order for protection, harassment restraining order, or other no-contact order prohibiting the applicant from contacting the victim.

(c) A law enforcement agency's representative may provide the agency's position on whether the commission should recommend clemency by:

(1) appearing and speaking at the meeting; or

(2) submitting a written statement to the commission.

(d) The sentencing judge and the prosecuting attorney, or their successors, may provide their positions on whether the commission should recommend clemency by:

(1) appearing and speaking at the meeting; or

(2) submitting their statements under section 638.11, subdivision 2.

Sec. 11. **[638.15] COMMISSION RECOMMENDATION.**

Subdivision 1. **Grounds for recommending clemency.** (a) When recommending whether to grant clemency, the commission must consider any factors that the commission deems appropriate, including but not limited to:

(1) the nature, seriousness, and circumstances of the applicant's crime; the applicant's age at the time of the crime; and the time that has elapsed between the crime and the application;

(2) the successful completion or revocation of previous probation, parole, supervised release, or conditional release;

(3) the number, nature, and circumstances of the applicant's other criminal convictions;

(4) the extent to which the applicant has demonstrated rehabilitation through postconviction conduct, character, and reputation;

(5) the extent to which the applicant has accepted responsibility, demonstrated remorse, and made restitution to victims;

(6) whether the sentence is clearly excessive in light of the applicant's crime and criminal history and any sentence received by an accomplice and with due regard given to:

(i) any plea agreement;

(ii) the sentencing judge's views; and

(iii) the sentencing ranges established by law;

(7) whether the applicant's age or medical status indicates that it is in the best interest of society that the applicant receive clemency;

(8) the applicant's asserted need for clemency, including family needs and barriers to housing or employment created by the conviction;

(9) for an applicant under the department's custody, the adequacy of the applicant's reentry plan;

(10) the amount of time already served by the applicant and the availability of other forms of judicial or administrative relief;

(11) the extent to which there is credible evidence indicating that the applicant is or may be innocent of the crime for which they were convicted; and

(12) if provided by the applicant, the applicant's demographic information, including race, ethnicity, gender, disability status, and age.

(b) Unless an applicant knowingly omitted past criminal convictions on the application, the commission or the board must not prejudice an applicant for failing to identify past criminal convictions.

Subd. 2. **Recommending denial of commutation without hearing.** (a) At a meeting under section 638.14, the commission may recommend denying a commutation application without a board hearing if:

(1) the applicant is challenging the conviction or sentence through court proceedings;

(2) the applicant has failed to exhaust all available state court remedies for challenging the sentence; or

(3) the commission determines that the matter should first be considered by the parole authority.

(b) A commission recommendation to deny an application under paragraph (a) must be sent to the board along with the application.

Subd. 3. **Considering public statements.** When making its recommendation on an application, the commission must consider any statement provided by a victim or law enforcement agency.

Subd. 4. **Commission recommendation; notifying applicant.** (a) Before the board's next meeting at which the clemency application may be considered, the commission must send to the board:

(1) the application;

(2) the commission's recommendation;

(3) any recording of the commission's meeting related to the application; and

(4) all statements from victims and law enforcement agencies.

(b) No later than 14 calendar days after its dated recommendation, the commission must notify the applicant in writing of its recommendation.

Sec. 12. **[638.16] BOARD MEETINGS.**

Subdivision 1. **Frequency.** (a) The board must meet at least two times each year to consider clemency applications that have received favorable recommendations under section 638.09, subdivision 1, paragraph (a), clauses (2) and (3), from the commission and any other applications for which at least one board member seeks consideration.

(b) Any board member may request a hearing on any application.

Subd. 2. **When open to the public.** All board meetings are open to the public as provided under chapter 13D, but the board may hold closed meetings:

(1) as provided under chapter 13D; or

(2) as necessary to protect sensitive or confidential information, including (i) a victim's identity, and (ii) sensitive or confidential victim testimony.

Subd. 3. **Executive director; attendance required.** Unless excused by the board, the executive director and the commission's chair or vice-chair must attend all board meetings.

Subd. 4. **Considering statements.** (a) Applicants, victims, and law enforcement agencies may not submit oral or written statements at a board meeting unless:

(1) a board member requests a hearing on an application; or

(2) the commission has recommended a hearing on an application.

(b) The board must consider any statements provided to the commission when determining whether to consider a clemency application.

Sec. 13. **[638.17] BOARD DECISION; NOTIFYING APPLICANT.**

Subdivision 1. **Board decision.** (a) At each meeting, the board must render a decision on each clemency application considered at the meeting or continue the matter to a future board meeting. If the board continues consideration of an application, the commission must notify the applicant in writing and explain why the matter was continued.

(b) If the commission recommends denying an application and no board member seeks consideration of the recommendation, it is presumed that the board concurs with the adverse recommendation and that the application has been considered and denied on the merits.

Subd. 2. **Notifying applicant.** The commission must notify the applicant in writing of the board's decision to grant or deny clemency no later than 14 calendar days from the date of the board's decision.

Sec. 14. **[638.18] FILING COPY OF CLEMENCY; COURT ACTION.**

Subdivision 1. **Filing with district court.** After clemency has been granted, the commission must file a copy of the pardon, commutation, or reprieve with the district court of the county in which the conviction and sentence were imposed.

Subd. 2. **Court action; pardon.** For a pardon, the court must:

(1) order the conviction set aside;

(2) include a copy of the pardon in the court file; and

(3) send a copy of the order and the pardon to the Bureau of Criminal Apprehension.

Subd. 3. **Court action; commutation.** For a commutation, the court must:

(1) amend the sentence to reflect the specific relief granted by the board;

(2) include a copy of the commutation in the court file; and

(3) send a copy of the amended sentencing order and commutation to the commissioner of corrections and the Bureau of Criminal Apprehension.

Sec. 15. **[638.19] REAPPLYING FOR CLEMENCY.**

Subdivision 1. **Time-barred from reapplying; exception.** (a) After the board has considered and denied a clemency application on the merits, an applicant may not file a subsequent application for five years after the date of the most recent denial.

(b) An individual may request permission to reapply before the five-year period expires based only on new and substantial information that was not and could not have been previously considered by the board or commission.

(c) If a waiver request contains new and substantial information, the commission must review the request and recommend to the board whether to waive the time restriction. When considering a waiver request, the commission is exempt from the meeting requirements under section 638.14 and chapter 13D.

(d) The board must grant a waiver request unless the governor or a board majority opposes the waiver.

Subd. 2. **Applying for pardon not precluded.** An applicant who is denied or granted a commutation is not precluded from later seeking a pardon of the criminal conviction once the eligibility requirements of this chapter have been met.

Sec. 16. **[638.20] COMMISSION RECORD KEEPING.**

Subdivision 1. **Record keeping.** The commission must keep a record of every application received, its recommendation on each application, and the final disposition of each application.

Subd. 2. **When open to public.** The commission's records and files are open to public inspection at all reasonable times, except for:

(1) sealed court records;

(2) presentence investigation reports;

(3) Social Security numbers;

(4) financial account numbers;

(5) driver's license information;

(6) medical records;

(7) confidential Bureau of Criminal Apprehension records;

(8) the identities of victims who wish to remain anonymous and confidential victim statements; and

(9) any other confidential data on individuals, private data on individuals, not public data, or nonpublic data under chapter 13.

Sec. 17. **[638.21] LANGUAGE ACCESS AND VICTIM SUPPORT.**

Subdivision 1. **Language access.** The commission and the board must take reasonable steps to provide meaningful language access to applicants and victims. Applicants and victims must have language access to information, documents, and services under this chapter, with each communicated in a language or manner that the applicant or victim can understand.

Subd. 2. **Interpreters.** (a) Applicants and victims are entitled to interpreters as necessary to fulfill the purposes of this chapter, including oral or written communication. Sections 546.42 to 546.44 apply, to the extent consistent with this section.

(b) The commission or the board may not discriminate against an applicant or victim who requests or receives interpretation services.

Subd. 3. **Victim services.** The commission and the board must provide or contract for victim support services as necessary to support victims under this chapter.

Sec. 18. **[638.22] LEGISLATIVE REPORT.**

Beginning February 15, 2025, and every February 15 thereafter, the commission must submit a written report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over public safety, corrections, and judiciary that contains at least the following information:

(1) the number of clemency applications received by the commission during the preceding calendar year;

(2) the number of favorable and adverse recommendations made by the commission for each type of clemency;

(3) the number of applications granted and denied by the board for each type of clemency;

(4) the crimes for which the applications were granted by the board, the year of each conviction, and the individual's age at the time of the crime; and

(5) summary data voluntarily reported by applicants, including but not limited to demographic information on race, ethnicity, gender, disability status, and age, of applicants recommended or not recommended for clemency by the commission.

Sec. 19. **[638.23] RULEMAKING.**

(a) The board and commission may jointly adopt rules, including amending Minnesota Rules, chapter 6600, to:

(1) enforce their powers and duties under this chapter and ensure the efficient processing of applications; and

(2) allow for expedited review of applications if there is unanimous support from the sentencing judge or successor, the prosecuting attorney or successor, and any victims of the crime.

(b) The time limit to adopt rules under section 14.125 does not apply.

Sec. 20. **TRANSITION PERIOD.**

(a) Beginning August 1, 2023, through March 1, 2024, the Department of Corrections must provide the Clemency Review Commission with administrative assistance, technical assistance, office space, and other assistance necessary for the commission to carry out its duties under sections 4 to 21.

(b) Beginning July 1, 2024, the Clemency Review Commission must begin reviewing applications for pardons, commutations, and reprieves. Applications received after the effective date of this section but before July 1, 2024, must be considered according to Minnesota Statutes 2022, sections 638.02, subdivisions 2 to 5, and 638.03 to 638.08.

(c) A pardon, commutation, or reprieve that is granted during the transition period has no force or effect if the governor or a board majority duly convened opposes the clemency.

(d) By July 1, 2024, the Clemency Review Commission must develop application forms in consultation with the Board of Pardons.

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

Sec. 21. **REPEALER.**

Minnesota Statutes 2022, sections 638.02; 638.03; 638.04; 638.05; 638.06; 638.07; 638.075; and 638.08, are repealed.

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

Sec. 22. **EFFECTIVE DATE.**

Sections 1, 2, and 6 to 19 are effective July 1, 2024.

ARTICLE 7
EVIDENCE GATHERING AND REPORTING

Section 1. Minnesota Statutes 2022, section 13A.02, subdivision 1, is amended to read:

Subdivision 1. **Access by government.** Except as authorized by this chapter, no government authority may have access to, or obtain copies of, or the information contained in, the financial records of any customer from a financial institution unless the financial records are reasonably described and:

(1) the customer has authorized the disclosure;

(2) the financial records are disclosed in response to a search warrant;

(3) the financial records are disclosed in response to a judicial or administrative subpoena;

(4) the financial records are disclosed to law enforcement, a lead investigative agency as defined in section 626.5572, subdivision 13, or prosecuting authority that is investigating financial exploitation of a vulnerable adult in response to a judicial subpoena or administrative subpoena under section 388.23; or

(5) the financial records are disclosed pursuant to section 609.527 or 609.535 or other statute or rule.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 2. Minnesota Statutes 2022, section 13A.02, subdivision 2, is amended to read:

Subd. 2. **Release prohibited.** No financial institution, or officer, employee, or agent of a financial institution, may provide to any government authority access to, or copies of, or the information contained in, the financial records of any customer except in accordance with the provisions of this chapter.

Nothing in this chapter shall require a financial institution to inquire or determine that those seeking disclosure have duly complied with the requirements of this chapter, provided only that the customer authorization, search warrant, subpoena, or written certification pursuant to section 609.527, subdivision 8; 609.535, subdivision 6; 626.557; or other statute or rule, served on or delivered to a financial institution shows compliance on its face.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 3. Minnesota Statutes 2022, section 609.527, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) As used in this section, the following terms have the meanings given them in this subdivision.

(b) "Direct victim" means any person or entity described in section 611A.01, paragraph (b), whose identity has been transferred, used, or possessed in violation of this section.

(c) "False pretense" means any false, fictitious, misleading, or fraudulent information or pretense or pretext depicting or including or deceptively similar to the name, logo, website address, email address, postal address, telephone number, or any other identifying information of a for-profit or not-for-profit business or organization or of a government agency, to which the user has no legitimate claim of right.

(d) "Financial institution" has the meaning given in section 13A.01, subdivision 2.

(e) "Identity" means any name, number, or data transmission that may be used, alone or in conjunction with any other information, to identify a specific individual or entity, including any of the following:

(1) a name, Social Security number, date of birth, official government-issued driver's license or identification number, government passport number, or employer or taxpayer identification number;

(2) unique electronic identification number, address, account number, or routing code; or

(3) telecommunication identification information or access device.

~~(e)~~ (f) "Indirect victim" means any person or entity described in section 611A.01, paragraph (b), other than a direct victim.

~~(f)~~ (g) "Loss" means value obtained, as defined in section 609.52, subdivision 1, clause (3), and expenses incurred by a direct or indirect victim as a result of a violation of this section.

~~(g)~~ (h) "Unlawful activity" means:

(1) any felony violation of the laws of this state or any felony violation of a similar law of another state or the United States; and

(2) any nonfelony violation of the laws of this state involving theft, theft by swindle, forgery, fraud, or giving false information to a public official, or any nonfelony violation of a similar law of another state or the United States.

~~(h)~~ (i) "Scanning device" means a scanner, reader, or any other electronic device that is used to access, read, scan, obtain, memorize, or store, temporarily or permanently, information encoded on a computer chip or magnetic strip or stripe of a payment card, driver's license, or state-issued identification card.

~~(i)~~ (j) "Reencoder" means an electronic device that places encoded information from the computer chip or magnetic strip or stripe of a payment card, driver's license, or state-issued identification card, onto the computer chip or magnetic strip or stripe of a different payment card, driver's license, or state-issued identification card, or any electronic medium that allows an authorized transaction to occur.

~~(j)~~ (k) "Payment card" means a credit card, charge card, debit card, or any other card that:

(1) is issued to an authorized card user; and

(2) allows the user to obtain, purchase, or receive credit, money, a good, a service, or anything of value.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 4. Minnesota Statutes 2022, section 609.527, is amended by adding a subdivision to read:

Subd. 8. **Release of limited account information to law enforcement authorities.** (a) A financial institution may release the information described in paragraph (b) to a law enforcement or prosecuting authority that certifies in writing that it is investigating or prosecuting a crime of identity theft under this section. The certification must describe with reasonable specificity the nature of the suspected identity theft that is being investigated or prosecuted, including the dates of the suspected criminal activity.

(b) This subdivision applies to requests for the following information relating to a potential victim's account:

(1) the name of the account holder or holders; and

(2) the last known home address and telephone numbers of the account holder or holders.

(c) A financial institution may release the information requested under this subdivision that it possesses within a reasonable time after the request. The financial institution may not impose a fee for furnishing the information.

(d) A financial institution is not liable in a criminal or civil proceeding for releasing information in accordance with this subdivision.

(e) Release of limited account information to a law enforcement agency under this subdivision is criminal investigative data under section 13.82, subdivision 7, except that when the investigation becomes inactive the account information remains confidential data on individuals or protected nonpublic data.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 5. Minnesota Statutes 2022, section 626.14, subdivision 2, is amended to read:

Subd. 2. **Definition.** For the purposes of this section, "no-knock search warrant" means a search warrant authorizing peace officers to enter ~~certain premises~~ a dwelling without first ~~knocking and~~ loudly and understandably announcing the officer's presence or purpose and waiting a reasonable amount of time thereafter prior to entering the ~~premises~~ dwelling to allow the subject to become alert and able to comply. No-knock search warrants may also be referred to as dynamic entry warrants.

Sec. 6. Minnesota Statutes 2022, section 626.14, is amended by adding a subdivision to read:

Subd. 2a. **No-knock search warrants prohibited.** A court may not issue or approve a no-knock search warrant.

Sec. 7. Minnesota Statutes 2022, section 626.14, is amended by adding a subdivision to read:

Subd. 2b. **Execution.** If a peace officer enters a dwelling to serve or execute a search warrant without loudly and understandably announcing the officer's presence or purpose and waiting a reasonable amount of time thereafter prior to entering the dwelling, any evidence seized, discovered, or obtained as a result of the entry must be suppressed and may not be used as evidence unless exigent circumstances or another exception to the warrant requirement would justify a warrantless entry.

Sec. 8. Minnesota Statutes 2022, section 626.15, is amended to read:

626.15 EXECUTION AND RETURN OF WARRANT; TIME.

(a) Except as provided in paragraph ~~(b)~~ (c), a search warrant must be executed and returned to the court which issued it within ten days after its date. After the expiration of this time, the warrant is void unless previously executed.

(b) A search warrant on a financial institution for financial records is valid for 30 days.

(c) A district court judge may grant an extension of ~~a~~ the warrant ~~on a financial institution for financial records~~ upon an application under oath stating that the financial institution has not produced the requested financial records within ~~ten days~~ the 30-day period and that an extension is necessary to achieve the purposes for which the search warrant was granted. Each extension may not exceed 30 days.

(d) For the purposes of this ~~paragraph~~ section, "financial institution" has the meaning given in section 13A.01, subdivision 2, and "financial records" has the meaning given in section 13A.01, subdivision 3.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 9. Minnesota Statutes 2022, section 626.21, is amended to read:

626.21 RETURN OF PROPERTY AND SUPPRESSION OF EVIDENCE.

(a) A person aggrieved by an unlawful search and seizure may move the district court for the district in which the property was seized or the district court having jurisdiction of the substantive offense for the return of the property and to suppress the use, as evidence, of anything so obtained on the ground that:

(1) the property was illegally seized~~, or~~;

(2) the property was illegally seized without warrant~~, or~~;

(3) the warrant is insufficient on its face~~, or~~;

(4) the property seized is not that described in the warrant~~, or~~;

(5) there was not probable cause for believing the existence of the grounds on which the warrant was issued~~, or~~;

(6) the warrant was illegally executed~~, or~~;

(7) the warrant was improvidently issued~~.~~; or

(8) the warrant was executed or served in violation of section 626.14.

(b) The judge shall receive evidence on any issue of fact necessary to the decision of the motion. If the motion is granted the property shall be restored unless otherwise subject to lawful detention, and it shall not be admissible in evidence at any hearing or trial. The motion to suppress evidence may also be made in the district where the trial is to be had. The motion shall be made before trial or hearing unless opportunity therefor did not exist or the defendant was not aware of the grounds for the motion, but the court in its discretion may entertain the motion at the trial or hearing.

Sec. 10. **[626.5535] CARJACKING; REPORTING REQUIRED.**

Subdivision 1. **Definition.** For purposes of this section, "carjacking" means taking a motor vehicle from a person or in the presence of another while having knowledge of not being entitled to the motor vehicle and using or threatening the imminent use of force against any person to overcome the person's resistance or powers of resistance to, or to compel acquiescence in, the taking of the motor vehicle.

Subd. 2. **Use of information collected.** (a) The head of a local law enforcement agency or state law enforcement department that employs peace officers, as defined in section 626.84, subdivision 1, paragraph (c), must forward the following carjacking information from the agency's or department's jurisdiction for the previous year to the commissioner of public safety by January 15 each year:

(1) the number of carjacking attempts;

(2) the number of carjackings;

(3) the ages of the offenders;

(4) the number of persons injured in each offense;

(5) the number of persons killed in each offense; and

(6) weapons used in each offense, if any.

(b) The commissioner of public safety must include the data received under paragraph (a) in a separate carjacking category in the department's annual uniform crime report.

Sec. 11. Minnesota Statutes 2022, section 626A.35, is amended by adding a subdivision to read:

Subd. 2b. **Exception; stolen motor vehicles.** (a) The prohibition under subdivision 1 does not apply to the use of a mobile tracking device on a stolen motor vehicle when:

(1) the consent of the owner of the vehicle has been obtained; or

(2) the owner of the motor vehicle has reported to law enforcement that the vehicle is stolen, and the vehicle is occupied when the tracking device is installed.

(b) Within 24 hours of a tracking device being attached to a vehicle pursuant to the authority granted in paragraph (a), clause (2), an officer employed by the agency that attached the tracking device to the vehicle must remove the device, disable the device, or obtain a search warrant granting approval to continue to use the device in the investigation.

(c) A peace officer employed by the agency that attached a tracking device to a stolen motor vehicle must remove the tracking device if the vehicle is recovered and returned to the owner.

(d) Any tracking device evidence collected after the motor vehicle is returned to the owner is inadmissible.

(e) By August 1, 2024, and each year thereafter, the chief law enforcement officer of an agency that obtains a search warrant under paragraph (b), must provide notice to the superintendent of the Bureau of Criminal Apprehension of the number of search warrants the agency obtained under this subdivision in the preceding 12 months. The superintendent must provide a summary of the data received pursuant to this paragraph in the bureau's biennial report to the legislature required under section 299C.18.

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

Sec. 12. **REPEALER.**

Minnesota Statutes 2022, section 626.14, subdivisions 3 and 4, are repealed.

ARTICLE 8
POLICING AND PRIVATE SECURITY

Section 1. Minnesota Statutes 2022, section 13.825, subdivision 2, is amended to read:

Subd. 2. **Data classification; court-authorized disclosure.** (a) Data collected by a portable recording system are private data on individuals or nonpublic data, subject to the following:

(1) data that record, describe, or otherwise document actions and circumstances surrounding either the discharge of a firearm by a peace officer in the course of duty, if a notice is required under section 626.553, subdivision 2, or the use of force by a peace officer that results in substantial bodily harm, as defined in section 609.02, subdivision 7a, are public;

(2) data are public if a subject of the data requests it be made accessible to the public, except that, if practicable, (i) data on a subject who is not a peace officer and who does not consent to the release must be redacted, and (ii) data on a peace officer whose identity is protected under section 13.82, subdivision 17, clause (a), must be redacted;

(3) subject to paragraphs (b) to (d), portable recording system data that are active criminal investigative data are governed by section 13.82, subdivision 7, and portable recording system data that are inactive criminal investigative data are governed by this section;

(4) portable recording system data that are public personnel data under section 13.43, subdivision 2, clause (5), are public; and

(5) data that are not public data under other provisions of this chapter retain that classification.

(b) Notwithstanding section 13.82, subdivision 7, when an individual dies as a result of a use of force by a peace officer, an involved officer's law enforcement agency must allow the following individuals, upon their request, to inspect all portable recording system data, redacted no more than what is required by law, documenting the incident within five days of the request, subject to paragraphs (c) and (d):

(1) the deceased individual's next of kin;

(2) the legal representative of the deceased individual's next of kin; and

(3) the other parent of the deceased individual's child.

(c) A law enforcement agency may deny a request to inspect portable recording system data under paragraph (b) if the agency determines that there is a compelling reason that inspection would interfere with an active investigation. If the agency denies access under this paragraph, the chief law enforcement officer must provide a prompt, written denial to the individual in paragraph (b) who requested the data with a short description of the compelling reason access was denied and must provide notice that relief may be sought from the district court pursuant to section 13.82, subdivision 7.

(d) When an individual dies as a result of a use of force by a peace officer, an involved officer's law enforcement agency shall release all portable recording system data, redacted no more than what is required by law, documenting the incident no later than 14 days after the incident, unless the chief law enforcement officer asserts in writing that the public classification would interfere with an ongoing investigation, in which case the data remain classified by section 13.82, subdivision 7.

~~(b)~~ (e) A law enforcement agency may redact or withhold access to portions of data that are public under this subdivision if those portions of data are clearly offensive to common sensibilities.

~~(c)~~ (f) Section 13.04, subdivision 2, does not apply to collection of data classified by this subdivision.

~~(d)~~ (g) Any person may bring an action in the district court located in the county where portable recording system data are being maintained to authorize disclosure of data that are private or nonpublic under this section or to challenge a determination under paragraph (b) to redact or withhold access to portions of data because the data are clearly offensive to common sensibilities. The person bringing the action must give notice of the action to the law

enforcement agency and subjects of the data, if known. The law enforcement agency must give notice to other subjects of the data, if known, who did not receive the notice from the person bringing the action. The court may order that all or part of the data be released to the public or to the person bringing the action. In making this determination, the court shall consider whether the benefit to the person bringing the action or to the public outweighs any harm to the public, to the law enforcement agency, or to a subject of the data and, if the action is challenging a determination under paragraph (b), whether the data are clearly offensive to common sensibilities. The data in dispute must be examined by the court in camera. This paragraph does not affect the right of a defendant in a criminal proceeding to obtain access to portable recording system data under the Rules of Criminal Procedure.

Sec. 2. Minnesota Statutes 2022, section 214.10, subdivision 10, is amended to read:

Subd. 10. **Board of Peace Officers Standards and Training; receipt of complaint.** Notwithstanding the provisions of subdivision 1 to the contrary, when the executive director or any member of the Board of Peace Officer Standards and Training produces or receives a written statement or complaint that alleges a violation of a statute or rule that the board is empowered to enforce, the executive director shall designate the appropriate law enforcement agency to investigate the complaint and ~~shall~~ may order it to conduct an inquiry into the complaint's allegations. The investigating agency must complete the inquiry and submit a written summary of it to the executive director within 30 days of the order for inquiry.

Sec. 3. Minnesota Statutes 2022, section 326.3311, is amended to read:

326.3311 POWERS AND DUTIES.

The board has the following powers and duties:

(1) to receive and review all applications for private detective and protective agent licenses;

(2) to approve applications for private detective and protective agent licenses and issue, or reissue licenses as provided in sections 326.32 to 326.339;

(3) to deny applications for private detective and protective agent licenses if the applicants do not meet the requirements of sections 326.32 to 326.339; upon denial of a license application, the board shall notify the applicant of the denial and the facts and circumstances that constitute the denial; the board shall advise the applicant of the right to a contested case hearing under chapter 14;

(4) to enforce all laws and rules governing private detectives and protective agents; ~~and~~

(5) to suspend or revoke the license of a license holder or impose a civil penalty on a license holder for violations of any provision of sections 326.32 to 326.339 or the rules of the board~~.~~;

(6) to investigate and refer for prosecution all criminal violations by individuals and entities; and

(7) to investigate and refer for prosecution any individuals and entities operating as private detectives or protective agents without a license.

Sec. 4. Minnesota Statutes 2022, section 326.336, subdivision 2, is amended to read:

Subd. 2. **Identification card.** An identification card must be issued by the license holder to each employee. The card must be in the possession of the employee to whom it is issued at all times. The identification card must contain the license holder's name, logo (if any), address or Minnesota office address, and the employee's photograph and physical description. The card must be signed by the employee and by the license holder, qualified representative, or Minnesota office manager. The card must be presented upon request.

Sec. 5. Minnesota Statutes 2022, section 326.3361, subdivision 2, is amended to read:

Subd. 2. **Required contents.** The rules adopted by the board must require:

(1) 12 hours of preassignment or on-the-job certified training within the first 21 days of employment, or evidence that the employee has successfully completed equivalent training before the start of employment. Notwithstanding any statute or rule to the contrary, this clause is satisfied if the employee provides a prospective employer with a certificate or a copy of a certificate demonstrating that the employee successfully completed this training prior to employment with a different Minnesota licensee and completed this training within three previous calendar years, or successfully completed this training with a Minnesota licensee while previously employed with a Minnesota licensee. The certificate or a copy of the certificate is the property of the employee who completed the training, regardless of who paid for the training or how training was provided. Upon a current or former employee's request, a current or former licensed employer must provide a copy of a certificate demonstrating the employee's successful completion of training to the current or former employee. The current or former licensed employer must not charge the employee a fee for a copy of the certificate. The employee who completed the training is entitled to access a copy of the certificate at no charge according to sections 181.960 to 181.966. A current or former employer must comply with sections 181.960 to 181.966;

(2) certification by the board of completion of certified training for a license holder, qualified representative, Minnesota manager, partner, and employee to carry or use a firearm, a weapon other than a firearm, or an immobilizing or restraint technique; and

(3) six hours a year of certified continuing training for all license holders, qualified representatives, Minnesota managers, partners, and employees, and an additional six hours a year for individuals who are armed with firearms or armed with weapons, which must include annual certification of the individual.

An individual may not carry or use a weapon while undergoing on-the-job training under this subdivision.

Sec. 6. Minnesota Statutes 2022, section 326.3387, subdivision 1, is amended to read:

Subdivision 1. **Basis for action.** The board may revoke or suspend or refuse to issue or reissue a private detective or protective agent license if:

(1) the license holder violates a provision of sections 326.32 to 326.339 or a rule adopted under those sections;

(2) the license holder has engaged in fraud, deceit, or misrepresentation while in the business of private detective or protective agent;

(3) the license holder has made a false statement in an application submitted to the board or in a document required to be submitted to the board; ~~or~~

(4) the license holder violates an order of the board; or

(5) the individual or entity previously operated without a license.

Sec. 7. Minnesota Statutes 2022, section 626.5531, subdivision 1, is amended to read:

Subdivision 1. **Reports required.** A peace officer must report to the head of the officer's department every violation of chapter 609 or a local criminal ordinance if the officer has reason to believe, or if the victim alleges, that the ~~offender was motivated to commit the~~ act ~~by~~ was committed in whole or in substantial part because of the victim's actual or perceived race, color, ethnicity, religion, ~~national origin,~~ sex, gender, sexual orientation, gender

identity, gender expression, age, national origin, or disability as defined in section 363A.03, or ~~characteristics identified as sexual orientation~~ because of the victim's actual or perceived association with another person or group of a certain actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03. The superintendent of the Bureau of Criminal Apprehension shall adopt a reporting form to be used by law enforcement agencies in making the reports required under this section. The reports must include for each incident all of the following:

(1) the date of the offense;

(2) the location of the offense;

(3) whether the target of the incident is a person, private property, or public property;

(4) the crime committed;

(5) the type of bias and information about the offender and the victim that is relevant to that bias;

(6) any organized group involved in the incident;

(7) the disposition of the case;

(8) whether the determination that the offense was motivated by bias was based on the officer's reasonable belief or on the victim's allegation; and

(9) any additional information the superintendent deems necessary for the acquisition of accurate and relevant data.

Sec. 8. Minnesota Statutes 2022, section 626.843, is amended by adding a subdivision to read:

Subd. 1c. **Rules governing certain misconduct.** No later than January 1, 2024, the board must adopt rules under chapter 14 that permit the board to take disciplinary action on a licensee for a violation of a standard of conduct in Minnesota Rules, chapter 6700, whether or not criminal charges have been filed and in accordance with the evidentiary standards and civil processes for boards under chapter 214.

Sec. 9. Minnesota Statutes 2022, section 626.8432, subdivision 1, is amended to read:

Subdivision 1. **Grounds for revocation, suspension, or denial.** (a) The board may refuse to issue, refuse to renew, refuse to reinstate, suspend, revoke eligibility for licensure, or revoke a peace officer or part-time peace officer license for any of the following causes:

(1) fraud or misrepresentation in obtaining a license;

(2) failure to meet licensure requirements; ~~or~~

(3) a violation of section 626.8436, subdivision 1; or

(4) a violation of the standards of conduct set forth in Minnesota Rules, chapter 6700.

(b) Unless otherwise provided by the board, a revocation or suspension applies to each license, renewal, or reinstatement privilege held by the individual at the time final action is taken by the board. A person whose license or renewal privilege has been suspended or revoked shall be ineligible to be issued any other license by the board during the pendency of the suspension or revocation.

Sec. 10. **[626.8436] HATE OR EXTREMIST GROUPS.**

Subdivision 1. **Prohibition.** (a) A peace officer may not join, support, advocate for, maintain membership, or participate in the activities of:

(1) a hate or extremist group; or

(2) a criminal gang as defined in section 609.229, subdivision 1.

(b) This section does not apply when the conduct is sanctioned by the law enforcement agency as part of the officer's official duties.

Subd. 2. **Definitions.** (a) "Hate or extremist group" means a group that, as demonstrated by its official statements or principles, the statements of its leaders or members, or its activities:

(1) promotes the use of threats, force, violence, or criminal activity:

(i) against a local, state, or federal entity, or the officials of such an entity;

(ii) to deprive, or attempt to deprive, individuals of their civil rights under the Minnesota or United States Constitution; or

(iii) to achieve goals that are political, religious, discriminatory, or ideological in nature;

(2) promotes seditious activities; or

(3) advocates for differences in the right to vote, speak, assemble, travel, or maintain citizenship based on a person's perceived race, color, creed, religion, national origin, disability, sex, sexual orientation, gender identity, public assistance status, or any protected class as defined in Minnesota Statutes or federal law.

(b) For the purposes of this section, advocacy, membership, or participation in a hate or extremist group or criminal gang is demonstrated by:

(1) dissemination of material that promotes:

(i) the use of threats, force, violence, or criminal activity;

(ii) seditious activities; or

(iii) the objectives described in paragraph (a), clause (3);

(2) engagement in cyber or social media posts, chats, forums, and other forms of promotion of the group's activities;

(3) display or use of insignia, colors, tattoos, hand signs, slogans, or codes associated with the group;

(4) direct financial or in-kind contributions to the group;

(5) a physical or cyber presence in the group's events; or

(6) other conduct that could reasonably be considered support, advocacy, or participation in the group's activities.

Sec. 11. Minnesota Statutes 2022, section 626.8451, subdivision 1, is amended to read:

Subdivision 1. **Training course; crimes motivated by bias.** (a) The board must ~~prepare a~~ approve a list of training ~~course~~ courses to assist peace officers in identifying ~~and~~, responding to, and reporting crimes ~~motivated by~~ committed in whole or in substantial part because of the victim's or another's actual or perceived race, color, ethnicity, religion, ~~national origin,~~ sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03, or ~~characteristics identified as sexual orientation~~ because of the victim's actual or perceived association with another person or group of a certain actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03. The course must include material to help officers distinguish bias crimes from other crimes, to help officers in understanding and assisting victims of these crimes, and to ensure that bias crimes will be accurately reported as required under section 626.5531. The ~~course must be updated periodically~~ board must review the approved courses every three years and update the list of approved courses as the board, in consultation with communities most targeted by hate crimes because of their characteristics as described above, organizations with expertise in providing training on hate crimes, and the statewide coalition of organizations representing communities impacted by hate crimes, considers appropriate.

(b) In updating the list of approved training courses described in paragraph (a), the board must consult and significantly incorporate input from communities most targeted by hate crimes because of their characteristics as described in paragraph (a), organizations with expertise in providing training on hate crimes, and the statewide coalition of organizations representing communities impacted by hate crimes.

Sec. 12. Minnesota Statutes 2022, section 626.8457, is amended by adding a subdivision to read:

Subd. 4. **Data to be shared with board.** (a) Upon receiving written notice that the board is investigating any allegation of misconduct within its regulatory authority, a chief law enforcement officer, city, county, or public official must cooperate with the board's investigation and any data request from the board.

(b) Upon written request from the board that a matter alleging misconduct within its regulatory authority has occurred regarding a licensed peace officer, a chief law enforcement officer, city, county, or public official shall provide the board with all requested public and private data about the alleged misconduct involving the licensed peace officer, including any pending or final disciplinary or arbitration proceeding, any settlement or compromise, and any investigative files including but not limited to body worn camera or other audio or video files. Confidential data must only be disclosed when the board specifies that the particular identified data is necessary to fulfill its investigatory obligation concerning an allegation of misconduct within its regulatory authority.

(c) If a licensed peace officer is discharged or resigns from employment after engaging in any conduct that initiates and results in an investigation of alleged misconduct within the board's regulatory authority, regardless of whether the licensee was criminally charged or an administrative or internal affairs investigation was commenced or completed, a chief law enforcement officer must report the conduct to the board and provide the board with all public and not public data requested under paragraph (b). If the conduct involves the chief law enforcement officer, the overseeing city, county, or public official must report the conduct to the board and provide the board with all public and not public data requested under paragraph (b).

(d) Data obtained by the board shall be classified and governed as articulated in sections 13.03, subdivision 4, and 13.09, as applicable.

(e) A chief law enforcement officer, city, county, or public official is not required to comply with this subdivision when there is an active criminal investigation or active criminal proceeding regarding the same incident or misconduct that is being investigated by the board.

Sec. 13. Minnesota Statutes 2022, section 626.8457, is amended by adding a subdivision to read:

Subd. 5. **Immunity from liability.** A chief law enforcement officer, city, county, or public official and employees of the law enforcement agency are immune from civil or criminal liability, including any liability under chapter 13, for reporting or releasing public or not public data to the board under subdivisions 3 and 4, unless the chief law enforcement officer, city, county, or public official or employees of the law enforcement agency presented false information to the board with the intention of causing reputational harm to the peace officer.

Sec. 14. Minnesota Statutes 2022, section 626.8469, subdivision 1, is amended to read:

Subdivision 1. **In-service training required.** (a) Beginning July 1, 2018, the chief law enforcement officer of every state and local law enforcement agency shall provide in-service training in crisis intervention and mental illness crises; conflict management and mediation; ~~and~~ recognizing and valuing community diversity and cultural differences to include implicit bias training; and training to assist peace officers in identifying, responding to, and reporting incidents committed in whole or in substantial part because of the victim's actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03, or because of the victim's actual or perceived association with another person or group of a certain actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03, to every peace officer and part-time peace officer employed by the agency. The training shall comply with learning objectives developed and approved by the board and shall meet board requirements for board-approved continuing education credit. Every three years the board shall review the learning objectives and must consult and collaborate with communities most targeted by hate crimes because of their characteristics as described above, organizations with expertise in providing training on hate crimes, and the statewide coalition of organizations representing communities impacted by hate crimes in identifying appropriate objectives and training courses related to identifying, responding to, and reporting incidents committed in whole or in substantial part because of the victim's or another's actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03, or because of the victim's actual or perceived association with another person or group of a certain actual or perceived race, color, ethnicity, religion, sex, gender, sexual orientation, gender identity, gender expression, age, national origin, or disability as defined in section 363A.03. The training shall consist of at least 16 continuing education credits within an officer's three-year licensing cycle. Each peace officer with a license renewal date after June 30, 2018, is not required to complete this training until the officer's next full three-year licensing cycle.

(b) Beginning July 1, 2021, the training mandated under paragraph (a) must be provided by an approved entity. The board shall create a list of approved entities and training courses and make the list available to the chief law enforcement officer of every state and local law enforcement agency. Each peace officer (1) with a license renewal date before June 30, 2022, and (2) who received the training mandated under paragraph (a) before July 1, 2021, is not required to receive this training by an approved entity until the officer's next full three-year licensing cycle.

(c) For every peace officer and part-time peace officer with a license renewal date of June 30, 2022, or later, the training mandated under paragraph (a) must:

(1) include a minimum of six hours for crisis intervention and mental illness crisis training that meets the standards established in subdivision 1a; and

(2) include a minimum of four hours to ensure safer interactions between peace officers and persons with autism in compliance with section 626.8474.

Sec. 15. Minnesota Statutes 2022, section 626.8473, subdivision 3, is amended to read:

Subd. 3. **Written policies and procedures required.** (a) The chief officer of every state and local law enforcement agency that uses or proposes to use a portable recording system must establish and enforce a written policy governing its use. In developing and adopting the policy, the law enforcement agency must provide for public comment and input as provided in subdivision 2. Use of a portable recording system without adoption of a written policy meeting the requirements of this section is prohibited. The written policy must be posted on the agency's website, if the agency has a website.

(b) At a minimum, the written policy must incorporate and require compliance with the following:

(1) the requirements of section 13.825 and other data classifications, access procedures, retention policies, and data security safeguards that, at a minimum, meet the requirements of chapter 13 and other applicable law. The policy must prohibit altering, erasing, or destroying any recording made with a peace officer's portable recording system or data and metadata related to the recording prior to the expiration of the applicable retention period under section 13.825, subdivision 3, except that the full, unedited, and unredacted recording of a peace officer using deadly force must be maintained indefinitely;

(2) mandate that a portable recording system be:

(i) worn where it affords an unobstructed view, and above the mid-line of the waist;

(ii) activated during all contacts with citizens in the performance of official duties other than community engagement, to the extent practical without compromising officer safety; and

(iii) activated when the officer arrives on scene of an incident and remain active until the conclusion of the officer's duties at the scene of the incident;

(3) mandate that officers assigned a portable recording system wear and operate the system in compliance with the agency's policy adopted under this section while performing law enforcement activities under the command and control of another chief law enforcement officer or federal law enforcement official;

(4) mandate that, notwithstanding any law to the contrary, when an individual dies as a result of a use of force by a peace officer, an involved officer's law enforcement agency must allow the following individuals, upon their request, to inspect all portable recording system data, redacted no more than what is required by law, documenting the incident within five days of the request, except as otherwise provided in this clause and clause (5):

(i) the deceased individual's next of kin;

(ii) the legal representative of the deceased individual's next of kin; and

(iii) the other parent of the deceased individual's child.

A law enforcement agency may deny a request if the agency determines that there is a compelling reason that inspection would interfere with an active investigation. If the agency denies access, the chief law enforcement officer must provide a prompt, written denial to the individual who requested the data with a short description of the compelling reason access was denied and must provide notice that relief may be sought from the district court pursuant to section 13.82, subdivision 7;

(5) mandate that, when an individual dies as a result of a use of force by a peace officer, an involved officer's law enforcement agency shall release all portable recording system data, redacted no more than what is required by law, documenting the incident no later than 14 days after the incident, unless the chief law enforcement officer asserts in writing that the public classification would interfere with an ongoing investigation, in which case the data remain classified by section 13.82, subdivision 7;

(6) procedures for testing the portable recording system to ensure adequate functioning;

~~(3)~~ (7) procedures to address a system malfunction or failure, including requirements for documentation by the officer using the system at the time of a malfunction or failure;

~~(4)~~ (8) circumstances under which recording is mandatory, prohibited, or at the discretion of the officer using the system;

~~(5)~~ (9) circumstances under which a data subject must be given notice of a recording;

~~(6)~~ (10) circumstances under which a recording may be ended while an investigation, response, or incident is ongoing;

~~(7)~~ (11) procedures for the secure storage of portable recording system data and the creation of backup copies of the data; and

~~(8)~~ (12) procedures to ensure compliance and address violations of the policy, which must include, at a minimum, supervisory or internal audits and reviews, and the employee discipline standards for unauthorized access to data contained in section 13.09.

(c) The board has authority to inspect state and local law enforcement agency policies to ensure compliance with this section. The board may conduct this inspection based upon a complaint it receives about a particular agency or through a random selection process. The board may impose licensing sanctions and seek injunctive relief under section 214.11 for an agency's or licensee's failure to comply with this section.

Sec. 16. **[626.8516] INTENSIVE COMPREHENSIVE PEACE OFFICER EDUCATION AND TRAINING PROGRAM.**

Subdivision 1. **Establishment; title.** A program is established within the Department of Public Safety to fund the intensive comprehensive law enforcement education and training of college degree holders. The program shall be known as the intensive comprehensive peace officer education and training program.

Subd. 2. **Purpose.** The program is intended to address the critical shortage of peace officers in the state. The program shall reimburse law enforcement agencies that recruit, educate, and train highly qualified college graduates to become licensed peace officers in the state.

Subd. 3. **Eligibility for reimbursement grant; grant cap.** (a) The chief law enforcement officer of a law enforcement agency may apply to the commissioner for reimbursement of the cost of educating, training, paying, and insuring an eligible peace officer candidate until the candidate is licensed by the board as a peace officer.

(b) The commissioner must reimburse an agency for the actual cost of educating, training, paying, and insuring an eligible peace officer candidate up to $50,000.

(c) The commissioner shall not award a grant under this section until the candidate has been licensed by the board.

Subd. 4. **Eligibility for retention bonus reimbursement grant.** (a) The chief law enforcement officer of a law enforcement agency may apply to the commissioner for a onetime reimbursement grant for a retention bonus awarded to an eligible peace officer candidate after the candidate has worked for a minimum of two years as a licensed peace officer for the applicant's agency.

(b) The commissioner must reimburse an agency for the actual cost of an eligible retention bonus up to $10,000.

Subd. 5. **Eligibility for student loan reimbursement grant.** (a) An eligible peace officer candidate, after serving for ..... consecutive years as a licensed peace officer in good standing for a law enforcement agency, may apply to the commissioner for a grant to cover student loan debt incurred by the applicant in earning the applicant's two- or four-year degree.

(b) The commissioner shall reimburse the applicant for the amount of the applicant's student loan debt up to $20,000.

Subd. 6. **Forms.** The commissioner must prepare the necessary grant application forms and make them available on the agency's public website.

Subd. 7. **Intensive education and skills training program.** No later than February 1, 2024, the commissioner, in consultation with the executive director of the board and the institutions designated as education providers under subdivision 8, shall develop an intensive comprehensive law enforcement education and skills training curriculum that will provide eligible peace officer candidates with the law enforcement education and skills training needed to be licensed as a peace officer. The curriculum must be designed to be completed in eight months or less and shall be offered at the institutions designated under subdivision 8. The curriculum may overlap, coincide with, or draw upon existing law enforcement education and training programs at institutions designated as education providers under subdivision 8. The commissioner may designate existing law enforcement education and training programs that are designed to be completed in eight months or less as intensive comprehensive law enforcement education and skills training programs for purposes of this section.

Subd. 8. **Education providers; sites.** (a) No later than September 1, 2023, the Board of Trustees of the Minnesota State Colleges and Universities shall designate at least two regionally diverse system campuses to provide the required intensive comprehensive law enforcement education and skills training to eligible peace officer candidates.

(b) In addition to the campuses designated under paragraph (a), the commissioner may designate private, nonprofit postsecondary institutions to provide the required intensive comprehensive law enforcement education and skills training to eligible peace officer candidates.

Subd. 9. **Account established.** An intensive comprehensive peace officer education and training program account is created in the special revenue fund for depositing money appropriated to or received by the department for this program. Money deposited in the account is appropriated to the commissioner, does not cancel, and is continuously available to fund the requirements of this section.

Subd. 10. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Commissioner" means the commissioner of public safety.

(c) "Eligible peace officer candidate" means a person who:

(1) holds a two- or four-year degree from an accredited college or university;

(2) is a citizen of the United States;

(3) passed a thorough background check, including searches by local, state, and federal agencies, to disclose the existence of any criminal record or conduct which would adversely affect the candidate's performance of peace officer duties;

(4) possesses a valid Minnesota driver's license or, in case of residency therein, a valid driver's license from another state, or eligibility to obtain either license; and

(5) is sponsored by a state or local law enforcement agency.

(d) "Law enforcement agency" has the meaning given in section 626.84, subdivision 1, paragraph (f), clause (1).

(e) "Program" means the intensive comprehensive peace officer education and training program.

Sec. 17. Minnesota Statutes 2022, section 626.87, is amended by adding a subdivision to read:

Subd. 1a. **Background checks.** (a) The law enforcement agency must request a criminal history background check from the superintendent of the Bureau of Criminal Apprehension on an applicant for employment as a licensed peace officer or an applicant for a position leading to employment as a licensed peace officer within the state of Minnesota to determine eligibility for licensing. Applicants must provide, for submission to the superintendent of the Bureau of Criminal Apprehension:

(1) an executed criminal history consent form, authorizing the dissemination of state and federal records to the law enforcement agency and the Board of Peace Officer Standards and Training and fingerprints; and

(2) a money order or cashier's check payable to the Bureau of Criminal Apprehension for the fee for conducting the criminal history background check.

(b) The superintendent of the Bureau of Criminal Apprehension shall perform the background check required under paragraph (a) by retrieving criminal history data as defined in section 13.87 and shall also conduct a search of the national criminal records repository. The superintendent is authorized to exchange the applicant's fingerprints with the Federal Bureau of Investigation to obtain their national criminal history record information. The superintendent must return the results of the Minnesota and federal criminal history records checks to the law enforcement agency who is authorized to share with the Board of Peace Officer Standards and Training to determine if the individual is eligible for licensing under Minnesota Rules, chapter 6700.

Sec. 18. Minnesota Statutes 2022, section 626.87, subdivision 2, is amended to read:

Subd. 2. **Disclosure of employment information.** Upon request of a law enforcement agency, an employer shall disclose or otherwise make available for inspection employment information of an employee or former employee who is the subject of an investigation under subdivision 1 or who is a candidate for employment with a law enforcement agency in any other capacity. The request for disclosure of employment information must be in writing, must be accompanied by an ~~original~~ authorization and release signed by the employee or former employee, and must be signed by ~~a sworn peace officer or other~~ an authorized representative of the law enforcement agency conducting the background investigation.

Sec. 19. Minnesota Statutes 2022, section 626.87, subdivision 3, is amended to read:

Subd. 3. **Refusal to disclose a personnel record.** If an employer refuses to disclose employment information in accordance with this section, upon request the district court may issue an ex parte order directing the disclosure of the employment information. The request must be made by ~~a sworn peace officer~~ an authorized representative from

the law enforcement agency conducting the background investigation and must include a copy of the ~~original~~ request for disclosure made upon the employer or former employer and the authorization and release signed by the employee or former employee. The request must be signed by the ~~peace officer~~ person requesting the order and an attorney representing the state or the political subdivision on whose behalf the background investigation is being conducted. It is not necessary for the request or the order to be filed with the court administrator. Failure to comply with the court order subjects the person or entity who fails to comply to civil or criminal contempt of court.

Sec. 20. Minnesota Statutes 2022, section 626.87, subdivision 5, is amended to read:

Subd. 5. **Notice of investigation.** Upon initiation of a background investigation ~~under this section~~ for a person described in subdivision 1, the law enforcement agency shall give written notice to the Peace Officer Standards and Training Board of:

(1) the candidate's full name and date of birth; and

(2) the candidate's peace officer license number, if known.

The initiation of a background investigation does not include the submission of an application for employment. Initiation of a background investigation occurs when the law enforcement agency begins its determination of whether an applicant meets the agency's standards for employment as a law enforcement employee.

Sec. 21. Minnesota Statutes 2022, section 626.89, subdivision 17, is amended to read:

Subd. 17. **Civilian review.** (a) As used in this subdivision, the following terms have the meanings given:

(1) "civilian oversight council" means a civilian review board, commission, or other oversight body established by a local unit of government to provide civilian oversight of a law enforcement agency and officers employed by the agency; and

(2) "misconduct" means a violation of law, standards promulgated by the Peace Officer Standards and Training Board, or agency policy.

(b) A local unit of government may establish a civilian ~~review board, commission, or other~~ oversight ~~body shall not have~~ council and grant the council the authority to make a finding of fact or determination regarding a complaint against an officer or impose discipline on an officer. ~~A civilian review board, commission, or other oversight body may make a recommendation regarding the merits of a complaint, however, the recommendation shall be advisory only and shall not be binding on nor limit the authority of the chief law enforcement officer of any unit of government.~~

(c) At the conclusion of any criminal investigation or prosecution, if any, a civilian oversight council may conduct an investigation into allegations of peace officer misconduct and retain an investigator to facilitate an investigation. Subject to other applicable law, a council may subpoena or compel testimony and documents in an investigation. Upon completion of an investigation, a council may make a finding of misconduct and recommend appropriate discipline against peace officers employed by the agency. If the governing body grants a council the authority, the council may impose discipline on peace officers employed by the agency. A council may submit investigation reports that contain findings of peace officer misconduct to the chief law enforcement officer and the Peace Officer Standards and Training Board's complaint committee. A council may also make policy recommendations to the chief law enforcement officer and the Peace Officer Standards and Training Board.

(d) The chief law enforcement officer of a law enforcement agency under the jurisdiction of a civilian oversight council shall cooperate with the council and facilitate the council's achievement of its goals. However, the officer is under no obligation to agree with individual recommendations of the council and may oppose a recommendation. If the officer fails to implement a recommendation that is within the officer's authority, the officer shall inform the council of the failure along with the officer's underlying reasons.

(e) Peace officer discipline decisions imposed pursuant to the authority granted under this subdivision shall be subject to the applicable grievance procedure established or agreed to under chapter 179A.

(f) Data collected, created, received, maintained, or disseminated by a civilian oversight council related to an investigation of a peace officer are personnel data as defined by section 13.43, subdivision 1, and are governed by that section.

Sec. 22. Minnesota Statutes 2022, section 626.90, subdivision 2, is amended to read:

Subd. 2. **Law enforcement agency.** (a) The band has the powers of a law enforcement agency, as defined in section 626.84, subdivision 1, paragraph (f), if all of the requirements of clauses (1) to (4) are met:

(1) the band agrees to be subject to liability for its torts and those of its officers, employees, and agents acting within the scope of their employment or duties arising out of a law enforcement agency function conferred by this section, to the same extent as a municipality under chapter 466, and the band further agrees, notwithstanding section 16C.05, subdivision 7, to waive its sovereign immunity for purposes of claims of this liability;

(2) the band files with the Board of Peace Officer Standards and Training a bond or certificate of insurance for liability coverage with the maximum single occurrence amounts set forth in section 466.04 and an annual cap for all occurrences within a year of three times the single occurrence amount;

(3) the band files with the Board of Peace Officer Standards and Training a certificate of insurance for liability of its law enforcement officers, employees, and agents for lawsuits under the United States Constitution; and

(4) the band agrees to be subject to section 13.82 and any other laws of the state relating to data practices of law enforcement agencies.

(b) The band ~~shall~~ may enter into mutual aid/cooperative agreements with the Mille Lacs County sheriff under section 471.59 to define and regulate the provision of law enforcement services under this section. ~~The agreements must define the trust property involved in the joint powers agreement.~~

(c) Only if the requirements of paragraph (a) are met, the band shall have concurrent jurisdictional authority under this section with the Mille Lacs County Sheriff's Department ~~only if the requirements of paragraph (a) are met and under the following circumstances:~~

~~(1)~~ over all persons in the geographical boundaries of the ~~property held by the United States in trust for the Mille Lacs Band or the Minnesota Chippewa tribe;~~

~~(2) over all Minnesota Chippewa tribal members within the boundaries of the~~ Treaty of February 22, 1855, 10 Stat. 1165, in Mille Lacs County, Minnesota~~; and~~.

~~(3) concurrent jurisdiction over any person who commits or attempts to commit a crime in the presence of an appointed band peace officer within the boundaries of the Treaty of February 22, 1855, 10 Stat. 1165, in Mille Lacs County, Minnesota.~~

Sec. 23. Minnesota Statutes 2022, section 626.91, subdivision 2, is amended to read:

Subd. 2. **Law enforcement agency.** (a) The community has the powers of a law enforcement agency, as defined in section 626.84, subdivision 1, paragraph (f), if all of the requirements of clauses (1) to (4) are met:

(1) the community agrees to be subject to liability for its torts and those of its officers, employees, and agents acting within the scope of their employment or duties arising out of the law enforcement agency powers conferred by this section to the same extent as a municipality under chapter 466, and the community further agrees, notwithstanding section 16C.05, subdivision 7, to waive its sovereign immunity with respect to claims arising from this liability;

(2) the community files with the Board of Peace Officer Standards and Training a bond or certificate of insurance for liability coverage with the maximum single occurrence amounts set forth in section 466.04 and an annual cap for all occurrences within a year of three times the single occurrence amount;

(3) the community files with the Board of Peace Officer Standards and Training a certificate of insurance for liability of its law enforcement officers, employees, and agents for lawsuits under the United States Constitution; and

(4) the community agrees to be subject to section 13.82 and any other laws of the state relating to data practices of law enforcement agencies.

(b) The community ~~shall~~ may enter into an agreement under section 471.59 with the Redwood County sheriff to define and regulate the provision of law enforcement services under this section and to provide for mutual aid and cooperation. If entered, the agreement must identify and describe the trust property involved in the agreement. For purposes of entering into this agreement, the community shall be considered a "governmental unit" as that term is defined in section 471.59, subdivision 1.

Sec. 24. Minnesota Statutes 2022, section 626.91, subdivision 4, is amended to read:

Subd. 4. **Peace officers.** If the community complies with the requirements set forth in subdivision 2, paragraph (a), the community is authorized to appoint peace officers, as defined in section 626.84, subdivision 1, paragraph (c), who have the same powers as peace officers employed by the Redwood County sheriff over the persons and the geographic areas described in subdivision 3.

Sec. 25. Minnesota Statutes 2022, section 626.92, subdivision 2, is amended to read:

Subd. 2. **Law enforcement agency.** (a) The band has the powers of a law enforcement agency, as defined in section 626.84, subdivision 1, paragraph (f), if all of the requirements of clauses (1) to (4) and paragraph (b) are met:

(1) the band agrees to be subject to liability for its torts and those of its officers, employees, and agents acting within the scope of their employment or duties arising out of the law enforcement agency powers conferred by this section to the same extent as a municipality under chapter 466, and the band further agrees, notwithstanding section 16C.05, subdivision 7, to waive its sovereign immunity for purposes of claims arising out of this liability;

(2) the band files with the Board of Peace Officer Standards and Training a bond or certificate of insurance for liability coverage with the maximum single occurrence amounts set forth in section 466.04 and an annual cap for all occurrences within a year of three times the single occurrence amount or establishes that liability coverage exists under the Federal Torts Claims Act, United States Code, title 28, section 1346(b), et al., as extended to the band pursuant to the Indian Self-Determination and Education Assistance Act of 1975, United States Code, title 25, section 450f(c);

(3) the band files with the Board of Peace Officer Standards and Training a certificate of insurance for liability of its law enforcement officers, employees, and agents for lawsuits under the United States Constitution or establishes that liability coverage exists under the Federal Torts Claims Act, United States Code, title 28, section 1346(b) et al., as extended to the band pursuant to the Indian Self-Determination and Education Assistance Act of 1975, United States Code, title 25, section 450F(c); and

(4) the band agrees to be subject to section 13.82 and any other laws of the state relating to data practices of law enforcement agencies.

(b) ~~By July 1, 1998,~~ The band ~~shall~~ may enter into written mutual aid or cooperative agreements with the Carlton County sheriff, the St. Louis County sheriff, and the city of Cloquet under section 471.59 to define and regulate the provision of law enforcement services under this section. If entered, the agreements must define the following:

(1) the trust property involved in the joint powers agreement;

(2) the responsibilities of the county sheriffs;

(3) the responsibilities of the county attorneys; and

(4) the responsibilities of the city of Cloquet city attorney and police department.

Sec. 26. Minnesota Statutes 2022, section 626.92, subdivision 3, is amended to read:

Subd. 3. **Concurrent jurisdiction.** The band shall have concurrent jurisdictional authority under this section with the Carlton County and St. Louis County Sheriffs' Departments over crimes committed within the boundaries of the Fond du Lac Reservation ~~as indicated by the mutual aid or cooperative agreements entered into under subdivision 2, paragraph (b), and any exhibits or attachments to those agreements~~ if the requirements of subdivision 2, paragraph (a), are met, regardless of whether a cooperative agreement pursuant to subdivision 2, paragraph (b), is entered into.

Sec. 27. Minnesota Statutes 2022, section 626.93, subdivision 3, is amended to read:

Subd. 3. **Concurrent jurisdiction.** If the requirements of subdivision 2 are met ~~and the tribe enters into a cooperative agreement pursuant to subdivision 4~~, the Tribe ~~shall have~~ has concurrent jurisdictional authority under this section with the local county sheriff within the geographical boundaries of the Tribe's reservation to enforce state criminal law.

Sec. 28. Minnesota Statutes 2022, section 626.93, subdivision 4, is amended to read:

Subd. 4. **Cooperative agreements.** In order to coordinate, define, and regulate the provision of law enforcement services and to provide for mutual aid and cooperation, governmental units and the Tribe ~~shall~~ may enter into agreements under section 471.59. For the purposes of entering into these agreements, the Tribe ~~shall be~~ is considered a "governmental unit" as that term is defined in section 471.59, subdivision 1.

Sec. 29. **REPEALER.**

Minnesota Statutes 2022, section 626.93, subdivision 7, is repealed.

ARTICLE 9
CORRECTIONS POLICY

Section 1. Minnesota Statutes 2022, section 241.01, subdivision 3a, is amended to read:

Subd. 3a. **Commissioner, powers and duties.** The commissioner of corrections has the following powers and duties:

(a) To accept persons committed to the commissioner by the courts of this state for care, custody, and rehabilitation.

(b) To determine the place of confinement of committed persons in a correctional facility or other facility of the Department of Corrections and to prescribe reasonable conditions and rules for their employment, conduct, instruction, and discipline within or outside the facility. After July 1, 2023, the commissioner shall not allow inmates who have not been conditionally released from prison, whether on parole, supervised release, work release, or an early release program, to be housed in correctional facilities that are not owned and operated by the state, a local unit of government, or a group of local units of government. Inmates shall not exercise custodial functions or have authority over other inmates.

(c) To administer the money and property of the department.

(d) To administer, maintain, and inspect all state correctional facilities.

(e) To transfer authorized positions and personnel between state correctional facilities as necessary to properly staff facilities and programs.

(f) To utilize state correctional facilities in the manner deemed to be most efficient and beneficial to accomplish the purposes of this section, but not to close the Minnesota Correctional Facility-Stillwater or the Minnesota Correctional Facility-St. Cloud without legislative approval. The commissioner may place juveniles and adults at the same state minimum security correctional facilities, if there is total separation of and no regular contact between juveniles and adults, except contact incidental to admission, classification, and mental and physical health care.

(g) To organize the department and employ personnel the commissioner deems necessary to discharge the functions of the department, including a chief executive officer for each facility under the commissioner's control who shall serve in the unclassified civil service and may, under the provisions of section 43A.33, be removed only for cause.

(h) To define the duties of these employees and to delegate to them any of the commissioner's powers, duties and responsibilities, subject to the commissioner's control and the conditions the commissioner prescribes.

(i) To annually develop a comprehensive set of goals and objectives designed to clearly establish the priorities of the Department of Corrections. This report shall be submitted to the governor commencing January 1, 1976. The commissioner may establish ad hoc advisory committees.

(j) To publish, administer, and award grant contracts with state agencies, local units of government, and other entities for correctional programs embodying rehabilitative concepts, for restorative programs for crime victims and the overall community, and for implementing legislative directives.

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

Sec. 2. Minnesota Statutes 2022, section 241.021, subdivision 1d, is amended to read:

Subd. 1d. **Public notice of restriction, revocation, or suspension.** If the license of a facility under this section is revoked or suspended, or use of the facility is restricted for any reason under a conditional license order, or a correction order is issued to a facility, the commissioner shall post the facility, the status of the facility's license, and the reason for the correction order, restriction, revocation, or suspension publicly and on the department's website.

Sec. 3. Minnesota Statutes 2022, section 241.021, subdivision 2a, is amended to read:

Subd. 2a. **Affected municipality; notice.** The commissioner must not ~~issue~~ grant a license without giving 30 calendar days' written notice to any affected municipality or other political subdivision unless the facility has a licensed capacity of six or fewer persons and is occupied by either the licensee or the group foster home parents. The notification must be given before the license is first ~~issuance of a license~~ granted and annually after that time if annual notification is requested in writing by any affected municipality or other political subdivision. State funds must not be made available to or be spent by an agency or department of state, county, or municipal government for payment to a foster care facility licensed under subdivision 2 until the provisions of this subdivision have been complied with in full.

Sec. 4. Minnesota Statutes 2022, section 241.021, subdivision 2b, is amended to read:

Subd. 2b. **Licensing; facilities; juveniles from outside state.** The commissioner may not:

(1) ~~issue~~ grant a license under this section to operate a correctional facility for the detention or confinement of juvenile offenders if the facility accepts juveniles who reside outside of Minnesota without an agreement with the entity placing the juvenile at the facility that obligates the entity to pay the educational expenses of the juvenile; or

(2) renew a license under this section to operate a correctional facility for the detention or confinement of juvenile offenders if the facility accepts juveniles who reside outside of Minnesota without an agreement with the entity placing the juvenile at the facility that obligates the entity to pay the educational expenses of the juvenile.

Sec. 5. **[241.0215] JUVENILE DETENTION FACILITIES; RESTRICTIONS ON STRIP SEARCHES AND DISCIPLINE.**

Subdivision 1. **Applicability.** This section applies to juvenile facilities licensed by the commissioner of corrections under section 241.021, subdivision 2.

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

(b) "Health care professional" means an individual who is licensed or permitted by a Minnesota health-related licensing board, as defined in section 214.01, subdivision 2, to perform health care services in Minnesota within the professional's scope of practice.

(c) "Strip search" means a visual inspection of a juvenile's unclothed breasts, buttocks, or genitalia.

Subd. 3. **Searches restricted.** (a) A staff person working in a facility may not conduct a strip search unless:

(1) a specific, articulable, and immediate contraband concern is present;

(2) other search techniques and technology cannot be used or have failed to identify the contraband; and

(3) the facility's chief administrator or designee has reviewed the situation and approved the strip search.

(b) A strip search must be conducted by:

(1) a health care professional; or

(2) a staff person working in a facility who has received training on trauma-informed search techniques and other applicable training under Minnesota Rules, chapter 2960.

(c) A strip search must be documented in writing and describe the contraband concern, summarize other inspection techniques used or considered, and verify the approval from the facility's chief administrator or, in the temporary absence of the chief administrator, the staff person designated as the person in charge of the facility. A copy of the documentation must be provided to the commissioner within 24 hours of the strip search.

(d) Nothing in this section prohibits or limits a strip search as part of a health care procedure conducted by a health care professional.

Subd. 4. **Discipline restricted.** (a) A staff person working in a facility may not discipline a juvenile by physically or socially isolating the juvenile.

(b) Nothing in this subdivision restricts a facility from isolating a juvenile for the juvenile's safety, staff safety, or the safety of other facility residents when the isolation is consistent with rules adopted by the commissioner.

Subd. 5. **Commissioner action.** The commissioner may take any action authorized under section 241.021, subdivisions 2 and 3, to address a violation of this section.

Subd. 6. **Report.** (a) By February 15 each year, the commissioner must report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over public safety finance and policy on the use of strip searches and isolation.

(b) The report must consist of summary data from the previous calendar year and must, at a minimum, include:

(1) how often strip searches were performed;

(2) how often juveniles were isolated;

(3) the length of each period of isolation used and, for juveniles isolated in the previous year, the total cumulative amount of time that the juvenile was isolated that year; and

(4) any injury to a juvenile related to a strip search or isolation, or both, that was reportable as a critical incident.

(c) Data in the report must provide information on the demographics of juveniles who were subject to a strip search and juveniles who were isolated. At a minimum, data must be disaggregated by age, race, and gender.

(d) The report must identify any facility that performed a strip search or used isolation, or both, in a manner that did not comply with this section or rules adopted by the commissioner in conformity with this section.

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

Sec. 6. Minnesota Statutes 2022, section 241.025, subdivision 1, is amended to read:

Subdivision 1. **Authorization.** The commissioner of corrections may appoint peace officers, as defined in section 626.84, subdivision 1, paragraph (c), who shall serve in the classified service subject to the provisions of section 43A.01, subdivision 2, and establish a law enforcement agency, as defined in section 626.84, subdivision 1,

paragraph (f), known as the Department of Corrections Fugitive Apprehension Unit, to perform the duties necessary to make statewide arrests under sections 629.30 and 629.34. The jurisdiction of the law enforcement agency is ~~limited to~~ primarily the arrest of Department of Corrections' discretionary and statutory released violators and Department of Corrections' escapees and this must be its primary focus. The Department of Corrections Fugitive Apprehension Unit may respond to a law enforcement agency's request to exercise general law enforcement duties during the course of official duties by carrying out law enforcement activities at the direction of the law enforcement agency of jurisdiction. In addition, the unit may investigate criminal offenses in agency-operated correctional facilities and surrounding property.

Sec. 7. Minnesota Statutes 2022, section 241.025, subdivision 2, is amended to read:

Subd. 2. **Limitations.** The initial processing of a person arrested by the fugitive apprehension unit for an offense ~~within the agency's jurisdiction~~ is the responsibility of the fugitive apprehension unit unless otherwise directed by the law enforcement agency with primary jurisdiction. A subsequent investigation is the responsibility of the law enforcement agency of the jurisdiction ~~in which a new crime is committed~~ unless the law enforcement agency authorizes the fugitive apprehension unit to assume the subsequent investigation. At the request of the primary jurisdiction, the fugitive apprehension unit may assist in subsequent investigations or law enforcement efforts being carried out by the primary jurisdiction. Persons arrested for violations that the fugitive apprehension unit determines are not within the agency's jurisdiction must be referred to the appropriate local law enforcement agency for further investigation or disposition.

Sec. 8. Minnesota Statutes 2022, section 241.025, subdivision 3, is amended to read:

Subd. 3. **Policies.** The fugitive apprehension unit must develop and file all policies required under state law for law enforcement agencies. The fugitive apprehension unit also must develop a policy for contacting law enforcement agencies in a city or county before initiating any fugitive surveillance, investigation, or apprehension within the city or county. ~~These policies must be filed with the board of peace officers standards and training by November 1, 2000.~~ Revisions of any of these policies must be filed with the board within ten days of the effective date of the revision. The Department of Corrections shall train all of its peace officers regarding the application of these policies.

Sec. 9. Minnesota Statutes 2022, section 241.90, is amended to read:

241.90 OFFICE OF OMBUDSPERSON; CREATION; QUALIFICATIONS; FUNCTION.

The Office of Ombudsperson for the Department of Corrections is hereby created. The ombudsperson shall ~~serve at the pleasure of~~ be appointed by the governor in the unclassified service~~,~~ and may be removed only for just cause. The ombudsperson shall be selected without regard to political affiliation, and shall be a person highly competent and qualified to analyze questions of law, administration, and public policy. No person may serve as ombudsperson while holding any other public office. The ombudsperson for corrections shall be accountable to the governor and shall have the authority to investigate decisions, acts, and other matters of the Department of Corrections so as to promote the highest attainable standards of competence, efficiency, and justice in the administration of corrections.

Sec. 10. **[243.95] PRIVATE PRISON CONTRACTS PROHIBITED.**

(a) The commissioner may not contract with privately owned and operated prisons for the care, custody, and rehabilitation of inmates committed to the custody of the commissioner.

(b) Notwithstanding section 43A.047, nothing in this section prohibits the commissioner from contracting with privately owned residential facilities, such as halfway houses, group homes, work release centers, or treatment facilities, to provide for the care, custody, and rehabilitation of inmates who have been released from prison under section 241.26, 244.05, 244.0513, 244.065, or 244.172, or any other form of supervised or conditional release.

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

Sec. 11. **[244.049] INDETERMINATE SENTENCE RELEASE BOARD.**

Subdivision 1. **Establishment; membership.** (a) As provided under paragraph (b) and section 244.05, subdivision 5, the Indeterminate Sentence Release Board is established to review eligible cases and make release and final discharge decisions for:

(1) inmates serving life sentences with the possibility of parole or supervised release under sections 243.05, subdivision 1, and 244.05, subdivision 5; and

(2) inmates serving indeterminate sentences for crimes committed on or before April 30, 1980.

(b) Beginning July 1, 2024, the authority to grant discretionary release and final discharge previously vested in the commissioner under sections 243.05, subdivisions 1, paragraph (a), and 3; 244.08; and 609.12 is transferred to the board.

(c) The board consists of five members as follows:

(1) four members appointed by the governor from which each of the majority leaders and minority leaders of the house of representatives and the senate provides two candidate recommendations for consideration; and

(2) the commissioner, who serves as chair.

(d) Appointed board members must meet the following qualifications, at a minimum:

(1) a law degree or a bachelor's degree in criminology, corrections, or a related social science;

(2) five years of experience in corrections, a criminal justice or community corrections field, rehabilitation programming, behavioral health, or criminal law; and

(3) demonstrated knowledge of victim issues and correctional processes.

Subd. 2. **Terms; compensation.** (a) Appointed board members serve four-year staggered terms, but the terms of the initial members are as follows:

(1) two members must be appointed for terms that expire January 1, 2026; and

(2) two members must be appointed for terms that expire January 1, 2028.

(b) An appointed member is eligible for reappointment, and a vacancy must be filled according to subdivision 1.

(c) For appointed members, compensation and removal are as provided in section 15.0575.

Subd. 3. **Quorum; administrative duties.** (a) The majority of members constitutes a quorum.

(b) An appointed board member must visit at least one state correctional facility every 12 months.

(c) The commissioner must provide the board with personnel, supplies, equipment, office space, and other administrative services necessary and incident to fulfilling the board's functions.

Subd. 4. **Limitation.** Nothing in this section or section 244.05, subdivision 5:

(1) supersedes the commissioner's authority to set conditions of release or revoke an inmate's release for violating any of the conditions; or

(2) impairs the power of the Board of Pardons to grant a pardon or commutation in any case.

Subd. 5. **Report.** (a) Beginning February 15, 2025, and each year thereafter, the board must submit to the legislative committees with jurisdiction over criminal justice policy a written report that:

(1) details the number of inmates reviewed;

(2) identifies inmates granted release or final discharge in the preceding year; and

(3) provides demographic data of inmates who were granted release or final discharge and inmates who were denied release or final discharge.

(b) The report must also include the board's recommendations to the commissioner for policy modifications that influence the board's duties.

Sec. 12. Minnesota Statutes 2022, section 244.05, subdivision 2, is amended to read:

Subd. 2. **Rules.** (a) Notwithstanding section 14.03, subdivision 3, paragraph (b), clause (1), the commissioner ~~of corrections shall~~ must adopt by rule standards and procedures for ~~the revocation of~~ revoking supervised or conditional release~~,~~ and ~~shall~~ must specify the period of revocation for each violation of release except in accordance with subdivision 5, paragraph (i), for inmates serving life sentences.

(b) Procedures for ~~the revocation of~~ revoking release ~~shall~~ must provide due process of law for the inmate.

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

Sec. 13. Minnesota Statutes 2022, section 244.05, subdivision 5, is amended to read:

Subd. 5. **Supervised release~~,~~; life ~~sentence~~ and indeterminate sentences.** (a) The ~~commissioner of corrections~~ board may, under rules ~~promulgated~~ adopted by the commissioner, ~~give~~ grant supervised release or parole to an inmate serving a mandatory life sentence ~~under section 609.185, paragraph (a), clause (3), (5), or (6); 609.3455, subdivision 3 or 4; 609.385; or Minnesota Statutes 2004, section 609.109, subdivision 3,~~:

(1) after the inmate has served the minimum term of imprisonment specified in subdivision 4 or section 243.05, subdivision 1, paragraph (a); or

(2) at any time for an inmate serving a nonlife indeterminate sentence for a crime committed on or before April 30, 1980.

(b) No earlier than three years before an inmate reaches their minimum term of imprisonment or parole eligibility date, the commissioner must conduct a formal review and make programming recommendations relevant to the inmate's release review under this subdivision.

(c) The ~~commissioner shall~~ board must require the preparation of a community investigation report and ~~shall~~ consider the findings of the report when making a ~~supervised~~ release or parole decision under this subdivision. The report ~~shall~~ must:

(1) reflect the sentiment of the various elements of the community toward the inmate, both at the time of the offense and at the present time~~.~~;

~~The report shall~~ (2) include the views of the sentencing judge, the prosecutor, any law enforcement personnel who may have been involved in the case, and any successors to these individuals who may have information relevant to the ~~supervised~~ release decision~~.~~; and

~~The report shall also~~ (3) include the views of the victim and the victim's family unless the victim or the victim's family chooses not to participate.

~~(c)~~ (d) The commissioner ~~shall~~ must make reasonable efforts to notify the victim, in advance, of the time and place of the inmate's ~~supervised~~ release review hearing. The victim has a right to submit an oral or written statement at the review hearing. The statement may summarize the harm suffered by the victim as a result of the crime and give the victim's recommendation on whether the inmate should be given supervised release or parole at this time. ~~The commissioner must consider the victim's statement when making the supervised release decision.~~

~~(d)~~ (e) Supervised release or parole must be granted with a majority vote of the board members. When considering whether to ~~give~~ grant supervised release or parole to an inmate serving a life ~~sentence under section 609.3455, subdivision 3 or 4~~ or indeterminate sentence, the ~~commissioner shall~~ board must consider, at a minimum, the following:

(1) the risk the inmate poses to the community if released~~,~~;

(2) the inmate's progress in treatment~~,~~;

(3) the inmate's behavior while incarcerated~~,~~;

(4) psychological or other diagnostic evaluations of the inmate~~,~~;

(5) the inmate's criminal history~~,~~;

(6) a victim statement under paragraph (d), if submitted; and

(7) any other relevant conduct of the inmate while incarcerated or before incarceration.

(f) The ~~commissioner~~ board may not ~~give~~ grant supervised release or parole to ~~the~~ an inmate unless:

(1) while in prison:

(i) the inmate has successfully completed appropriate sex offender treatment, if applicable;

(ii) the inmate has been assessed for substance use disorder needs and, if appropriate, has successfully completed substance use disorder treatment; and

(iii) the inmate has been assessed for mental health needs and, if appropriate, has successfully completed mental health treatment; and

(2) a comprehensive individual release plan is in place for the inmate that:

(i) ensures that, after release, the inmate will have suitable housing and receive appropriate aftercare and community-based treatment~~. The comprehensive plan also must include~~; and

(ii) includes a postprison employment or education plan for the inmate.

~~(e)~~ (g) When granting supervised release under this subdivision, the board must set prerelease conditions to be followed by the inmate before their actual release or before constructive parole becomes effective. If the inmate violates any of the prerelease conditions, the commissioner may rescind the grant of supervised release without a hearing at any time before the inmate's release or before constructive parole becomes effective. A grant of constructive parole becomes effective once the inmate begins serving the consecutive sentence.

(h) If the commissioner rescinds a grant of supervised release or parole, the board:

(1) must set a release review date that occurs within 90 days of the commissioner's rescission; and

(2) by majority vote, may set a new supervised release date or set another review date.

(i) If the commissioner revokes supervised release or parole for an inmate serving a life sentence, the revocation is not subject to the limitations under section 244.30 and the board:

(1) must set a release review date that occurs within one year of the commissioner's final revocation decision; and

(2) by majority vote, may set a new supervised release date or set another review date.

(j) The board may, by a majority vote, grant a person on supervised release or parole for a life or indeterminate sentence a final discharge from their sentence in accordance with section 243.05, subdivision 3. In no case, however, may a person subject to a mandatory lifetime conditional release term under section 609.3455, subdivision 7, be discharged from that term.

~~As used in~~ (k) For purposes of this subdivision~~,~~:

(1) "board" means the Indeterminate Sentence Release Board under section 244.049;

(2) "constructive parole" means the status of an inmate who has been paroled from an indeterminate sentence to begin serving a consecutive sentence in prison; and

(3) "victim" means ~~the~~ an individual who has directly suffered loss or harm ~~as a result of the~~ from an inmate's crime or~~, if the individual is deceased, the deceased's~~ a murder victim's surviving spouse ~~or~~, next of kin, or family kin.

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

Sec. 14. Minnesota Statutes 2022, section 260B.176, is amended by adding a subdivision to read:

Subd. 1a. **Risk-assessment instrument.** (a) If a peace officer, probation officer, or parole officer who takes a child into custody does not release the child according to subdivision 1, the officer must communicate with or deliver the child to a juvenile secure detention facility to determine whether the child should be released or detained.

(b) To determine whether a child should be released or detained, a facility's supervisor must use an objective and racially, ethnically, and gender-responsive juvenile detention risk-assessment instrument developed by the commissioner of corrections, county, group of counties, or judicial district, in consultation with the state coordinator or coordinators of the Minnesota Juvenile Detention Alternative Initiative.

(c) The risk-assessment instrument must:

(1) assess the likelihood that a child released from preadjudication detention under this section or section 260B.178 would endanger others or not return for a court hearing;

(2) identify the appropriate setting for a child who might endanger others or not return for a court hearing pending adjudication, with either continued detention or placement in a noncustodial community-based supervision setting; and

(3) identify the type of noncustodial community-based supervision setting necessary to minimize the risk that a child who is released from custody will endanger others or not return for a court hearing.

(d) If, after using the instrument, a determination is made that the child should be released, the person taking the child into custody or the facility supervisor must release the child according to subdivision 1.

EFFECTIVE DATE. This section is effective August 15, 2023.

Sec. 15. **[641.015] PLACEMENT IN PRIVATE PRISONS PROHIBITED.**

Subdivision 1. **Placement prohibited.** After August 1, 2023, a sheriff shall not allow inmates committed to the custody of the sheriff who are not on probation, work release, or some other form of approved release status to be housed in facilities that are not owned and operated by a local government, or a group of local units of government.

Subd. 2. **Contracts prohibited.** (a) Except as provided in paragraph (b), the county board may not authorize the sheriff to contract with privately owned and operated prisons for the care, custody, and rehabilitation of offenders committed to the custody of the sheriff.

(b) Nothing in this section prohibits a county board from contracting with privately owned residential facilities, such as halfway houses, group homes, work release centers, or treatment facilities, to provide for the care, custody, and rehabilitation of offenders who are on probation, work release, or some other form of approved release status.

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

Sec. 16. Minnesota Statutes 2022, section 641.15, subdivision 2, is amended to read:

Subd. 2. **Medical aid.** Except as provided in section 466.101, the county board shall pay the costs of medical services provided to prisoners pursuant to this section. The amount paid by the county board for a medical service shall not exceed the maximum allowed medical assistance payment rate for the service, as determined by the commissioner of human services. In the absence of a health or medical insurance or health plan that has a contractual obligation with the provider or the prisoner, medical providers shall charge no higher than the rate negotiated between the county and the provider. In the absence of an agreement between the county and the provider, the provider may not charge an amount that exceeds the maximum allowed medical assistance payment rate for the service, as determined by the commissioner of human services. The county is entitled to reimbursement from the prisoner for payment of medical bills to the extent that the prisoner to whom the medical aid was provided has the ability to pay the bills. The prisoner shall, at a minimum, incur co-payment obligations for health care services provided by a county correctional facility. The county board shall determine the co-payment amount. Notwithstanding any law to the contrary, the co-payment shall be deducted from any of the prisoner's funds held by the county, to the extent possible. If there is a disagreement between the county and a prisoner concerning the prisoner's ability to pay, the court with jurisdiction over the defendant shall determine the extent, if any, of the prisoner's ability to pay for the medical services. If a prisoner is covered by health or medical insurance or other health plan when medical services are provided, the medical provider shall bill that health or medical insurance or other plan. If the county providing the medical services for a prisoner that has coverage under health or medical insurance or other plan, that county has a right of subrogation to be reimbursed by the insurance carrier for all sums spent by it for medical services to the prisoner that are covered by the policy of insurance or health plan, in accordance with the benefits, limitations, exclusions, provider restrictions, and other provisions of the policy or health plan. The county may maintain an action to enforce this subrogation right. The county does not have a right

of subrogation against the medical assistance program. The county shall not charge prisoners for telephone calls to MNsure navigators, the Minnesota Warmline, a mental health provider, or calls for the purpose of providing case management or mental health services as defined in section 245.462 to prisoners.

Sec. 17. Minnesota Statutes 2022, section 641.155, is amended to read:

641.155 DISCHARGE PLANS~~; OFFENDERS WITH SERIOUS AND PERSISTENT MENTAL ILLNESS~~.

Subdivision 1. **Discharge plans.** The commissioner of corrections shall develop and distribute a model discharge planning process for every ~~offender with a serious and persistent mental illness, as defined in section 245.462, subdivision 20, paragraph (c), who has been convicted and sentenced to serve three or more months and is being released from a~~ county jail or county regional jail. The commissioner may specify different model discharge plans for prisoners who have been detained pretrial and prisoners who have been sentenced to jail. The commissioner must consult best practices and the most current correctional health care standards from national accrediting organizations. The commissioner must review and update the model process as needed.

Subd. 2. **Discharge plans for people with serious and persistent mental illnesses.** ~~An offender~~ A person with a serious and persistent mental illness, as defined in section 245.462, subdivision 20, paragraph (c), who has been convicted and sentenced to serve three or more months and is being released from a county jail or county regional jail shall be referred to the appropriate staff in the county human services department at least 60 days before being released. The county human services department ~~may carry out provisions of the model discharge planning process such as~~ must complete a discharge plan with the prisoner no less than 14 days before release that may include:

(1) providing assistance in filling out an application for medical assistance or MinnesotaCare;

(2) making a referral for case management as outlined under section 245.467, subdivision 4;

(3) providing assistance in obtaining a state photo identification;

(4) securing a timely appointment with a psychiatrist or other appropriate community mental health providers; and

(5) providing prescriptions for a 30-day supply of all necessary medications.

Subd. 3. **Reentry coordination programs.** (a) A county may establish a program to provide services and assist prisoners with reentering the community. Reentry services may include but are not limited to:

(1) providing assistance in meeting the basic needs of the prisoner immediately after release including but not limited to provisions for transportation, clothing, food, and shelter;

(2) providing assistance in filling out an application for medical assistance or MinnesotaCare;

(3) providing assistance in obtaining a state photo identification;

(4) providing assistance in obtaining prescriptions for all necessary medications;

(5) coordinating services with the local county services agency or the social services agency in the county where the prisoner is a resident; and

(6) coordinating services with a community mental health or substance use disorder provider.

Sec. 18. **MENTAL HEALTH UNIT PILOT PROGRAM.**

(a) The commissioner of corrections shall establish a pilot program with interested counties to provide mental health care to individuals with serious and persistent mental illness who are incarcerated in county jails. The pilot program must require the participating counties to pay according to Minnesota Statutes, section 243.51, a per diem for reimbursement of the Mental Health Unit at the Minnesota Correctional Facility - Oak Park Heights, and other costs incurred by the Department of Corrections.

(b) The commissioner in consultation with the Minnesota Sheriffs' Association shall develop program protocols, guidelines, and procedures and qualifications for participating counties and incarcerated individuals to be treated in the Mental Health Unit. The program is limited to a total of five incarcerated individuals from the participating counties at any one time. Incarcerated individuals must volunteer to be treated in the unit and be able to participate in programming with other incarcerated individuals.

(c) The Minnesota Correctional Facility - Oak Park Heights warden, director of psychology, and associate director of behavioral health, or a designee of each, in consultation with the Minnesota Sheriffs' Association, the Minnesota branch of the National Association on Mental Illness, and the Department of Human Services, shall oversee the pilot program.

(d) On November 15, 2024, the warden shall submit a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over corrections describing the protocols, guidelines, and procedures for participation in the pilot program by counties and incarcerated individuals, challenges with staffing, cost sharing with counties, capacity of the program, services provided to the incarcerated individuals, program outcomes, concerns regarding the program, and recommendations for the viability of a long-term program.

(e) The pilot program expires November 16, 2024.

Sec. 19. **REVISED FACILITY PLANS.**

The commissioner of corrections must direct any juvenile facility licensed by the commissioner to revise its plan under Minnesota Rules, part 2960.0270, subpart 6, and its restrictive-procedures plan under Minnesota Rules, part 2960.0710, subpart 2, to be consistent with Minnesota Statutes, section 241.0215. After receiving notice from the commissioner, a facility must submit the revised plans to the commissioner within 60 days.

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

Sec. 20. **RULEMAKING.**

(a) The commissioner of corrections must amend Minnesota Rules, chapter 2960, to enforce the requirements under Minnesota Statutes, section 241.0215, including but not limited to training, facility audits, strip searches, disciplinary room time, time-outs, and seclusion. The commissioner may amend the rules to make technical changes and ensure consistency with Minnesota Statutes, section 241.0215.

(b) In amending or adopting rules according to paragraph (a), the commissioner must use the exempt rulemaking process under Minnesota Statutes, section 14.386. Notwithstanding Minnesota Statutes, section 14.386, paragraph (b), a rule adopted under this section is permanent. After the rule is adopted, the authorization to use the exempt rulemaking process expires.

(c) Notwithstanding Minnesota Laws 1995, chapter 226, article 3, sections 50, 51, and 60, or any other law to the contrary, the joint rulemaking authority with the commissioner of human services does not apply to rule amendments applicable only to the Department of Corrections. A rule that is amending jointly administered rule parts must be related to requirements on strip searches, disciplinary room time, time-outs, and seclusion and be necessary for consistency with this section.

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

Sec. 21. **REGIONAL AND COUNTY JAILS; STUDY AND REPORT.**

Subdivision 1. **Study.** The commissioner of corrections must study and make recommendations on the consolidation or merger of county jails and alternatives to incarceration for persons experiencing mental health disorders. The commissioner must engage and solicit feedback from citizens who live in communities served by facilities that may be impacted by the commissioner's recommendations for the consolidation or merger of jails. The commissioner must consult with the following individuals on the study and recommendations:

(1) county sheriffs;

(2) county and city attorneys who prosecute offenders;

(3) chief law enforcement officers;

(4) administrators of county jail facilities; and

(5) district court administrators.

Each party receiving a request for information from the commissioner under this section shall provide the requested information in a timely manner.

Subd. 2. **Report.** The commissioner of corrections must file a report with the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over public safety and capital investment on the study and recommendations under subdivision 1 on or before December 1, 2024. The report must, at a minimum, provide the following information:

(1) the daily average number of offenders incarcerated in each county jail facility:

(i) who are in pretrial detention;

(ii) who cannot afford to pay bail;

(iii) for failure to pay fines and fees;

(iv) for offenses that stem from controlled substance addiction or mental health disorders;

(v) for nonfelony offenses;

(vi) who are detained pursuant to contracts with other authorities; and

(vii) for supervised release and probation violations;

(2) the actual cost of building a new jail facility, purchasing another facility, or repairing a current facility;

(3) the age of current jail facilities;

(4) county population totals and trends;

(5) county crime rates and trends;

(6) the proximity of current jails to courthouses, probation services, social services, treatment providers, and work-release employment opportunities;

(7) specific recommendations for alternatives to incarceration for persons experiencing mental health disorders; and

(8) specific recommendations on the consolidation or merger of county jail facilities and operations, including:

(i) where consolidated facilities should be located;

(ii) which counties are best suited for consolidation;

(iii) the projected costs of construction, renovation, or purchase of the facility; and

(iv) the projected cost of operating the facility.

Subd. 3. **Evaluation.** The commissioner, in consultation with the commissioner of management and budget, must evaluate the need of any capital improvement project that requests an appropriation of state capital budget money during an odd-numbered year to construct a jail facility or for capital improvements to expand the number of incarcerated offenders at an existing jail facility. The commissioner shall use the report under subdivision 2 to inform the evaluation. The commissioner must submit all evaluations under this subdivision by January 15 of each even-numbered year to the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over public safety and capital investment on the study and recommendations under this subdivision.

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

Sec. 22. **INDETERMINATE SENTENCE RELEASE BOARD.**

Notwithstanding Minnesota Statutes, section 244.049, subdivision 1, paragraph (a), the Indeterminate Sentence Release Board may not begin to review eligible cases and make release and final discharge decisions until July 1, 2024.

Sec. 23. **REVISOR INSTRUCTION.**

When necessary to reflect the transfer under Minnesota Statutes, section 244.049, subdivision 1, the revisor of statutes must change the term "commissioner" or "commissioner of corrections" to "Indeterminate Sentence Release Board" or "board" in Minnesota Statutes, sections 243.05, subdivisions 1, paragraph (a), and 3; 244.08; and 609.12, and make any other necessary grammatical changes.

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

ARTICLE 10
MINNESOTA REHABILITATION AND REINVESTMENT ACT

Section 1. Minnesota Statutes 2022, section 244.03, is amended to read:

244.03 REHABILITATIVE PROGRAMS.

Subdivision 1. **Commissioner responsibility.** (a) For individuals committed to the commissioner's authority, the commissioner ~~shall provide appropriate mental health programs and vocational and educational programs with employment related goals for inmates. The selection, design and implementation of programs under this section shall be the sole responsibility of the commissioner, acting within the limitations imposed by the funds appropriated for such programs.~~ must develop, implement, and provide, as appropriate:

(1) substance use disorder treatment programs;

(2) sexual offender treatment programming;

(3) domestic abuse programming;

(4) medical and mental health services;

(5) spiritual and faith-based programming;

(6) culturally responsive programming;

(7) vocational, employment and career, and educational programming; and

(8) other rehabilitative programs.

(b) While evidence-based programs must be prioritized, selecting, designing, and implementing programs under this section are the sole responsibility of the commissioner, acting within the limitations imposed by the funds appropriated for the programs under this section.

Subd. 2. **Challenge prohibited.** No action challenging the level of expenditures for rehabilitative programs authorized under this section, nor any action challenging the selection, design, or implementation of these programs, including employee assignments, may be maintained by an inmate in any court in this state.

Subd. 3. **Disciplinary sanctions.** The commissioner may impose disciplinary sanctions ~~upon~~ on any inmate who refuses to participate in rehabilitative programs.

Sec. 2. Minnesota Statutes 2022, section 244.05, subdivision 1b, is amended to read:

Subd. 1b. **Supervised release; ~~offenders~~ inmates who commit crimes on or after August 1, 1993.** (a) Except as provided in subdivisions 4 and 5, every inmate sentenced to prison for a felony offense committed on or after August 1, 1993, shall serve a supervised release term upon completion of the inmate's term of imprisonment and any disciplinary confinement period imposed by the commissioner due to the inmate's violation of any disciplinary rule adopted by the commissioner or refusal to participate in a rehabilitative program required under section 244.03. The amount of time the inmate serves on supervised release ~~shall be~~ is equal ~~in length to the amount of time remaining in~~ to one-third of the inmate's fixed executed sentence ~~after the inmate has served the term of imprisonment and any disciplinary confinement period imposed by the commissioner~~, less any disciplinary confinement period imposed by the commissioner and regardless of any earned incentive release credit applied toward the individual's term of imprisonment under section 244.44.

(b) No inmate who violates a disciplinary rule or refuses to participate in a rehabilitative program as required under section 244.03 shall be placed on supervised release until the inmate has served the disciplinary confinement period for that disciplinary sanction or until the inmate is discharged or released from punitive ~~segregation~~ restrictive-housing confinement, whichever is later. The imposition of a disciplinary confinement period shall be considered to be a disciplinary sanction imposed upon an inmate, and the procedure for imposing the disciplinary confinement period and the rights of the inmate in the procedure shall be those in effect for the imposition of other disciplinary sanctions at each state correctional institution.

(c) For purposes of this subdivision, "earned incentive release credit" has the meaning given in section 244.41, subdivision 7.

Sec. 3. **[244.40] MINNESOTA REHABILITATION AND REINVESTMENT ACT.**

Sections 244.40 to 244.51 may be cited as the "Minnesota Rehabilitation and Reinvestment Act."

Sec. 4. **[244.41] DEFINITIONS.**

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

Subd. 2. **Act.** "Act" means the Minnesota Rehabilitation and Reinvestment Act.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of corrections.

Subd. 4. **Correctional facility.** "Correctional facility" means a state facility under the direct operational authority of the commissioner but does not include a commissioner-licensed local detention facility.

Subd. 5. **Direct-cost per diem.** "Direct-cost per diem" means the actual nonsalary expenditures, including encumbrances as of July 31 following the end of the fiscal year, from the Department of Corrections expense budgets for food preparation; food provisions; personal support for incarcerated persons, including clothing, linen, and other personal supplies; transportation; and professional technical contracted health care services.

Subd. 6. **Earned compliance credit.** "Earned compliance credit" means a one-month reduction from the period during active supervision of the supervised release term for every two months that a supervised individual exhibits compliance with the conditions and goals of the individual's supervision plan.

Subd. 7. **Earned incentive release credit.** "Earned incentive release credit" means credit that is earned and included in calculating an incarcerated person's term of imprisonment for completing objectives established by their individualized rehabilitation plan under section 244.42.

Subd. 8. **Earned incentive release savings.** "Earned incentive release savings" means the calculation of the direct-cost per diem multiplied by the number of incarcerated days saved for the period of one fiscal year.

Subd. 9. **Executed sentence.** "Executed sentence" means the total period for which an incarcerated person is committed to the custody of the commissioner.

Subd. 10. **Incarcerated days saved.** "Incarcerated days saved" means the number of days of an incarcerated person's original term of imprisonment minus the number of actual days served, excluding days not served due to death or as a result of time earned in the challenge incarceration program under sections 244.17 to 244.173.

Subd. 11. **Incarcerated person.** "Incarcerated person" has the meaning given "inmate" in section 244.01, subdivision 2.

Subd. 12. **Supervised release.** "Supervised release" means the release of an incarcerated person according to section 244.05.

Subd. 13. **Supervised release term.** "Supervised release term" means the period equal to one-third of the individual's fixed executed sentence, less any disciplinary confinement period or punitive restrictive-housing confinement imposed under section 244.05, subdivision 1b.

Subd. 14. **Supervision abatement status.** "Supervision abatement status" means an end to active correctional supervision of a supervised individual without effect on the legal expiration date of the individual's executed sentence less any earned incentive release credit.

Subd. 15. **Term of imprisonment.** "Term of imprisonment" has the meaning given in section 244.01, subdivision 8.

Sec. 5. **[244.42] COMPREHENSIVE ASSESSMENT AND INDIVIDUALIZED REHABILITATION PLAN REQUIRED.**

Subdivision 1. **Comprehensive assessment.** (a) The commissioner must develop a comprehensive assessment process for each person who:

(1) is committed to the commissioner's custody and confined in a state correctional facility on or after January 1, 2025; and

(2) has 365 or more days remaining until the person's scheduled supervised release date or parole eligibility date.

(b) As part of the assessment process, the commissioner must take into account appropriate rehabilitative programs under section 244.03.

Subd. 2. **Individualized rehabilitation plan.** After completing the assessment process, the commissioner must ensure the development of an individualized rehabilitation plan, along with identified goals, for every person committed to the commissioner's custody. The individualized rehabilitation plan must be holistic in nature by identifying intended outcomes for addressing:

(1) the incarcerated person's needs and risk factors;

(2) the person's identified strengths; and

(3) available and needed community supports, including victim safety considerations as required under section 244.47, if applicable.

Subd. 3. **Victim input.** (a) If an individual is committed to the commissioner's custody for a crime listed in section 609.02, subdivision 16, the commissioner must make reasonable efforts to notify a victim of the opportunity to provide input during the assessment and rehabilitation plan process. Victim input may include:

(1) a summary of victim concerns relative to release;

(2) concerns related to victim safety during the committed individual's term of imprisonment; or

(3) requests for imposing victim safety protocols as additional conditions of imprisonment or supervised release.

(b) The commissioner must consider all victim input statements when developing an individualized rehabilitation plan and establishing conditions governing confinement or release.

Subd. 4. **Transition and release plan.** For an incarcerated person with less than 365 days remaining until the person's supervised release date, the commissioner, in consultation with the incarcerated person, must develop a transition and release plan.

Subd. 5. **Scope of act.** This act is separate and distinct from other legislatively authorized release programs, including the challenge incarceration program, work release, conditional medical release, or the program for the conditional release of nonviolent controlled substance offenders.

Sec. 6. **[244.43] EARNED INCENTIVE RELEASE CREDIT.**

Subdivision 1. **Policy for earned incentive release credit; stakeholder consultation.** (a) To encourage and support rehabilitation when consistent with the public interest and public safety, the commissioner must establish a policy providing for earned incentive release credit as a part of the term of imprisonment. The policy must be established in consultation with the following organizations:

(1) Minnesota County Attorneys Association;

(2) Minnesota Board of Public Defense;

(3) Minnesota Association of Community Corrections Act Counties;

(4) Minnesota Indian Women's Sexual Assault Coalition;

(5) Violence Free Minnesota;

(6) Minnesota Coalition Against Sexual Assault;

(7) Minnesota Alliance on Crime;

(8) Minnesota Sheriffs' Association;

(9) Minnesota Chiefs of Police Association;

(10) Minnesota Police and Peace Officers Association; and

(11) faith-based organizations that reflect the demographics of the incarcerated population.

(b) The policy must:

(1) provide circumstances upon which an incarcerated person may receive earned incentive release credits, including participation in rehabilitative programming under section 244.03; and

(2) address circumstances where:

(i) the capacity to provide rehabilitative programming in the correctional facility is diminished but the programming is available in the community; and

(ii) the conditions under which the incarcerated person could be released to the community-based resource but remain subject to commitment to the commissioner and could be considered for earned incentive release credit.

Subd. 2. **Policy on disparities.** The commissioner must develop a policy establishing a process for assessing and addressing any systemic and programmatic gender and racial disparities that may be identified when awarding earned incentive release credits.

Sec. 7. **[244.44] APPLYING EARNED INCENTIVE RELEASE CREDIT.**

Earned incentive release credits are included in calculating the term of imprisonment but are not added to the person's supervised release term, the total length of which remains unchanged. The maximum amount of earned incentive release credit that can be earned and subtracted from the term of imprisonment is 17 percent of the total executed sentence. Earned credit cannot reduce the term of imprisonment to less than one-half of the incarcerated person's executed sentence. Once earned, earned incentive release credits are nonrevocable.

Sec. 8. **[244.45] INELIGIBILITY FOR EARNED INCENTIVE RELEASE CREDIT.**

The following individuals are ineligible for earned incentive release credit:

(1) those serving life sentences;

(2) those given indeterminate sentences for crimes committed on or before April 30, 1980; or

(3) those subject to good time under section 244.04 or similar laws.

Sec. 9. **[244.46] EARNED COMPLIANCE CREDIT AND SUPERVISION ABATEMENT STATUS.**

Subdivision 1. **Adopting policy for earned compliance credit; supervision abatement status.** (a) The commissioner must adopt a policy providing for earned compliance credit.

(b) Except as otherwise provided in the act, once the time served on active supervision plus earned compliance credits equals the total length of the supervised release term, the commissioner must place the individual on supervision abatement status for the remainder of the supervised release term.

Subd. 2. **Violating conditions of release; commissioner action.** If an individual violates the conditions of release while on supervision abatement status, the commissioner may:

(1) return the individual to active supervision for the remainder of the supervised release term, with or without modifying the conditions of release; or

(2) revoke the individual's supervised release in accordance with section 244.05, subdivision 3.

Subd. 3. **Supervision abatement status; requirements.** A person who is placed on supervision abatement status under this section must not be required to regularly report to a supervised release agent or pay a supervision fee but must continue to:

(1) obey all laws;

(2) report any new criminal charges; and

(3) abide by section 243.1605 before seeking written authorization to relocate to another state.

Subd. 4. **Applicability.** This section does not apply to individuals:

(1) serving life sentences;

(2) given indeterminate sentences for crimes committed on or before April 30, 1980; or

(3) subject to good time under section 244.04 or similar laws.

Sec. 10. **[244.47] VICTIM INPUT.**

Subdivision 1. **Notifying victim; victim input.** (a) If an individual is committed to the custody of the commissioner for a crime listed in section 609.02, subdivision 16, and is eligible for earned incentive release credit, the commissioner must make reasonable efforts to notify the victim that the committed individual is eligible for earned incentive release credit.

(b) Victim input may include:

(1) a summary of victim concerns relative to eligibility of earned incentive release credit;

(2) concerns related to victim safety during the committed individual's term of imprisonment; or

(3) requests for imposing victim safety protocols as additional conditions of imprisonment or supervised release.

Subd. 2. **Victim input statements.** The commissioner must consider victim input statements when establishing requirements governing conditions of release. The commissioner must provide the name and telephone number of the local victim agency serving the jurisdiction of release to any victim providing input on earned incentive release credit.

Sec. 11. **[244.48] VICTIM NOTIFICATION.**

Nothing in this act limits any victim notification obligations of the commissioner required by statute related to a change in custody status, committing offense, end-of-confinement review, or notification registration.

Sec. 12. **[244.49] INTERSTATE COMPACT.**

(a) This section applies to a person serving a Minnesota sentence while being supervised in another state according to the Interstate Compact for Adult Supervision.

(b) As may be allowed under section 243.1605, a person may be eligible for supervision abatement status according to the act only if they meet eligibility criteria for earned compliance credit as established under section 244.46.

Sec. 13. **[244.50] REALLOCATING EARNED INCENTIVE RELEASE SAVINGS.**

Subdivision 1. **Establishing reallocation revenue account.** The reallocation of earned incentive release savings account is established in the special revenue fund in the state treasury. Funds in the account are appropriated to the commissioner and must be expended in accordance with the allocation established in subdivision 4 after the requirements of subdivision 2 are met. Funds in the account are available until expended.

Subd. 2. **Certifying earned incentive release savings.** On or before the final closeout date of each fiscal year, the commissioner must certify to Minnesota Management and Budget the earned incentive release savings from the previous fiscal year. The commissioner must provide the detailed calculation substantiating the savings amount, including accounting-system-generated data where possible, supporting the direct-cost per diem and the incarcerated days saved.

Subd. 3. **Savings to be transferred to reallocation revenue account.** After the certification in subdivision 2 is completed, the commissioner must transfer funds from the appropriation from which the savings occurred to the reallocation revenue account according to the allocation in subdivision 4. Transfers must occur by September 1 each year.

Subd. 4. **Distributing reallocation funds.** The commissioner must distribute funds as follows:

(1) 25 percent must be transferred to the Office of Justice Programs in the Department of Public Safety for crime victim services;

(2) 25 percent must be transferred to the Community Corrections Act subsidy appropriation and to the Department of Corrections for supervised release and intensive supervision services, based upon a three-year average of the release jurisdiction of supervised releasees and intensive supervised releasees across the state;

(3) 25 percent must be transferred to the Department of Corrections for:

(i) grants to develop and invest in community-based services that support the identified needs of correctionally involved individuals or individuals at risk of becoming involved in the criminal justice system; and

(ii) sustaining the operation of evidence-based programming in state and local correctional facilities; and

(4) 25 percent must be transferred to the general fund.

Sec. 14. **[244.51] REPORTING REQUIRED.**

Subdivision 1. **Annual report required.** (a) Beginning January 15, 2026, and by January 15 each year thereafter for ten years, the commissioner must provide a report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over public safety and judiciary.

(b) For the 2026 report, the commissioner must report on implementing the requirements in this act. Starting with the 2027 report, the commissioner must report on the status of the requirements in this act for the previous fiscal year.

(c) Each report must be provided to the sitting president of the Minnesota Association of Community Corrections Act Counties and the executive directors of the Minnesota Sentencing Guidelines Commission, the Minnesota Indian Women's Sexual Assault Coalition, the Minnesota Alliance on Crime, Violence Free Minnesota, the Minnesota Coalition Against Sexual Assault, and the Minnesota County Attorneys Association.

(d) The report must include but not be limited to:

(1) a qualitative description of policy development; implementation status; identified implementation or operational challenges; strategies identified to mitigate and ensure that the act does not create or exacerbate gender, racial, and ethnic disparities; and proposed mechanisms for projecting future savings and reallocation of savings;

(2) the number of persons who were granted earned incentive release credit, the total number of days of incentive release earned, a summary of committing offenses for those persons who earned incentive release credit, a summary of earned incentive release savings, and the demographic data for all persons eligible for earned incentive release credit and the reasons and demographic data of those eligible persons for whom earned incentive release credit was unearned or denied;

(3) the number of persons who earned supervision abatement status, the total number of days of supervision abatement earned, the committing offenses for those persons granted supervision abatement status, the number of revocations for reoffense while on supervision abatement status, and the demographic data for all persons eligible for, considered for, granted, or denied supervision abatement status and the reasons supervision abatement status was unearned or denied;

(4) the number of persons deemed ineligible to receive earned incentive release credits and supervise abatement and the demographic data for the persons; and

(5) the number of victims who submitted input, the number of referrals to local victim-serving agencies, and a summary of the kinds of victim services requested.

Subd. 2. **Soliciting feedback.** (a) The commissioner must solicit feedback on victim-related operational concerns from the Minnesota Indian Women's Sexual Assault Coalition, Minnesota Alliance on Crime, Minnesota Coalition Against Sexual Assault, and Violence Free Minnesota.

(b) The feedback should relate to applying earned incentive release credit and supervision abatement status options. A summary of the feedback from the organizations must be included in the annual report.

Subd. 3. **Evaluating earned incentive release credit and act.** The commissioner must direct the Department of Corrections' research unit to regularly evaluate earned incentive release credits and other provisions of the act. The findings must be published on the Department of Corrections' website and in the annual report.

Sec. 15. **EFFECTIVE DATE.**

Sections 1 to 14 are effective August 1, 2023.

ARTICLE 11
FIREARMS BACKGROUND CHECKS

Section 1. Minnesota Statutes 2022, section 624.7131, subdivision 4, is amended to read:

Subd. 4. **Grounds for disqualification.** ~~A determination by~~ (a) The chief of police or sheriff ~~that~~ shall refuse to grant a transferee permit if the applicant is: (1) prohibited by ~~section 624.713~~ state or federal law from possessing a pistol or semiautomatic military-style assault weapon ~~shall be the only basis for refusal to grant a transferee permit~~; (2) determined to be a danger to self or the public when in possession of firearms under paragraph (b); or (3) listed in the criminal gang investigative data system under section 299C.091.

(b) A chief of police or sheriff shall refuse to grant a permit to a person if there exists a substantial likelihood that the applicant is a danger to self or the public when in possession of a firearm. To deny the application pursuant to paragraph (a), clause (2), the chief of police or sheriff must provide the applicant with written notification and the specific factual basis justifying the denial, including the source of the factual basis. The chief of police or sheriff must inform the applicant of the applicant's right to submit, within 20 business days, any additional documentation relating to the propriety of the denial. Upon receiving any additional documentation, the chief of police or sheriff must reconsider the denial and inform the applicant within 15 business days of the result of the reconsideration. Any denial after reconsideration must be in the same form and substance as the original denial and must specifically address any continued deficiencies in light of the additional documentation submitted by the applicant. The applicant must be informed of the right to seek de novo review of the denial as provided in subdivision 8.

(c) A person is not eligible to submit a permit application under this section if the person has had an application denied pursuant to paragraph (b) and less than six months have elapsed since the denial was issued or the person's appeal under subdivision 8 was denied, whichever is later.

(d) A chief of police or sheriff who denies a permit application pursuant to paragraph (b) must provide a copy of the notice of disqualification to the chief of police or sheriff with joint jurisdiction over the proposed transferee's residence.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 2. Minnesota Statutes 2022, section 624.7131, subdivision 5, is amended to read:

Subd. 5. **Granting of permits.** (a) The chief of police or sheriff shall issue a transferee permit or deny the application within ~~seven~~ 30 days of application for the permit.

(b) In the case of a denial, the chief of police or sheriff shall provide an applicant with written notification of a denial and the specific reason for the denial.

(c) The permits and their renewal shall be granted free of charge.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 3. Minnesota Statutes 2022, section 624.7131, subdivision 7, is amended to read:

Subd. 7. **Permit voided; revocation.** (a) The transferee permit shall be void at the time that the holder becomes prohibited from possessing or receiving a pistol under section 624.713, in which event the holder shall return the permit within five days to the issuing authority. If the chief law enforcement officer who issued the permit has knowledge that the permit holder is ineligible to possess firearms, the chief law enforcement officer must revoke the permit and give notice to the holder in writing. Failure of the holder to return the permit within the five days of learning that the permit is void or revoked is a gross misdemeanor unless the court finds that the circumstances or the physical or mental condition of the permit holder prevented the holder from complying with the return requirement.

(b) When a permit holder receives a court disposition that prohibits the permit holder from possessing a firearm, the court must take possession of the permit, if it is available, and send it to the issuing law enforcement agency. If the permit holder does not have the permit when the court imposes a firearm prohibition, the permit holder must surrender the permit to the assigned probation officer, if applicable. When a probation officer is assigned upon disposition of the case, the court shall inform the probation agent of the permit holder's obligation to surrender the permit. Upon surrender, the probation officer must send the permit to the issuing law enforcement agency. If a probation officer is not assigned to the permit holder, the holder shall surrender the permit as provided in paragraph (a).

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 4. Minnesota Statutes 2022, section 624.7131, subdivision 8, is amended to read:

Subd. 8. **Hearing upon denial.** (a) Any person aggrieved by denial of a transferee permit may appeal ~~the denial to the district court having jurisdiction over the county or municipality in which the denial occurred.~~ by petition to the district court having jurisdiction over the county or municipality where the application was submitted. The petition must list the applicable chief of police or sheriff as the respondent. The district court must hold a hearing at the earliest practicable date and in any event no later than 60 days following the filing of the petition for review. The court may not grant or deny any relief before the completion of the hearing. The record of the hearing must be sealed. The matter must be heard de novo without a jury.

(b) The court must issue written findings of fact and conclusions of law regarding the issues submitted by the parties. The court must issue its writ of mandamus directing that the permit be issued and order other appropriate relief unless the chief of police or sheriff establishes by clear and convincing evidence that:

(1) the applicant is disqualified from possessing a firearm under state or federal law;

(2) there exists a substantial likelihood that the applicant is a danger to self or the public when in possession of a firearm. Incidents of alleged criminal misconduct that are not investigated and documented may not be considered; or

(3) the applicant is listed in the criminal gang investigative data system under section 299C.091.

(c) If an application is denied because the proposed transferee is listed in the criminal gang investigative data system under section 299C.091, the applicant may challenge the denial, after disclosure under court supervision of the reason for that listing, based on grounds that the person:

(1) was erroneously identified as a person in the data system;

(2) was improperly included in the data system according to the criteria outlined in section 299C.091, subdivision 2, paragraph (b); or

(3) has demonstrably withdrawn from the activities and associations that led to inclusion in the data system.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 5. Minnesota Statutes 2022, section 624.7131, subdivision 9, is amended to read:

Subd. 9. **Permit to carry.** A valid permit to carry issued pursuant to section 624.714 constitutes a transferee permit for the purposes of this section and ~~section~~ sections 624.7132 and 624.7134.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 6. Minnesota Statutes 2022, section 624.7131, subdivision 11, is amended to read:

Subd. 11. **Penalty.** A person who makes a false statement in order to obtain a transferee permit knowing or having reason to know the statement is false is guilty of a ~~gross misdemeanor~~ felony.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 7. Minnesota Statutes 2022, section 624.7132, subdivision 4, is amended to read:

Subd. 4. **Delivery.** Except as otherwise provided in subdivision 7 or 8, no person shall deliver a pistol or semiautomatic military-style assault weapon to a proposed transferee until ~~five business~~ 30 days after the date the agreement to transfer is delivered to a chief of police or sheriff in accordance with subdivision 1 unless the chief of police or sheriff waives all or a portion of the ~~seven-day~~ waiting period. The chief of police or sheriff may waive all or a portion of the ~~five-business-day~~ waiting period in writing if the chief of police or sheriff: (1) determines the proposed transferee is not disqualified prior to the waiting period concluding; or (2) finds that the transferee requires access to a pistol or semiautomatic military-style assault weapon because of a threat to the life of the transferee or of any member of the household of the transferee. Prior to modifying the waiting period under the authority granted in clause (2), the chief of police or sheriff must first determine that the proposed transferee is not prohibited from possessing a firearm under state or federal law.

No person shall deliver a ~~pistol or semiautomatic military-style assault weapon~~ firearm to a proposed transferee after receiving a written notification that the chief of police or sheriff has determined that the proposed transferee is prohibited by section 624.713 from possessing a ~~pistol or semiautomatic military-style assault weapon~~ firearm.

If the transferor makes a report of transfer and receives no written notification of disqualification of the proposed transferee within ~~five~~ 30 business days after delivery of the agreement to transfer, the ~~pistol or semiautomatic military-style assault weapon~~ firearm may be delivered to the transferee, unless the transferor knows the transferee is ineligible to possess firearms.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 8. Minnesota Statutes 2022, section 624.7132, subdivision 5, is amended to read:

Subd. 5. **Grounds for disqualification.** ~~A determination by~~ (a) The chief of police or sheriff ~~that~~ shall deny an application if the proposed transferee is: (1) prohibited by ~~section 624.713~~ state or federal law from possessing a pistol or semiautomatic military-style assault weapon ~~shall be the sole basis for a notification of disqualification under this section~~; (2) determined to be a danger to self or the public when in possession of firearms under paragraph (b); or (3) listed in the criminal gang investigative data system under section 299C.091.

(b) A chief of police or sheriff shall deny an application if there exists a substantial likelihood that the proposed transferee is a danger to self or the public when in possession of a firearm. To deny the application under this paragraph, the chief of police or sheriff must provide the applicant with written notification and the specific factual basis justifying the denial, including the source of the factual basis. The chief of police or sheriff must inform the applicant of the applicant's right to submit, within 20 business days, any additional documentation relating to the propriety of the denial. Upon receiving any additional documentation, the chief of police or sheriff must reconsider the denial and inform the applicant within 15 business days of the result of the reconsideration. Any denial after reconsideration must be in the same form and substance as the original denial and must specifically address any continued deficiencies in light of the additional documentation submitted by the applicant. The applicant must be informed of the right to seek de novo review of the denial as provided in subdivision 13.

(c) A chief of police or sheriff need not process an application under this section if the person has had an application denied pursuant to paragraph (b) and less than six months have elapsed since the denial was issued or the person's appeal under subdivision 13 was denied, whichever is later.

(d) A chief of police or sheriff who denies an application pursuant to paragraph (b) must provide a copy of the notice of disqualification to the chief of police or sheriff with joint jurisdiction over the applicant's residence.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 9. Minnesota Statutes 2022, section 624.7132, subdivision 8, is amended to read:

Subd. 8. **Report not required.** If the proposed transferee presents ~~a valid transferee permit issued under section 624.7131 or~~ a valid permit to carry issued under section 624.714, the transferor need not file a transfer report.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 10. Minnesota Statutes 2022, section 624.7132, subdivision 10, is amended to read:

Subd. 10. **Restriction on records.** Except as provided in section 624.7134, subdivision 3, paragraph (e), if, after a determination that the transferee is not a person prohibited by section 624.713 from possessing a pistol or semiautomatic military-style assault weapon, a transferee requests that no record be maintained of the fact of who is the transferee of a pistol or semiautomatic military-style assault weapon, the chief of police or sheriff shall sign the

transfer report and return it to the transferee as soon as possible. Thereafter, no government employee or agency shall maintain a record of the transfer that identifies the transferee, and the transferee shall retain the report of transfer.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 11. Minnesota Statutes 2022, section 624.7132, subdivision 13, is amended to read:

Subd. 13. **Appeal.** (a) A person aggrieved by the determination of a chief of police or sheriff ~~that the person is prohibited by section 624.713 from possessing a pistol or semiautomatic military-style assault weapon may appeal the determination as provided in this subdivision. The district court shall have jurisdiction of proceedings under this subdivision.~~ under subdivision 5 may appeal by petition to the district court having jurisdiction over the county or municipality where the application was submitted. The petition must list the applicable chief of police or sheriff as the respondent. The district court must hold a hearing at the earliest practicable date and in any event no later than 60 days following the filing of the petition for review. The court may not grant or deny any relief before the completion of the hearing. The record of the hearing must be sealed. The matter must be heard de novo without a jury.

~~On review pursuant to this subdivision, the court shall be limited to a determination of whether the proposed transferee is a person prohibited from possessing a pistol or semiautomatic military-style assault weapon by section 624.713.~~

(b) The court must issue written findings of fact and conclusions of law regarding the issues submitted by the parties. The court must issue its writ of mandamus directing that the permit be issued and order other appropriate relief unless the chief of police or sheriff establishes by clear and convincing evidence that:

(1) the applicant is disqualified under state or federal law from possession of firearms;

(2) there exists a substantial likelihood that the applicant is a danger to self or the public when in possession of a firearm. Incidents of alleged criminal misconduct that are not investigated and documented may not be considered; or

(3) the applicant is listed in the criminal gang investigative data system under section 299C.091.

(c) If an application is denied because the proposed transferee is listed in the criminal gang investigative data system under section 299C.091, the proposed transferee may challenge the denial, after disclosure under court supervision of the reason for that listing, based on grounds that the person:

(1) was erroneously identified as a person in the data system;

(2) was improperly included in the data system according to the criteria outlined in section 299C.091, subdivision 2, paragraph (b); or

(3) has demonstrably withdrawn from the activities and associations that led to inclusion in the data system.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 12. **[624.7134] PRIVATE PARTY TRANSFERS; BACKGROUND CHECK REQUIRED.**

Subdivision 1. **Definitions.** (a) As used in this section, the following terms have the meanings provided in this subdivision.

(b) "Firearms dealer" means a person who is licensed by the United States Department of Justice, Bureau of Alcohol, Tobacco, Firearms and Explosives, under United States Code, title 18, section 923(a).

(c) "State or federally issued identification" means a document or card made or issued by or under the authority of the United States government or the state that contains the person's name, residence address, date of birth, and photograph and is of a type commonly accepted for the purpose of identification of individuals.

(d) "Unlicensed person" means a person who does not hold a license under United States Code, title 18, section 923(a).

Subd. 2. **Background check and evidence of identity.** An unlicensed person is prohibited from transferring a pistol or semiautomatic military-style assault weapon to any other unlicensed person, unless: (1) the transfer is made through a firearms dealer as provided for in subdivision 3; or (2) the transferee presents a valid transferee permit issued under section 624.7131 and a current state or federally issued identification.

Subd. 3. **Background check conducted by federally licensed firearms dealer.** (a) Where both parties to a prospective transfer of a pistol or semiautomatic military-style assault weapon are unlicensed persons, the transferor and transferee may appear jointly before a federally licensed firearms dealer with the firearm and request that the federally licensed firearms dealer conduct a background check on the transferee and facilitate the transfer.

(b) Except as otherwise provided in this section, a federally licensed firearms dealer who agrees to facilitate a transfer under this section shall:

(1) process the transfer as though transferring the firearm from the dealer's inventory to the transferee; and

(2) comply with all requirements of federal and state law that would apply if the firearms dealer were making the transfer, including, at a minimum, all background checks and record-keeping requirements. The exception to the report of transfer process in section 624.7132, subdivision 12, clause (1), does not apply to transfers completed under this subdivision.

(c) If the transferee is prohibited by federal law from purchasing or possessing the firearm or not entitled under state law to possess the firearm, neither the federally licensed firearms dealer nor the transferor shall transfer the firearm to the transferee.

(d) Notwithstanding any other law to the contrary, this section shall not prevent the transferor from:

(1) removing the firearm from the premises of the federally licensed firearms dealer, or the gun show or event where the federally licensed firearms dealer is conducting business, as applicable, while the background check is being conducted, provided that the transferor must return to the federally licensed firearms dealer with the transferee before the transfer takes place, and the federally licensed firearms dealer must take possession of the firearm in order to complete the transfer; and

(2) removing the firearm from the business premises of the federally licensed firearms dealer if the results of the background check indicate the transferee is prohibited by federal law from purchasing or possessing the firearm or not entitled under state law to possess the firearm.

(e) A transferee who consents to participate in a transfer under this subdivision is not entitled to have the transfer report returned as provided for in section 624.7132, subdivision 10.

(f) A firearms dealer may charge a reasonable fee for conducting a background check and facilitating a transfer between the transferor and transferee pursuant to this section.

Subd. 4. **Record of transfer; required information.** (a) Unless a transfer is made through a firearms dealer as provided in subdivision 3, when two unlicensed persons complete the transfer of a pistol or semiautomatic military-style assault weapon, the transferor and transferee must complete a record of transfer on a form designed and made publicly available without fee for this purpose by the superintendent of the Bureau of Criminal Apprehension. Each page of the record of transfer must be signed and dated by the transferor and the transferee and contain the serial number of the pistol or semiautomatic military-style assault weapon.

(b) The record of transfer must contain the following information:

(1) a clear copy of each person's current state or federally issued identification;

(2) a clear copy of the transferee permit presented by the transferee; and

(3) a signed statement by the transferee swearing that the transferee is not currently prohibited by state or federal law from possessing a firearm.

(c) The record of transfer must also contain the following information regarding the transferred pistol or semiautomatic military-style assault weapon:

(1) the type of pistol or semiautomatic military-style assault weapon;

(2) the manufacturer, make, and model of the pistol or semiautomatic military-style assault weapon; and

(3) the pistol or semiautomatic military-style assault weapon's manufacturer-assigned serial number.

(d) Both the transferor and the transferee must retain a copy of the record of transfer and any attachments to the record of transfer for 20 years from the date of the transfer. A copy in digital form shall be acceptable for the purposes of this paragraph.

Subd. 5. **Compulsory production of a record of transfer; gross misdemeanor penalty.** (a) Unless a transfer was completed under subdivision 3, the transferor and transferee of a pistol or semiautomatic military-style assault weapon transferred under subdivision 4 must produce the record of transfer when a peace officer requests the record as part of a criminal investigation.

(b) A person who refuses or is unable to produce a record of transfer for a firearm transferred under this section in response to a request for production made by a peace officer pursuant to paragraph (a) is guilty of a gross misdemeanor. A prosecution or conviction for violation of this subdivision is not a bar to conviction of, or punishment for, any other crime committed involving the transferred firearm.

Subd. 6. **Immunity.** A person is immune to a charge of violating this section if the person presents a record of transfer that satisfies the requirements of subdivision 4.

Subd. 7. **Exclusions.** (a) This section shall not apply to the following transfers:

(1) a transfer by or to a federally licensed firearms dealer;

(2) a transfer by or to any law enforcement agency;

(3) to the extent the transferee is acting within the course and scope of employment and official duties, a transfer to:

(i) a peace officer, as defined in section 626.84, subdivision 1, paragraph (c);

(ii) a member of the United States armed forces, the National Guard, or the Reserves of the United States armed forces;

(iii) a federal law enforcement officer; or

(iv) a security guard employed by a protective agent licensed pursuant to chapter 326;

(4) a transfer between immediate family members, which for the purposes of this section means spouses, domestic partners, parents, children, siblings, grandparents, and grandchildren;

(5) a transfer to an executor, administrator, trustee, or personal representative of an estate or a trust that occurs by operation of law upon the death of the former owner of the firearm;

(6) a transfer of an antique firearm as defined in section 624.712, subdivision 3;

(7) a transfer of a curio or relic, as defined in Code of Federal Regulations, title 27, section 478.11, if the transfer is between collectors of firearms as curios or relics as defined by United States Code, title 18, section 921(a)(13), who each have in their possession a valid collector of curio and relics license issued by the United States Department of Justice, Bureau of Alcohol, Tobacco, Firearms and Explosives;

(8) the temporary transfer of a firearm if:

(i) the transfer is necessary to prevent imminent death or great bodily harm; and

(ii) the person's possession lasts only as long as immediately necessary to prevent such imminent death or great bodily harm;

(9) transfers by or to an auctioneer who is in compliance with chapter 330 and acting in the person's official role as an auctioneer to facilitate or conduct an auction of the firearm; and

(10) a temporary transfer if the transferee's possession of the firearm following the transfer is only:

(i) at a shooting range that operates in compliance with the performance standards under chapter 87A or is a nonconforming use under section 87A.03, subdivision 2, or, if compliance is not required by the governing body of the jurisdiction, at an established shooting range operated consistently with local law in the jurisdiction;

(ii) at a lawfully organized competition involving the use of a firearm, or while participating in or practicing for a performance by an organized group that uses firearms as part of the performance;

(iii) while hunting or trapping if the hunting or trapping is legal in all places where the transferee possesses the firearm and the transferee holds all licenses or permits required for hunting or trapping;

(iv) at a lawfully organized educational or instructional course and under the direct supervision of a certified instructor, as that term is defined in section 624.714, subdivision 2a, paragraph (d); or

(v) while in the actual presence of the transferor.

(b) A transfer under this subdivision is permitted only if the transferor has no reason to believe:

(1) that the transferee is prohibited by federal law from buying or possessing firearms or not entitled under state law to possess firearms;

(2) if the transferee is under 18 years of age and is receiving the firearm under direct supervision and control of an adult, that the adult is prohibited by federal law from buying or possessing firearms or not entitled under state law to possess firearms; or

(3) that the transferee will use or intends to use the firearm in the commission of a crime.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 13. **REPEALER.**

Minnesota Statutes 2022, sections 624.7131, subdivision 10; and 624.7132, subdivisions 6 and 14, are repealed.

ARTICLE 12
EXTREME RISK PROTECTION ORDERS

Section 1. Minnesota Statutes 2022, section 624.713, subdivision 1, is amended to read:

Subdivision 1. **Ineligible persons.** The following persons shall not be entitled to possess ammunition or a pistol or semiautomatic military-style assault weapon or, except for clause (1), any other firearm:

(1) a person under the age of 18 years except that a person under 18 may possess ammunition designed for use in a firearm that the person may lawfully possess and may carry or possess a pistol or semiautomatic military-style assault weapon (i) in the actual presence or under the direct supervision of the person's parent or guardian, (ii) for the purpose of military drill under the auspices of a legally recognized military organization and under competent supervision, (iii) for the purpose of instruction, competition, or target practice on a firing range approved by the chief of police or county sheriff in whose jurisdiction the range is located and under direct supervision; or (iv) if the person has successfully completed a course designed to teach marksmanship and safety with a pistol or semiautomatic military-style assault weapon and approved by the commissioner of natural resources;

(2) except as otherwise provided in clause (9), a person who has been convicted of, or adjudicated delinquent or convicted as an extended jurisdiction juvenile for committing, in this state or elsewhere, a crime of violence. For purposes of this section, crime of violence includes crimes in other states or jurisdictions which would have been crimes of violence as herein defined if they had been committed in this state;

(3) a person who is or has ever been committed in Minnesota or elsewhere by a judicial determination that the person is mentally ill, developmentally disabled, or mentally ill and dangerous to the public, as defined in section 253B.02, to a treatment facility, or who has ever been found incompetent to stand trial or not guilty by reason of mental illness, unless the person's ability to possess a firearm and ammunition has been restored under subdivision 4;

(4) a person who has been convicted in Minnesota or elsewhere of a misdemeanor or gross misdemeanor violation of chapter 152, unless three years have elapsed since the date of conviction and, during that time, the person has not been convicted of any other such violation of chapter 152 or a similar law of another state; or a person who is or has ever been committed by a judicial determination for treatment for the habitual use of a controlled substance or marijuana, as defined in sections 152.01 and 152.02, unless the person's ability to possess a firearm and ammunition has been restored under subdivision 4;

(5) a person who has been committed to a treatment facility in Minnesota or elsewhere by a judicial determination that the person is chemically dependent as defined in section 253B.02, unless the person has completed treatment or the person's ability to possess a firearm and ammunition has been restored under subdivision 4. Property rights may not be abated but access may be restricted by the courts;

(6) a peace officer who is informally admitted to a treatment facility pursuant to section 253B.04 for chemical dependency, unless the officer possesses a certificate from the head of the treatment facility discharging or provisionally discharging the officer from the treatment facility. Property rights may not be abated but access may be restricted by the courts;

(7) a person, including a person under the jurisdiction of the juvenile court, who has been charged with committing a crime of violence and has been placed in a pretrial diversion program by the court before disposition, until the person has completed the diversion program and the charge of committing the crime of violence has been dismissed;

(8) except as otherwise provided in clause (9), a person who has been convicted in another state of committing an offense similar to the offense described in section 609.224, subdivision 3, against a family or household member or section 609.2242, subdivision 3, unless three years have elapsed since the date of conviction and, during that time, the person has not been convicted of any other violation of section 609.224, subdivision 3, or 609.2242, subdivision 3, or a similar law of another state;

(9) a person who has been convicted in this state or elsewhere of assaulting a family or household member and who was found by the court to have used a firearm in any way during commission of the assault is prohibited from possessing any type of firearm or ammunition for the period determined by the sentencing court;

(10) a person who:

(i) has been convicted in any court of a crime punishable by imprisonment for a term exceeding one year;

(ii) is a fugitive from justice as a result of having fled from any state to avoid prosecution for a crime or to avoid giving testimony in any criminal proceeding;

(iii) is an unlawful user of any controlled substance as defined in chapter 152;

(iv) has been judicially committed to a treatment facility in Minnesota or elsewhere as a person who is mentally ill, developmentally disabled, or mentally ill and dangerous to the public, as defined in section 253B.02;

(v) is an alien who is illegally or unlawfully in the United States;

(vi) has been discharged from the armed forces of the United States under dishonorable conditions;

(vii) has renounced the person's citizenship having been a citizen of the United States; or

(viii) is disqualified from possessing a firearm under United States Code, title 18, section 922(g)(8) or (9), as amended through March 1, 2014;

(11) a person who has been convicted of the following offenses at the gross misdemeanor level, unless three years have elapsed since the date of conviction and, during that time, the person has not been convicted of any other violation of these sections: section 609.229 (crimes committed for the benefit of a gang); 609.2231, subdivision 4 (assaults motivated by bias); 609.255 (false imprisonment); 609.378 (neglect or endangerment of a child); 609.582, subdivision 4 (burglary in the fourth degree); 609.665 (setting a spring gun); 609.71 (riot); or 609.749 (harassment or stalking). For purposes of this paragraph, the specified gross misdemeanor convictions include crimes committed in other states or jurisdictions which would have been gross misdemeanors if conviction occurred in this state;

(12) a person who has been convicted of a violation of section 609.224 if the court determined that the assault was against a family or household member in accordance with section 609.2242, subdivision 3 (domestic assault), unless three years have elapsed since the date of conviction and, during that time, the person has not been convicted of another violation of section 609.224 or a violation of a section listed in clause (11); ~~or~~

(13) a person who is subject to an order for protection as described in section 260C.201, subdivision 3, paragraph (d), or 518B.01, subdivision 6, paragraph (g); or

(14) a person who is subject to an extreme risk protection order as described in section 624.7172 or 624.7174.

A person who issues a certificate pursuant to this section in good faith is not liable for damages resulting or arising from the actions or misconduct with a firearm or ammunition committed by the individual who is the subject of the certificate.

The prohibition in this subdivision relating to the possession of firearms other than pistols and semiautomatic military-style assault weapons does not apply retroactively to persons who are prohibited from possessing a pistol or semiautomatic military-style assault weapon under this subdivision before August 1, 1994.

The lifetime prohibition on possessing, receiving, shipping, or transporting firearms and ammunition for persons convicted or adjudicated delinquent of a crime of violence in clause (2), applies only to offenders who are discharged from sentence or court supervision for a crime of violence on or after August 1, 1993.

For purposes of this section, "judicial determination" means a court proceeding pursuant to sections 253B.07 to 253B.09 or a comparable law from another state.

Sec. 2. **[624.7171] EXTREME RISK PROTECTION ORDERS.**

Subdivision 1. **Definitions.** (a) As used in sections 624.7171 to 624.7178, the following terms have the meanings given.

(b) "Family or household members" means:

(1) spouses and former spouses of the respondent;

(2) parents and children of the respondent;

(3) persons who are presently residing with the respondent; or

(4) a person involved in a significant romantic or sexual relationship with the respondent.

In determining whether persons are in a significant romantic or sexual relationship under clause (4), the court shall consider the length of time of the relationship; type of relationship; and frequency of interaction between the parties.

(c) "Firearm" has the meaning given in section 609.666, subdivision 1, paragraph (a).

(d) "Mental health professional" has the meaning given in section 245I.02, subdivision 27.

Subd. 2. **Court jurisdiction.** (a) An application for relief under sections 624.7172 and 624.7174 may be filed in the county of residence of the respondent except as provided for in paragraph (b). Actions under sections 624.7172 and 624.7174 shall be given docket priorities by the court.

(b) At the time of filing, a petitioner may request that the court allow the petitioner to appear virtually at all proceedings. If the court denies the petitioner's request for virtual participation, the petitioner may refile the petition in the county where the petitioner resides or is officed.

Subd. 3. **Information on petitioner's location or residence.** Upon the petitioner's request, information maintained by the court regarding the petitioner's location or residence is not accessible to the public and may be disclosed only to court personnel or law enforcement for purposes of service of process, conducting an investigation, or enforcing an order.

Subd. 4. **Generally.** (a) There shall exist an action known as a petition for an extreme risk protection order, which order shall enjoin and prohibit the respondent from possessing or purchasing firearms for as long as the order remains in effect.

(b) A petition for relief under sections 624.7171 to 624.7178 may be made by the chief law enforcement officer, the chief law enforcement officer's designee, a city or county attorney, any family or household members of the respondent, or a guardian, as defined in section 524.1-201, clause (27), of the respondent.

(c) A petition for relief shall allege that the respondent poses a significant danger of bodily harm to other persons or is at significant risk of suicide by possessing a firearm. The petition shall be accompanied by an affidavit made under oath stating specific facts and circumstances forming a basis to allege that an extreme risk protection order should be granted. The affidavit may include but is not limited to evidence showing any of the factors described in section 624.7172, subdivision 2.

(d) A petition for emergency relief under section 624.7174 shall additionally allege that the respondent presents an immediate and present danger of either bodily harm to others or of taking their life.

(e) A petition for relief must describe, to the best of the petitioner's knowledge, the types and location of any firearms believed by the petitioner to be possessed by the respondent.

(f) The court shall provide simplified forms and clerical assistance to help with the writing and filing of a petition under this section.

(g) The state court administrator shall create all forms necessary under sections 624.7171 to 624.7178.

(h) The filing fees for an extreme risk protection order under this section are waived for the petitioner and respondent. The court administrator, the sheriff of any county in this state, and other law enforcement and corrections officers shall perform their duties relating to service of process without charge to the petitioner. The court shall direct payment of the reasonable costs of service of process if served by a private process server when the sheriff or other law enforcement or corrections officer is unavailable or if service is made by publication, without requiring the petitioner to make application under section 563.01.

(i) The court shall advise the petitioner of the right to serve the respondent by alternate notice under section 624.7172, subdivision 1, paragraph (e), if the respondent is avoiding personal service by concealment or otherwise, and shall assist in the writing and filing of the affidavit.

(j) The court shall advise the petitioner of the right to request a hearing under section 624.7174. If the petitioner does not request a hearing, the court shall advise the petitioner that the respondent may request a hearing and that notice of the hearing date and time will be provided to the petitioner by mail at least five days before the hearing.

(k) Any proceeding under sections 624.7171 to 624.7178 shall be in addition to other civil or criminal remedies.

(l) All health records and other health information provided in a petition or considered as evidence in a proceeding under sections 624.7171 to 624.7178 shall be protected from public disclosure but may be provided to law enforcement agencies as described in this section.

(m) Any extreme risk protection order or subsequent extension issued under sections 624.7171 to 624.7178 shall be forwarded by the court administrator within 24 hours to the local law enforcement agency with jurisdiction over the residence of the respondent and electronically transmitted within three business days to the National Instant Criminal Background Check System. When an order expires or is terminated by the court, the court must submit a request that the order be removed from the National Instant Background Check System. Each appropriate law enforcement agency shall make available to other law enforcement officers, through a system for verification, information as to the existence and status of any extreme risk protection order issued under sections 624.7171 to 624.7178.

Subd. 5. **Mental health professionals.** When a mental health professional has a statutory duty to warn another of a client's serious threat of physically violent behavior or determines that a client presents a significant risk of suicide by possessing a firearm, the mental health professional must communicate the threat or risk to the sheriff of the county where the client resides and make a recommendation to the sheriff regarding the client's fitness to possess firearms.

Sec. 3. **[624.7172] EXTREME RISK PROTECTION ORDERS ISSUED AFTER HEARING.**

Subdivision 1. **Hearing.** (a) Upon receipt of the petition for an order after a hearing, the court must schedule and hold a hearing within 14 days from the date the petition was received.

(b) The court shall advise the petitioner of the right to request an emergency extreme risk protection order under section 624.7174 separately from or simultaneously with the petition under this subdivision.

(c) The petitioning agency shall be responsible for service of an extreme risk protection order issued by the court and shall further be the agency responsible for the execution of any legal process required for the seizure and storage of firearms subject to the order. Nothing in this provision limits the ability of the law enforcement agency of record from cooperating with other law enforcement entities. When a court issues an extreme risk protection order for a person who resides on Tribal territory, the chief law enforcement officer of the law enforcement agency responsible for serving the order must request the assistance and counsel of the appropriate Tribal police department prior to serving the respondent. When the petitioner is a family or household member of the respondent, the primary law enforcement agency serving the jurisdiction of residency of the respondent shall be responsible for the execution of any legal process required for the seizure and storage of firearms subject to the order.

(d) Personal service of notice for the hearing may be made upon the respondent at any time up to 48 hours prior to the time set for the hearing, provided that the respondent at the hearing may request a continuance of up to 14 days if the respondent is served less than five days prior to the hearing, which continuance shall be granted unless there are compelling reasons not to do so. If the court grants the requested continuance, and an existing emergency order under section 624.7174 will expire due to the continuance, the court shall also issue a written order continuing the emergency order pending the new time set for the hearing.

(e) If personal service cannot be made, the court may order service of the petition and any order issued under this section by alternate means. The application for alternate service must include the last known location of the respondent; the petitioner's most recent contacts with the respondent; the last known location of the respondent's employment; the names and locations of the respondent's parents, siblings, children, and other close relatives; the names and locations of other persons who are likely to know the respondent's whereabouts; and a description of efforts to locate those persons. The court shall consider the length of time the respondent's location has been unknown, the likelihood that the respondent's location will become known, the nature of the relief sought, and the nature of efforts made to locate the respondent. The court shall order service by first class mail, forwarding address requested, to any addresses where there is a reasonable possibility that mail or information will be forwarded or communicated to the respondent. The court may also order publication, within or without the state, but only if it might reasonably succeed in notifying the respondent of the proceeding. Service shall be deemed complete 14 days after mailing or 14 days after court-ordered publication.

(f) When a petitioner who is not the sheriff of the county where the respondent resides, the sheriff's designee, or a family or household member files a petition, the petitioner must provide notice of the action to the sheriff of the county where the respondent resides. When a family or household member is the petitioner, the court must provide notice of the action to the sheriff of the county where the respondent resides.

Subd. 2. **Relief by court.** (a) At the hearing, the petitioner must prove by clear and convincing evidence that the respondent poses a significant danger to other persons or is at significant risk of suicide by possessing a firearm.

(b) In determining whether to grant the order after a hearing, the court shall consider evidence of the following, whether or not the petitioner has provided evidence of the same:

(1) a history of threats or acts of violence by the respondent directed toward another person;

(2) the history of use, attempted use, or threatened use of physical force by the respondent against another person;

(3) a violation of any court order, including but not limited to orders issued under sections 624.7171 to 624.7178 or chapter 260C or 518B;

(4) a prior arrest for a felony offense;

(5) a conviction or prior arrest for a violent misdemeanor offense, for a stalking offense under section 609.749, or for domestic assault under section 609.2242;

(6) a conviction for an offense of cruelty to animals under chapter 343;

(7) the unlawful and reckless use, display, or brandishing of a firearm by the respondent;

(8) suicide attempts by the respondent or a serious mental illness; and

(9) whether the respondent is named in an existing order in effect under sections 624.7171 to 624.7178 or chapter 260C or 518B, or party to a pending lawsuit, complaint, petition, or other action under sections 624.7171 to 624.7178 or chapter 518B.

(c) In determining whether to grant the order after a hearing, the court may:

(1) subpoena peace officers who have had contact with the respondent to provide written or sworn testimony regarding the officer's contacts with the respondent; and

(2) consider any other evidence that bears on whether the respondent poses a danger to others or is at risk of suicide.

(d) If the court finds there is clear and convincing evidence to issue an extreme risk protection order, the court shall issue the order prohibiting the person from possessing or purchasing a firearm for the duration of the order. The court shall inform the respondent that the respondent is prohibited from possessing or purchasing firearms and shall issue a transfer order under section 624.7175. The court shall also give notice to the county attorney's office, which may take action as it deems appropriate.

(e) The court shall determine the length of time the order is in effect, but may not set the length of time for less than six months or more than one year, subject to renewal or extension under section 624.7173.

(f) If there is no existing emergency order under section 624.7174 at the time an order is granted under this section, the court shall determine by clear and convincing evidence whether the respondent presents an immediate and present danger of bodily harm. If the court so determines, the transfer order shall include the provisions described in section 624.7175, paragraph (d).

(g) If, after a hearing, the court does not issue an order of protection, the court shall vacate any emergency extreme risk protection order currently in effect.

(h) A respondent may waive the respondent's right to contest the hearing and consent to the court's imposition of an extreme risk protection order. The court shall seal the petition filed under this section and section 624.7144 if a respondent who consents to imposition of an extreme risk protection order requests that the petition be sealed, unless the court finds that there is clear and convincing evidence that the interests of the public and public safety outweigh the disadvantages to the respondent of not sealing the petition. All extreme risk protection orders based on the respondent being a danger to others shall remain public. Extreme risk protection orders issued for respondents who are solely at risk of suicide shall not be public.

Sec. 4. **[624.7173] SUBSEQUENT EXTENSIONS AND TERMINATION.**

(a) Upon application by any party entitled to petition for an order under section 624.7172, and after notice to the respondent and a hearing, the court may extend the relief granted in an existing order granted after a hearing under section 624.7172. Application for an extension may be made any time within the three months before the expiration of the existing order. The court may extend the order if the court makes the same findings by clear and convincing evidence as required for granting of an initial order under section 624.7172, subdivision 2, paragraph (d). The minimum length of time of an extension is six months and the maximum length of time of an extension is one year. The court shall consider the same types of evidence as required for the initial order under section 624.7172, subdivision 2, paragraphs (b) and (c).

(b) Upon application by the respondent to an order issued under section 624.7172, the court may terminate an order after a hearing at which the respondent shall bear the burden of proving by clear and convincing evidence that the respondent does not pose a significant danger to other persons or is at significant risk of suicide by possessing a firearm. Application for termination may be made one time for each year an order is in effect. If an order has been issued for a period of six months, the respondent may apply for termination one time.

Sec. 5. **[624.7174] EMERGENCY ISSUANCE OF EXTREME RISK PROTECTION ORDER.**

(a) In determining whether to grant an emergency extreme risk protection order, the court shall consider evidence of all facts identified in section 624.7172, subdivision 2, paragraphs (b) and (c).

(b) The court shall advise the petitioner of the right to request an order after a hearing under section 624.7172 separately from or simultaneously with the petition.

(c) If the court finds there is probable cause that (1) the respondent poses a significant danger of bodily harm to other persons or is at significant risk of suicide by possessing a firearm, and (2) the respondent presents an immediate and present danger of either bodily harm to others or of taking their life, the court shall issue an ex parte emergency order prohibiting the respondent from possessing or purchasing a firearm for the duration of the order. The order shall inform the respondent that the respondent is prohibited from possessing or purchasing a firearm and shall issue a transfer order under section 624.7175, paragraph (d).

(d) A finding by the court that there is a basis for issuing an emergency extreme risk protection order constitutes a finding that sufficient reasons exist not to require notice under applicable court rules governing applications for ex parte relief.

(e) The emergency order shall have a fixed period of 14 days unless a hearing is set under section 624.7172 on an earlier date, in which case the order shall expire upon a judge's finding that no order is issued under section 624.7172.

(f) Except as provided in paragraph (g), the respondent shall be personally served immediately with a copy of the emergency order and a copy of the petition and, if a hearing is requested by the petitioner under section 624.7172, notice of the date set for the hearing. If the petitioner does not request a hearing under section 624.7172, an order served on a respondent under this section must include a notice advising the respondent of the right to request a hearing challenging the issuance of the emergency order, and must be accompanied by a form that can be used by the respondent to request a hearing.

(g) Service of the emergency order may be made by alternate service as provided under section 624.7172, subdivision 1, paragraph (e), provided that the petitioner files the affidavit required under that subdivision. If the petitioner does not request a hearing under section 624.7172, the petition mailed to the respondent's residence, if known, must be accompanied by the form for requesting a hearing described in paragraph (f).

Sec. 6. **[624.7175] TRANSFER OF FIREARMS.**

(a) Except as provided in paragraph (b), upon issuance of an extreme risk protection order, the court shall direct the respondent to transfer any firearms the person possesses as soon as reasonably practicable, but in no case later than 24 hours, to a federally licensed firearms dealer or a law enforcement agency. If the respondent elects to transfer the respondent's firearms to a law enforcement agency, the agency must accept the transfer. The transfer may be permanent or temporary. A temporary firearm transfer only entitles the receiving party to possess the firearm and does not transfer ownership or title. If the respondent makes a temporary transfer, a federally licensed firearms dealer or law enforcement agency may charge the respondent a reasonable fee to store the firearms and may establish policies for disposal of abandoned firearms, provided these policies require that the respondent be notified prior to disposal of abandoned firearms. If a respondent permanently transfers the respondent's firearms to a law enforcement agency, the agency is not required to compensate the respondent and may charge the respondent a reasonable processing fee.

(b) A person directed to transfer any firearms pursuant to paragraph (a) may transfer any antique firearm, as defined in United States Code, title 18, section 921, paragraph (a), clause (16), as amended, or a curio or relic as defined in Code of Federal Regulations, title 27, section 478.11, as amended, to a relative who does not live with the respondent after confirming that the relative may lawfully own or possess a firearm.

(c) The respondent must file proof of transfer as provided in this paragraph.

(1) A law enforcement agency or federally licensed firearms dealer accepting transfer of a firearm pursuant to this section shall provide proof of transfer to the respondent. The proof of transfer must specify whether the firearms were permanently or temporarily transferred and must include the name of the respondent, date of transfer, and the serial number, manufacturer, and model of all transferred firearms. If transfer is made to a federally licensed firearms dealer, the respondent shall, within two business days after being served with the order, file a copy of proof of transfer with the law enforcement agency and attest that all firearms owned or possessed at the time of the order have been transferred in accordance with this section and that the person currently does not possess any firearms. If the respondent claims not to own or possess firearms, the respondent shall file a declaration of nonpossession with the law enforcement agency attesting that, at the time of the order, the respondent neither owned nor possessed any firearms, and that the respondent currently neither owns nor possesses any firearms. If the transfer is made to a relative pursuant to paragraph (b), the relative must sign an affidavit under oath before a notary public either acknowledging that the respondent permanently transferred the respondent's antique firearms, curios, or relics to the relative or agreeing to temporarily store the respondent's antique firearms, curios, or relics until such time as the respondent is legally permitted to possess firearms. To the extent possible, the affidavit shall indicate the serial number, make, and model of all antique firearms, curios, or relics transferred by the respondent to the relative.

(2) The court shall seal affidavits, proofs of transfer, and declarations of nonpossession filed pursuant to this paragraph.

(d) If a court issues an emergency order under section 624.7174, or makes a finding of immediate and present danger under section 624.7172, subdivision 2, paragraph (f), and there is probable cause to believe the respondent possesses firearms, the court shall issue a search warrant to the local law enforcement agency to take possession of all firearms in the respondent's possession as soon as practicable. The chief law enforcement officer or the chief's designee shall notify the respondent of the option to voluntarily comply with the order by surrendering the respondent's firearms to law enforcement prior to execution of the search warrant. Only if the respondent refuses to voluntarily comply with the order to surrender the respondent's firearms shall the officer or officers tasked with serving the search warrant execute the warrant. The local law enforcement agency shall, upon written notice from the respondent, transfer the firearms to a federally licensed firearms dealer. Before a local law enforcement agency transfers a firearm under this paragraph, the agency shall require the federally licensed firearms dealer receiving the firearm to submit a proof of transfer that complies with the requirements for proofs of transfer established in paragraph (c). The agency shall file all proofs of transfer received by the court within two business days of the transfer. A federally licensed firearms dealer who accepts a firearm transfer pursuant to this paragraph shall comply with paragraphs (a) and (c) as if accepting transfer directly from the respondent. If the law enforcement agency does not receive written notice from the respondent within three business days, the agency may charge a reasonable fee to store the respondent's firearms. A law enforcement agency may establish policies for disposal of abandoned firearms, provided these policies require that the respondent be notified prior to disposal of abandoned firearms.

Sec. 7. **[624.7176] RETURN OF FIREARMS.**

Subdivision 1. **Law enforcement.** A local law enforcement agency that accepted temporary transfer of firearms under section 624.7175 shall return the firearms to the respondent after the expiration of the order, provided the respondent is not otherwise prohibited from possessing firearms under state or federal law.

Subd. 2. **Firearms dealer.** A federally licensed firearms dealer that accepted temporary transfer of firearms under section 624.7175 shall return the transferred firearms to the respondent upon request after the expiration of the order, provided the respondent is not otherwise prohibited from possessing firearms under state or federal law. A federally licensed firearms dealer returning firearms shall comply with state and federal law as though transferring a firearm from the dealer's own inventory.

Sec. 8. **[624.7177] OFFENSES.**

Subdivision 1. **False information or harassment.** A person who petitions for an extreme risk protection order under section 624.7172 or 624.7174, knowing any information in the petition to be materially false or with the intent to harass, abuse, or threaten, is guilty of a gross misdemeanor.

Subd. 2. **Violation of order.** A person who possesses a firearm and knows or should have known that the person is prohibited from doing so by an extreme risk protection order under section 624.7172 or 624.7174, or by an order of protection granted by a judge or referee pursuant to a substantially similar law of another state, is guilty of a misdemeanor and shall be prohibited from possessing firearms for a period of five years. Each extreme risk protection order granted under this chapter must contain a conspicuous notice to the respondent regarding the penalty for violation of the order.

Sec. 9. **[624.7178] LIABILITY PROTECTION.**

Subdivision 1. **Liability protection for petition.** A chief law enforcement officer, the chief law enforcement officer's designee, or a city or county attorney who, in good faith, decides not to petition for an extreme risk protection order or emergency extreme risk protection order shall be immune from criminal or civil liability.

Subd. 2. **Liability protection for storage of firearms.** A law enforcement agency shall be immune from civil or criminal liability for any damage or deterioration of firearms, ammunition, or weapons stored or transported pursuant to section 624.7175. This subdivision shall not apply if the damage or deterioration occurred as a result of recklessness, gross negligence, or intentional misconduct by the law enforcement agency.

Subd. 3. **Liability protection for harm following service of an order or execution of a search warrant.** A peace officer, law enforcement agency, and the state or a political subdivision by which a peace officer is employed has immunity from any liability, civil or criminal, for harm caused by a person who is the subject of an extreme risk protection order, a search warrant issued pursuant to section 624.7175, paragraph (d), or both, after service of the order or execution of the warrant, whichever comes first, if the peace officer acts in good faith in serving the order or executing the warrant.

Subd. 4. **Liability protection for mental health professionals.** A mental health professional who provides notice to the sheriff under section 624.7171, subdivision 5, is immune from monetary liability and no cause of action, or disciplinary action by the person's licensing board, may arise against the mental health professional for disclosure of confidences to the sheriff, for failure to disclose confidences to the sheriff, or for erroneous disclosure of confidences to the sheriff in a good faith effort to warn against or take precautions against a client's violent behavior or threat of suicide.

Sec. 10. **[626.8481] EXTREME RISK PROTECTION ORDER; DEVELOPMENT OF MODEL PROCEDURES.**

By December 1, 2023, the Peace Officer Standards and Training Board, after consulting with the National Alliance on Mental Illness Minnesota, the Minnesota County Attorneys Association, the Minnesota Sheriffs' Association, the Minnesota Chiefs of Police Association, and the Minnesota Police and Peace Officers Association, shall develop model procedures and standards for the storage of firearms transferred to law enforcement under section 624.7175.

Sec. 11. **FEDERAL BYRNE STATE CRISIS INTERVENTION PROGRAM.**

The Department of Public Safety is designated the state agency with the exclusive authority to apply for federal Byrne State Crisis Intervention Program grants.

Sec. 12. **EFFECTIVE DATE.**

Sections 1 to 9 are effective January 1, 2024, and apply to firearm permit background checks made on or after that date.

ARTICLE 13
CONTROLLED SUBSTANCES POLICY

Section 1. Minnesota Statutes 2022, section 121A.28, is amended to read:

121A.28 LAW ENFORCEMENT RECORDS.

A law enforcement agency shall provide notice of any drug incident occurring within the agency's jurisdiction, in which the agency has probable cause to believe a student violated section 152.021, 152.022, 152.023, 152.024, 152.025, 152.0262, 152.027, ~~152.092,~~ 152.097, or 340A.503, subdivision 1, 2, or 3. The notice shall be in writing and shall be provided, within two weeks after an incident occurs, to the chemical abuse preassessment team in the school where the student is enrolled.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 2. Minnesota Statutes 2022, section 151.01, is amended by adding a subdivision to read:

Subd. 43. **Syringe services provider.** "Syringe services provider" means a community-based public health program that offers cost-free comprehensive harm reduction services, which may include: providing sterile needles, syringes, and other injection equipment; making safe disposal containers for needles and syringes available; educating participants and others about overdose prevention, safer injection practices, and infectious disease prevention; providing blood-borne pathogen testing or referrals to blood-borne pathogen testing; offering referrals to substance use disorder treatment, including substance use disorder treatment with medications for opioid use disorder; and providing referrals to medical treatment and services, mental health programs and services, and other social services.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 3. Minnesota Statutes 2022, section 151.40, subdivision 1, is amended to read:

Subdivision 1. **Generally.** It is unlawful for any person to ~~possess, control,~~ manufacture~~,~~ or sell~~, furnish, dispense, or otherwise dispose of~~ hypodermic syringes or needles or any instrument or implement which can be adapted for subcutaneous injections, except for:

(1) the following persons when acting in the course of their practice or employment:

(i) licensed practitioners and their employees, agents, or delegates;

(ii) licensed pharmacies and their employees or agents;

(iii) licensed pharmacists;

(iv) registered nurses and licensed practical nurses;

(v) registered medical technologists;

(vi) medical interns and residents;

(vii) licensed drug wholesalers and their employees or agents;

(viii) licensed hospitals;

(ix) bona fide hospitals in which animals are treated;

(x) licensed nursing homes;

(xi) licensed morticians;

(xii) syringe and needle manufacturers and their dealers and agents;

(xiii) persons engaged in animal husbandry;

(xiv) clinical laboratories and their employees;

(xv) persons engaged in bona fide research or education or industrial use of hypodermic syringes and needles provided such persons cannot use hypodermic syringes and needles for the administration of drugs to human beings unless such drugs are prescribed, dispensed, and administered by a person lawfully authorized to do so; ~~and~~

(xvi) persons who administer drugs pursuant to an order or direction of a licensed practitioner; and

(xvii) syringe services providers and their employees and agents;

(2) a person who self-administers drugs pursuant to either the prescription or the direction of a practitioner, or a family member, caregiver, or other individual who is designated by such person to assist the person in obtaining and using needles and syringes for the administration of such drugs;

(3) a person who is disposing of hypodermic syringes and needles through an activity or program developed under section 325F.785; ~~or~~

(4) a person who sells~~, possesses,~~ or handles hypodermic syringes and needles pursuant to subdivision 2~~.~~; or

(5) a participant receiving services from a syringe services provider, who accesses or receives new syringes or needles from a syringe services provider or returns used syringes or needles to a syringe services provider.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 4. Minnesota Statutes 2022, section 151.40, subdivision 2, is amended to read:

Subd. 2. **Sales ~~of limited quantities~~ of clean needles and syringes.** (a) A registered pharmacy or a licensed pharmacist may sell, without the prescription or direction of a practitioner, unused hypodermic needles and syringes ~~in quantities of ten or fewer,~~ provided the pharmacy or pharmacist complies with all of the requirements of this subdivision.

(b) At any location where hypodermic needles and syringes are kept for retail sale under this subdivision, the needles and syringes shall be stored in a manner that makes them available only to authorized personnel and not openly available to customers.

(c) A registered pharmacy or licensed pharmacist that sells hypodermic needles or syringes under this subdivision may give the purchaser the materials developed by the commissioner of health under section 325F.785.

(d) A registered pharmacy or licensed pharmacist that sells hypodermic needles or syringes under this subdivision must certify to the commissioner of health participation in an activity, including but not limited to those developed under section 325F.785, that supports proper disposal of used hypodermic needles or syringes.

Sec. 5. Minnesota Statutes 2022, section 152.01, subdivision 12a, is amended to read:

Subd. 12a. **Park zone.** "Park zone" means an area designated as a public park by the federal government, the state, a local unit of government, a park district board, ~~or~~ a park and recreation board in a city of the first class, or a federally recognized Indian Tribe. "Park zone" includes the area within 300 feet or one city block, whichever distance is greater, of the park boundary.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 6. Minnesota Statutes 2022, section 152.01, subdivision 18, is amended to read:

Subd. 18. **Drug paraphernalia.** (a) Except as otherwise provided in paragraph (b), "drug paraphernalia" means all equipment, products, and materials of any kind, except those items used in conjunction with permitted uses of controlled substances under this chapter or the Uniform Controlled Substances Act, which are knowingly or intentionally used primarily in (1) manufacturing a controlled substance, (2) injecting, ingesting, inhaling, or otherwise introducing into the human body a controlled substance, or (3) ~~testing the strength, effectiveness, or purity of a controlled substance, or (4)~~ enhancing the effect of a controlled substance.

(b) "Drug paraphernalia" does not include the possession, manufacture, delivery, or sale of: (1) ~~hypodermic needles or syringes in accordance with section 151.40, subdivision 2~~ hypodermic syringes or needles or any instrument or implement which can be adapted for subcutaneous injections; or (2) products that detect the presence of fentanyl or a fentanyl analog in a controlled substance.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 7. Minnesota Statutes 2022, section 152.01, is amended by adding a subdivision to read:

Subd. 25. **Fentanyl.** As used in sections 152.021 to 152.025, "fentanyl" includes fentanyl, carfentanil, and any fentanyl analogs and fentanyl-related substances listed in section 152.02, subdivisions 2 and 3.

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

Sec. 8. Minnesota Statutes 2022, section 152.021, subdivision 1, is amended to read:

Subdivision 1. **Sale crimes.** A person is guilty of controlled substance crime in the first degree if:

(1) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of 17 grams or more containing cocaine or methamphetamine;

(2) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of ten grams or more containing cocaine or methamphetamine and:

(i) the person or an accomplice possesses on their person or within immediate reach, or uses, whether by brandishing, displaying, threatening with, or otherwise employing, a firearm; or

(ii) the offense involves two aggravating factors;

(3) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of ten grams or more, or 40 dosage units or more, containing heroin or fentanyl;

(4) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of 50 grams or more containing a narcotic drug other than cocaine, heroin, fentanyl, or methamphetamine;

(5) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of 50 grams or more containing amphetamine, phencyclidine, or hallucinogen or, if the controlled substance is packaged in dosage units, equaling 200 or more dosage units; or

(6) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of 25 kilograms or more containing marijuana or Tetrahydrocannabinols.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to crimes committed on or after that date.

Sec. 9. Minnesota Statutes 2022, section 152.021, subdivision 2, is amended to read:

Subd. 2. **Possession crimes.** (a) A person is guilty of a controlled substance crime in the first degree if:

(1) the person unlawfully possesses one or more mixtures of a total weight of 50 grams or more containing cocaine or methamphetamine;

(2) the person unlawfully possesses one or more mixtures of a total weight of 25 grams or more containing cocaine or methamphetamine and:

(i) the person or an accomplice possesses on their person or within immediate reach, or uses, whether by brandishing, displaying, threatening with, or otherwise employing, a firearm; or

(ii) the offense involves two aggravating factors;

(3) the person unlawfully possesses one or more mixtures of a total weight of 25 grams or more, or 100 dosage units or more, containing heroin or fentanyl;

(4) the person unlawfully possesses one or more mixtures of a total weight of 500 grams or more containing a narcotic drug other than cocaine, heroin, fentanyl, or methamphetamine;

(5) the person unlawfully possesses one or more mixtures of a total weight of 500 grams or more containing amphetamine, phencyclidine, or hallucinogen or, if the controlled substance is packaged in dosage units, equaling 500 or more dosage units; or

(6) the person unlawfully possesses one or more mixtures of a total weight of 50 kilograms or more containing marijuana or Tetrahydrocannabinols, or possesses 500 or more marijuana plants.

(b) For the purposes of this subdivision, the weight of fluid used in a water pipe may not be considered in measuring the weight of a mixture except in cases where the mixture contains four or more fluid ounces of fluid.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to crimes committed on or after that date.

Sec. 10. Minnesota Statutes 2022, section 152.022, subdivision 1, is amended to read:

Subdivision 1. **Sale crimes.** A person is guilty of controlled substance crime in the second degree if:

(1) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of ten grams or more containing a narcotic drug other than heroin or fentanyl;

(2) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of three grams or more containing cocaine or methamphetamine and:

(i) the person or an accomplice possesses on their person or within immediate reach, or uses, whether by brandishing, displaying, threatening with, or otherwise employing, a firearm; or

(ii) the offense involves three aggravating factors;

(3) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of three grams or more, or 12 dosage units or more, containing heroin or fentanyl;

(4) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of ten grams or more containing amphetamine, phencyclidine, or hallucinogen or, if the controlled substance is packaged in dosage units, equaling 50 or more dosage units;

(5) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of ten kilograms or more containing marijuana or Tetrahydrocannabinols;

(6) the person unlawfully sells any amount of a Schedule I or II narcotic drug to a person under the age of 18, or conspires with or employs a person under the age of 18 to unlawfully sell the substance; or

(7) the person unlawfully sells any of the following in a school zone, a park zone, a public housing zone, or a drug treatment facility:

(i) any amount of a Schedule I or II narcotic drug, lysergic acid diethylamide (LSD), 3,4-methylenedioxy amphetamine, or 3,4-methylenedioxymethamphetamine;

(ii) one or more mixtures containing methamphetamine or amphetamine; or

(iii) one or more mixtures of a total weight of five kilograms or more containing marijuana or Tetrahydrocannabinols.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to crimes committed on or after that date.

Sec. 11. Minnesota Statutes 2022, section 152.022, subdivision 2, is amended to read:

Subd. 2. **Possession crimes.** (a) A person is guilty of controlled substance crime in the second degree if:

(1) the person unlawfully possesses one or more mixtures of a total weight of 25 grams or more containing cocaine or methamphetamine;

(2) the person unlawfully possesses one or more mixtures of a total weight of ten grams or more containing cocaine or methamphetamine and:

(i) the person or an accomplice possesses on their person or within immediate reach, or uses, whether by brandishing, displaying, threatening with, or otherwise employing, a firearm; or

(ii) the offense involves three aggravating factors;

(3) the person unlawfully possesses one or more mixtures of a total weight of six grams or more, or 50 dosage units or more, containing heroin or fentanyl;

(4) the person unlawfully possesses one or more mixtures of a total weight of 50 grams or more containing a narcotic drug other than cocaine, heroin, fentanyl, or methamphetamine;

(5) the person unlawfully possesses one or more mixtures of a total weight of 50 grams or more containing amphetamine, phencyclidine, or hallucinogen or, if the controlled substance is packaged in dosage units, equaling 100 or more dosage units; or

(6) the person unlawfully possesses one or more mixtures of a total weight of 25 kilograms or more containing marijuana or Tetrahydrocannabinols, or possesses 100 or more marijuana plants.

(b) For the purposes of this subdivision, the weight of fluid used in a water pipe may not be considered in measuring the weight of a mixture except in cases where the mixture contains four or more fluid ounces of fluid.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to crimes committed on or after that date.

Sec. 12. Minnesota Statutes 2022, section 152.023, subdivision 2, is amended to read:

Subd. 2. **Possession crimes.** (a) A person is guilty of controlled substance crime in the third degree if:

(1) on one or more occasions within a 90-day period the person unlawfully possesses one or more mixtures of a total weight of ten grams or more containing a narcotic drug other than heroin or fentanyl;

(2) on one or more occasions within a 90-day period the person unlawfully possesses one or more mixtures of: (i) a total weight of three grams or more containing heroin; or (ii) a total weight of five grams or more, or 25 dosage units or more, containing fentanyl;

(3) on one or more occasions within a 90-day period the person unlawfully possesses one or more mixtures containing a narcotic drug other than heroin or fentanyl, it is packaged in dosage units, and equals 50 or more dosage units;

(4) on one or more occasions within a 90-day period the person unlawfully possesses any amount of a schedule I or II narcotic drug or five or more dosage units of lysergic acid diethylamide (LSD), 3,4-methylenedioxy amphetamine, or 3,4-methylenedioxymethamphetamine in a school zone, a park zone, a public housing zone, or a drug treatment facility;

(5) on one or more occasions within a 90-day period the person unlawfully possesses one or more mixtures of a total weight of ten kilograms or more containing marijuana or Tetrahydrocannabinols; or

(6) the person unlawfully possesses one or more mixtures containing methamphetamine or amphetamine in a school zone, a park zone, a public housing zone, or a drug treatment facility.

(b) For the purposes of this subdivision, the weight of fluid used in a water pipe may not be considered in measuring the weight of a mixture except in cases where the mixture contains four or more fluid ounces of fluid.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to crimes committed on or after that date.

Sec. 13. Minnesota Statutes 2022, section 152.025, subdivision 2, is amended to read:

Subd. 2. **Possession and other crimes.** A person is guilty of controlled substance crime in the fifth degree and upon conviction may be sentenced as provided in subdivision 4 if:

(1) the person unlawfully possesses one or more mixtures containing a controlled substance classified in Schedule I, II, III, or IV, except a small amount of marijuana or a residual amount of one or more mixtures of controlled substances contained in drug paraphernalia; or

(2) the person procures, attempts to procure, possesses, or has control over a controlled substance by any of the following means:

(i) fraud, deceit, misrepresentation, or subterfuge;

(ii) using a false name or giving false credit; or

(iii) falsely assuming the title of, or falsely representing any person to be, a manufacturer, wholesaler, pharmacist, physician, doctor of osteopathic medicine licensed to practice medicine, dentist, podiatrist, veterinarian, or other authorized person for the purpose of obtaining a controlled substance.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 14. Minnesota Statutes 2022, section 152.093, is amended to read:

152.093 MANUFACTURE OR DELIVERY OF DRUG PARAPHERNALIA PROHIBITED.

It is unlawful for any person ~~knowingly or intentionally to deliver drug paraphernalia or knowingly or~~ to intentionally ~~to possess or~~ manufacture drug paraphernalia for delivery. Any violation of this section is a misdemeanor.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Sec. 15. Minnesota Statutes 2022, section 152.205, is amended to read:

152.205 LOCAL REGULATIONS.

Sections 152.01, subdivision 18, and ~~152.092~~ 152.093 to 152.095 do not preempt enforcement or preclude adoption of municipal or county ordinances prohibiting or otherwise regulating the manufacture, delivery, possession, or advertisement of drug paraphernalia.

EFFECTIVE DATE. This section is effective August 1, 2023.

Sec. 16. **[626.8443] OPIATE ANTAGONISTS; TRAINING; CARRYING; USE.**

Subdivision 1. **Training.** A chief law enforcement officer must provide basic training to peace officers employed by the chief's agency on:

(1) identifying persons who are suffering from narcotics overdoses; and

(2) the proper use of opiate antagonists to treat a narcotics overdose.

Subd. 2. **Mandatory supply.** A chief law enforcement officer must maintain a sufficient supply of opiate antagonists to ensure that officers employed by the chief's agency can satisfy the requirements of subdivision 3.

Subd. 3. **Mandatory carrying.** Each on-duty peace officer who is assigned to respond to emergency calls must have at least two unexpired opiate antagonist doses readily available when the officer's shift begins. An officer who depletes their supply of opiate antagonists during the officer's shift shall replace the expended doses from the officer's agency's supply so long as replacing the doses will not compromise public safety.

Subd. 4. **Authorization of use.** (a) A chief law enforcement officer must authorize peace officers employed by the chief's agency to perform administration of an opiate antagonist when an officer believes a person is suffering a narcotics overdose.

(b) In order to administer opiate antagonists, a peace officer must comply with section 151.37, subdivision 12, paragraph (b), clause (1).

Sec. 17. **REPEALER.**

Minnesota Statutes 2022, section 152.092, is repealed.

EFFECTIVE DATE. This section is effective August 1, 2023.

ARTICLE 14
CONTROLLED SUBSTANCES SCHEDULES

Section 1. Minnesota Statutes 2022, section 152.02, subdivision 2, is amended to read:

Subd. 2. **Schedule I.** (a) Schedule I consists of the substances listed in this subdivision.

(b) Opiates. Unless specifically excepted or unless listed in another schedule, any of the following substances, including their analogs, isomers, esters, ethers, salts, and salts of isomers, esters, and ethers, whenever the existence of the analogs, isomers, esters, ethers, and salts is possible:

(1) acetylmethadol;

(2) allylprodine;

(3) alphacetylmethadol (except levo-alphacetylmethadol, also known as levomethadyl acetate);

(4) alphameprodine;

(5) alphamethadol;

(6) alpha-methylfentanyl benzethidine;

(7) betacetylmethadol;

(8) betameprodine;

(9) betamethadol;

(10) betaprodine;

(11) clonitazene;

(12) dextromoramide;

(13) diampromide;

(14) diethyliambutene;

(15) difenoxin;

(16) dimenoxadol;

(17) dimepheptanol;

(18) dimethyliambutene;

(19) dioxaphetyl butyrate;

(20) dipipanone;

(21) ethylmethylthiambutene;

(22) etonitazene;

(23) etoxeridine;

(24) furethidine;

(25) hydroxypethidine;

(26) ketobemidone;

(27) levomoramide;

(28) levophenacylmorphan;

(29) 3-methylfentanyl;

(30) acetyl-alpha-methylfentanyl;

(31) alpha-methylthiofentanyl;

(32) benzylfentanyl beta-hydroxyfentanyl;

(33) beta-hydroxy-3-methylfentanyl;

(34) 3-methylthiofentanyl;

(35) thenylfentanyl;

(36) thiofentanyl;

(37) para-fluorofentanyl;

(38) morpheridine;

(39) 1-methyl-4-phenyl-4-propionoxypiperidine;

(40) noracymethadol;

(41) norlevorphanol;

(42) normethadone;

(43) norpipanone;

(44) 1-(2-phenylethyl)-4-phenyl-4-acetoxypiperidine (PEPAP);

(45) phenadoxone;

(46) phenampromide;

(47) phenomorphan;

(48) phenoperidine;

(49) piritramide;

(50) proheptazine;

(51) properidine;

(52) propiram;

(53) racemoramide;

(54) tilidine;

(55) trimeperidine;

(56) N-(1-Phenethylpiperidin-4-yl)-N-phenylacetamide (acetyl fentanyl);

(57) 3,4-dichloro-N-[(1R,2R)-2-(dimethylamino)cyclohexyl]-N-methylbenzamide(U47700);

(58) N-phenyl-N-[1-(2-phenylethyl)piperidin-4-yl]furan-2-carboxamide(furanylfentanyl);

(59) 4-(4-bromophenyl)-4-dimethylamino-1-phenethylcyclohexanol (bromadol);

(60) N-(1-phenethylpiperidin-4-yl)-N-phenylcyclopropanecarboxamide (Cyclopropryl fentanyl);

(61) N-(1-phenethylpiperidin-4-yl)-N-phenylbutanamide) (butyryl fentanyl);

(62) 1-cyclohexyl-4-(1,2-diphenylethyl)piperazine) (MT-45);

(63) N-(1-phenethylpiperidin-4-yl)-N-phenylcyclopentanecarboxamide (cyclopentyl fentanyl);

(64) N-(1-phenethylpiperidin-4-yl)-N-phenylisobutyramide (isobutyryl fentanyl);

(65) N-(1-phenethylpiperidin-4-yl)-N-phenylpentanamide (valeryl fentanyl);

(66) N-(4-chlorophenyl)-N-(1-phenethylpiperidin-4-yl)isobutyramide (para-chloroisobutyryl fentanyl);

(67) N-(4-fluorophenyl)-N-(1-phenethylpiperidin-4-yl)butyramide (para-fluorobutyryl fentanyl);

(68) N-(4-methoxyphenyl)-N-(1-phenethylpiperidin-4-yl)butyramide (para-methoxybutyryl fentanyl);

(69) N-(2-fluorophenyl)-2-methoxy-N-(1-phenethylpiperidin-4-yl)acetamide (ocfentanil);

(70) N-(4-fluorophenyl)-N-(1-phenethylpiperidin-4-yl)isobutyramide (4-fluoroisobutyryl fentanyl or para-fluoroisobutyryl fentanyl);

(71) N-(1-phenethylpiperidin-4-yl)-N-phenylacrylamide (acryl fentanyl or acryloylfentanyl);

(72) 2-methoxy-N-(1-phenethylpiperidin-4-yl)-N-phenylacetamide (methoxyacetyl fentanyl);

(73) N-(2-fluorophenyl)-N-(1-phenethylpiperidin-4-yl)propionamide (ortho-fluorofentanyl or 2-fluorofentanyl);

(74) N-(1-phenethylpiperidin-4-yl)-N-phenyltetrahydrofuran-2-carboxamide (tetrahydrofuranyl fentanyl); ~~and~~

(75) Fentanyl-related substances, their isomers, esters, ethers, salts and salts of isomers, esters and ethers, meaning any substance not otherwise listed under another federal Administration Controlled Substance Code Number or not otherwise listed in this section, and for which no exemption or approval is in effect under section 505 of the Federal Food, Drug, and Cosmetic Act, United States Code, title 21, section 355, that is structurally related to fentanyl by one or more of the following modifications:

(i) replacement of the phenyl portion of the phenethyl group by any monocycle, whether or not further substituted in or on the monocycle;

(ii) substitution in or on the phenethyl group with alkyl, alkenyl, alkoxyl, hydroxyl, halo, haloalkyl, amino, or nitro groups;

(iii) substitution in or on the piperidine ring with alkyl, alkenyl, alkoxyl, ester, ether, hydroxyl, halo, haloalkyl, amino, or nitro groups;

(iv) replacement of the aniline ring with any aromatic monocycle whether or not further substituted in or on the aromatic monocycle; or

(v) replacement of the N-propionyl group by another acyl group~~.~~;

(76) 1-(1-(1-(4-bromophenyl)ethyl)piperidin-4-yl)-1,3- dihydro-2H-benzo[d]imidazol-2-one (brorphine);

(77) 4'-methyl acetyl fentanyl;

(78) beta-hydroxythiofentanyl;

(79) beta-methyl fentanyl;

(80) beta'-phenyl fentanyl;

(81) crotonyl fentanyl ((E)-N-(1-phenethylpiperidin-4-yl)-N-phenylbut-2-enamide);

(82) cyclopropyl fentanyl (N-(1-phenethylpiperidin-4-yl)-N-phenylcyclopropanecarboxamide);

(83) fentanyl carbamate;

(84) isotonitazene (N,N-diethyl-2-(2-(4 isopropoxybenzyl)-5-nitro-1H-benzimidazol-1-yl)ethan-1-amine);

(85) para-fluoro furanyl fentanyl;

(86) para-methylfentanyl;

(87) phenyl fentanyl;

(88) ortho-fluoroacryl fentanyl;

(89) ortho-fluorobutyryl fentanyl;

(90) ortho-fluoroisobutyryl fentanyl;

(91) ortho-methyl acetylfentanyl;

(92) thiofuranyl fentanyl;

(93) metonitazene (N,N-diethyl-2-(2-(4-methoxybenzyl)-5-nitro-1H-benzimidazol-1-yl)ethan-1-amine);

(94) metodesnitazene (N,N-diethyl-2-(2-(4-methoxybenzyl)-1H-benzimidazol-1-yl)ethan-1-amine);

(95) etodesnitazene; etazene (2-(2-(4-ethoxybenzyl)-1H-benzimidazol-1-yl)-N,N-diethylethan-1-amine);

(96) protonitazene (N,N-diethyl-2-(5-nitro-2-(4-propoxybenzyl)-1H-benzimidazol-1-yl)ethan-1-amine);

(97) butonitazene (2-(2-(4-butoxybenzyl)-5-nitro-1H-benzimidazol-1-yl)-N,N-diethylethan-1-amine);

(98) flunitazene (N,N-diethyl-2-(2-(4-fluorobenzyl)-5-nitro-1H-benzimidazol-1-yl)ethan-1-amine); and

(99) N-pyrrolidino etonitazene; etonitazepyne (2-(4-ethoxybenzyl)-5-nitro-1-(2-(pyrrolidin-1-yl)ethyl)-1H-benzimidazole).

(c) Opium derivatives. Any of the following substances, their analogs, salts, isomers, and salts of isomers, unless specifically excepted or unless listed in another schedule, whenever the existence of the analogs, salts, isomers, and salts of isomers is possible:

(1) acetorphine;

(2) acetyldihydrocodeine;

(3) benzylmorphine;

(4) codeine methylbromide;

(5) codeine-n-oxide;

(6) cyprenorphine;

(7) desomorphine;

(8) dihydromorphine;

(9) drotebanol;

(10) etorphine;

(11) heroin;

(12) hydromorphinol;

(13) methyldesorphine;

(14) methyldihydromorphine;

(15) morphine methylbromide;

(16) morphine methylsulfonate;

(17) morphine-n-oxide;

(18) myrophine;

(19) nicocodeine;

(20) nicomorphine;

(21) normorphine;

(22) pholcodine; and

(23) thebacon.

(d) Hallucinogens. Any material, compound, mixture or preparation which contains any quantity of the following substances, their analogs, salts, isomers (whether optical, positional, or geometric), and salts of isomers, unless specifically excepted or unless listed in another schedule, whenever the existence of the analogs, salts, isomers, and salts of isomers is possible:

(1) methylenedioxy amphetamine;

(2) methylenedioxymethamphetamine;

(3) methylenedioxy-N-ethylamphetamine (MDEA);

(4) n-hydroxy-methylenedioxyamphetamine;

(5) 4-bromo-2,5-dimethoxyamphetamine (DOB);

(6) 2,5-dimethoxyamphetamine (2,5-DMA);

(7) 4-methoxyamphetamine;

(8) 5-methoxy-3, 4-methylenedioxyamphetamine;

(9) alpha-ethyltryptamine;

(10) bufotenine;

(11) diethyltryptamine;

(12) dimethyltryptamine;

(13) 3,4,5-trimethoxyamphetamine;

(14) 4-methyl-2, 5-dimethoxyamphetamine (DOM);

(15) ibogaine;

(16) lysergic acid diethylamide (LSD);

(17) mescaline;

(18) parahexyl;

(19) N-ethyl-3-piperidyl benzilate;

(20) N-methyl-3-piperidyl benzilate;

(21) psilocybin;

(22) psilocyn;

(23) tenocyclidine (TPCP or TCP);

(24) N-ethyl-1-phenyl-cyclohexylamine (PCE);

(25) 1-(1-phenylcyclohexyl) pyrrolidine (PCPy);

(26) 1-[1-(2-thienyl)cyclohexyl]-pyrrolidine (TCPy);

(27) 4-chloro-2,5-dimethoxyamphetamine (DOC);

(28) 4-ethyl-2,5-dimethoxyamphetamine (DOET);

(29) 4-iodo-2,5-dimethoxyamphetamine (DOI);

(30) 4-bromo-2,5-dimethoxyphenethylamine (2C-B);

(31) 4-chloro-2,5-dimethoxyphenethylamine (2C-C);

(32) 4-methyl-2,5-dimethoxyphenethylamine (2C-D);

(33) 4-ethyl-2,5-dimethoxyphenethylamine (2C-E);

(34) 4-iodo-2,5-dimethoxyphenethylamine (2C-I);

(35) 4-propyl-2,5-dimethoxyphenethylamine (2C-P);

(36) 4-isopropylthio-2,5-dimethoxyphenethylamine (2C-T-4);

(37) 4-propylthio-2,5-dimethoxyphenethylamine (2C-T-7);

(38) 2-(8-bromo-2,3,6,7-tetrahydrofuro [2,3-f][1]benzofuran-4-yl)ethanamine (2-CB-FLY);

(39) bromo-benzodifuranyl-isopropylamine (Bromo-DragonFLY);

(40) alpha-methyltryptamine (AMT);

(41) N,N-diisopropyltryptamine (DiPT);

(42) 4-acetoxy-N,N-dimethyltryptamine (4-AcO-DMT);

(43) 4-acetoxy-N,N-diethyltryptamine (4-AcO-DET);

(44) 4-hydroxy-N-methyl-N-propyltryptamine (4-HO-MPT);

(45) 4-hydroxy-N,N-dipropyltryptamine (4-HO-DPT);

(46) 4-hydroxy-N,N-diallyltryptamine (4-HO-DALT);

(47) 4-hydroxy-N,N-diisopropyltryptamine (4-HO-DiPT);

(48) 5-methoxy-N,N-diisopropyltryptamine (5-MeO-DiPT);

(49) 5-methoxy-α-methyltryptamine (5-MeO-AMT);

(50) 5-methoxy-N,N-dimethyltryptamine (5-MeO-DMT);

(51) 5-methylthio-N,N-dimethyltryptamine (5-MeS-DMT);

(52) 5-methoxy-N-methyl-N-isopropyltryptamine (5-MeO-MiPT);

(53) 5-methoxy-α-ethyltryptamine (5-MeO-AET);

(54) 5-methoxy-N,N-dipropyltryptamine (5-MeO-DPT);

(55) 5-methoxy-N,N-diethyltryptamine (5-MeO-DET);

(56) 5-methoxy-N,N-diallyltryptamine (5-MeO-DALT);

(57) methoxetamine (MXE);

(58) 5-iodo-2-aminoindane (5-IAI);

(59) 5,6-methylenedioxy-2-aminoindane (MDAI);

(60) 2-(4-bromo-2,5-dimethoxyphenyl)-N-(2-methoxybenzyl)ethanamine (25B-NBOMe);

(61) 2-(4-chloro-2,5-dimethoxyphenyl)-N-(2-methoxybenzyl)ethanamine (25C-NBOMe);

(62) 2-(4-iodo-2,5-dimethoxyphenyl)-N-(2-methoxybenzyl)ethanamine (25I-NBOMe);

(63) 2-(2,5-Dimethoxyphenyl)ethanamine (2C-H);

(64) 2-(4-Ethylthio-2,5-dimethoxyphenyl)ethanamine (2C-T-2);

(65) N,N-Dipropyltryptamine (DPT);

(66) 3-[1-(Piperidin-1-yl)cyclohexyl]phenol (3-HO-PCP);

(67) N-ethyl-1-(3-methoxyphenyl)cyclohexanamine (3-MeO-PCE);

(68) 4-[1-(3-methoxyphenyl)cyclohexyl]morpholine (3-MeO-PCMo);

(69) 1-[1-(4-methoxyphenyl)cyclohexyl]-piperidine (methoxydine, 4-MeO-PCP);

(70) 2-(2-Chlorophenyl)-2-(ethylamino)cyclohexan-1-one (N-Ethylnorketamine, ethketamine, NENK);

(71) methylenedioxy-N,N-dimethylamphetamine (MDDMA);

(72) 3-(2-Ethyl(methyl)aminoethyl)-1H-indol-4-yl (4-AcO-MET); and

(73) 2-Phenyl-2-(methylamino)cyclohexanone (deschloroketamine).

(e) Peyote. All parts of the plant presently classified botanically as Lophophora williamsii Lemaire, whether growing or not, the seeds thereof, any extract from any part of the plant, and every compound, manufacture, salts, derivative, mixture, or preparation of the plant, its seeds or extracts. The listing of peyote as a controlled substance in Schedule I does not apply to the nondrug use of peyote in bona fide religious ceremonies of the American Indian Church, and members of the American Indian Church are exempt from registration. Any person who manufactures peyote for or distributes peyote to the American Indian Church, however, is required to obtain federal registration annually and to comply with all other requirements of law.

(f) Central nervous system depressants. Unless specifically excepted or unless listed in another schedule, any material compound, mixture, or preparation which contains any quantity of the following substances, their analogs, salts, isomers, and salts of isomers whenever the existence of the analogs, salts, isomers, and salts of isomers is possible:

(1) mecloqualone;

(2) methaqualone;

(3) gamma-hydroxybutyric acid (GHB), including its esters and ethers;

(4) flunitrazepam;

(5) 2-(2-Methoxyphenyl)-2-(methylamino)cyclohexanone (2-MeO-2-deschloroketamine, methoxyketamine);

(6) tianeptine;

(7) clonazolam;

(8) etizolam;

(9) flubromazolam; and

(10) flubromazepam.

(g) Stimulants. Unless specifically excepted or unless listed in another schedule, any material compound, mixture, or preparation which contains any quantity of the following substances, their analogs, salts, isomers, and salts of isomers whenever the existence of the analogs, salts, isomers, and salts of isomers is possible:

(1) aminorex;

(2) cathinone;

(3) fenethylline;

(4) methcathinone;

(5) methylaminorex;

(6) N,N-dimethylamphetamine;

(7) N-benzylpiperazine (BZP);

(8) methylmethcathinone (mephedrone);

(9) 3,4-methylenedioxy-N-methylcathinone (methylone);

(10) methoxymethcathinone (methedrone);

(11) methylenedioxypyrovalerone (MDPV);

(12) 3-fluoro-N-methylcathinone (3-FMC);

(13) methylethcathinone (MEC);

(14) 1-benzofuran-6-ylpropan-2-amine (6-APB);

(15) dimethylmethcathinone (DMMC);

(16) fluoroamphetamine;

(17) fluoromethamphetamine;

(18) α-methylaminobutyrophenone (MABP or buphedrone);

(19) 1-(1,3-benzodioxol-5-yl)-2-(methylamino)butan-1-one (butylone);

(20) 2-(methylamino)-1-(4-methylphenyl)butan-1-one (4-MEMABP or BZ-6378);

(21) 1-(naphthalen-2-yl)-2-(pyrrolidin-1-yl) pentan-1-one (naphthylpyrovalerone or naphyrone);

(22) (alpha-pyrrolidinopentiophenone (alpha-PVP);

(23) (RS)-1-(4-methylphenyl)-2-(1-pyrrolidinyl)-1-hexanone (4-Me-PHP or MPHP);

(24) 2-(1-pyrrolidinyl)-hexanophenone (Alpha-PHP);

(25) 4-methyl-N-ethylcathinone (4-MEC);

(26) 4-methyl-alpha-pyrrolidinopropiophenone (4-MePPP);

(27) 2-(methylamino)-1-phenylpentan-1-one (pentedrone);

(28) 1-(1,3-benzodioxol-5-yl)-2-(methylamino)pentan-1-one (pentylone);

(29) 4-fluoro-N-methylcathinone (4-FMC);

(30) 3,4-methylenedioxy-N-ethylcathinone (ethylone);

(31) alpha-pyrrolidinobutiophenone (α-PBP);

(32) 5-(2-Aminopropyl)-2,3-dihydrobenzofuran (5-APDB);

(33) 1-phenyl-2-(1-pyrrolidinyl)-1-heptanone (PV8);

(34) 6-(2-Aminopropyl)-2,3-dihydrobenzofuran (6-APDB);

(35) 4-methyl-alpha-ethylaminopentiophenone (4-MEAPP);

(36) 4'-chloro-alpha-pyrrolidinopropiophenone (4'-chloro-PPP);

(37) 1-(1,3-Benzodioxol-5-yl)-2-(dimethylamino)butan-1-one (dibutylone, bk-DMBDB);

(38) 1-(3-chlorophenyl) piperazine (meta-chlorophenylpiperazine or mCPP);

(39) 1-(1,3-benzodioxol-5-yl)-2-(ethylamino)-pentan-1-one (N-ethylpentylone, ephylone); ~~and~~

(40) any other substance, except bupropion or compounds listed under a different schedule, that is structurally derived from 2-aminopropan-1-one by substitution at the 1-position with either phenyl, naphthyl, or thiophene ring systems, whether or not the compound is further modified in any of the following ways:

(i) by substitution in the ring system to any extent with alkyl, alkylenedioxy, alkoxy, haloalkyl, hydroxyl, or halide substituents, whether or not further substituted in the ring system by one or more other univalent substituents;

(ii) by substitution at the 3-position with an acyclic alkyl substituent;

(iii) by substitution at the 2-amino nitrogen atom with alkyl, dialkyl, benzyl, or methoxybenzyl groups; or

(iv) by inclusion of the 2-amino nitrogen atom in a cyclic structure~~.~~;

(41) 4,4'-dimethylaminorex (4,4'-DMAR; 4,5-dihydro-4-methyl-5-(4-methylphenyl)-2-oxazolamine);

(42) 4-chloro-alpha-pyrrolidinovalerophenone (4-chloro-A-PVP);

(43) para-methoxymethamphetamine (PMMA), 1-(4-methoxyphenyl)-N-methylpropan-2-amine; and

(44) N-ethylhexedrone.

(h) Marijuana, tetrahydrocannabinols, and synthetic cannabinoids. Unless specifically excepted or unless listed in another schedule, any natural or synthetic material, compound, mixture, or preparation that contains any quantity of the following substances, their analogs, isomers, esters, ethers, salts, and salts of isomers, esters, and ethers, whenever the existence of the isomers, esters, ethers, or salts is possible:

(1) marijuana;

(2) tetrahydrocannabinols naturally contained in a plant of the genus Cannabis, except that tetrahydrocannabinols do not include any material, compound, mixture, or preparation that qualifies as industrial hemp as defined in section 18K.02, subdivision 3; synthetic equivalents of the substances contained in the cannabis plant or in the resinous extractives of the plant; or synthetic substances with similar chemical structure and pharmacological activity to those substances contained in the plant or resinous extract, including, but not limited to, 1 cis or trans tetrahydrocannabinol, 6 cis or trans tetrahydrocannabinol, and 3,4 cis or trans tetrahydrocannabinol;

(3) synthetic cannabinoids, including the following substances:

(i) Naphthoylindoles, which are any compounds containing a 3-(1-napthoyl)indole structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group, whether or not further substituted in the indole ring to any extent and whether or not substituted in the naphthyl ring to any extent. Examples of naphthoylindoles include, but are not limited to:

(A) 1-Pentyl-3-(1-naphthoyl)indole (JWH-018 and AM-678);

(B) 1-Butyl-3-(1-naphthoyl)indole (JWH-073);

(C) 1-Pentyl-3-(4-methoxy-1-naphthoyl)indole (JWH-081);

(D) 1-[2-(4-morpholinyl)ethyl]-3-(1-naphthoyl)indole (JWH-200);

(E) 1-Propyl-2-methyl-3-(1-naphthoyl)indole (JWH-015);

(F) 1-Hexyl-3-(1-naphthoyl)indole (JWH-019);

(G) 1-Pentyl-3-(4-methyl-1-naphthoyl)indole (JWH-122);

(H) 1-Pentyl-3-(4-ethyl-1-naphthoyl)indole (JWH-210);

(I) 1-Pentyl-3-(4-chloro-1-naphthoyl)indole (JWH-398);

(J) 1-(5-fluoropentyl)-3-(1-naphthoyl)indole (AM-2201).

(ii) Napthylmethylindoles, which are any compounds containing a 1H-indol-3-yl-(1-naphthyl)methane structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group, whether or not further substituted in the indole ring to any extent and whether or not substituted in the naphthyl ring to any extent. Examples of naphthylmethylindoles include, but are not limited to:

(A) 1-Pentyl-1H-indol-3-yl-(1-naphthyl)methane (JWH-175);

(B) 1-Pentyl-1H-indol-3-yl-(4-methyl-1-naphthyl)methane (JWH-184).

(iii) Naphthoylpyrroles, which are any compounds containing a 3-(1-naphthoyl)pyrrole structure with substitution at the nitrogen atom of the pyrrole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not further substituted in the pyrrole ring to any extent, whether or not substituted in the naphthyl ring to any extent. Examples of naphthoylpyrroles include, but are not limited to, (5-(2-fluorophenyl)-1-pentylpyrrol-3-yl)-naphthalen-1-ylmethanone (JWH-307).

(iv) Naphthylmethylindenes, which are any compounds containing a naphthylideneindene structure with substitution at the 3-position of the indene ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not further substituted in the indene ring to any extent, whether or not substituted in the naphthyl ring to any extent. Examples of naphthylemethylindenes include, but are not limited to, E-1-[1-(1-naphthalenylmethylene)-1H-inden-3-yl]pentane (JWH-176).

(v) Phenylacetylindoles, which are any compounds containing a 3-phenylacetylindole structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not further substituted in the indole ring to any extent, whether or not substituted in the phenyl ring to any extent. Examples of phenylacetylindoles include, but are not limited to:

(A) 1-(2-cyclohexylethyl)-3-(2-methoxyphenylacetyl)indole (RCS-8);

(B) 1-pentyl-3-(2-methoxyphenylacetyl)indole (JWH-250);

(C) 1-pentyl-3-(2-methylphenylacetyl)indole (JWH-251);

(D) 1-pentyl-3-(2-chlorophenylacetyl)indole (JWH-203).

(vi) Cyclohexylphenols, which are compounds containing a 2-(3-hydroxycyclohexyl)phenol structure with substitution at the 5-position of the phenolic ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not substituted in the cyclohexyl ring to any extent. Examples of cyclohexylphenols include, but are not limited to:

(A) 5-(1,1-dimethylheptyl)-2-[(1R,3S)-3-hydroxycyclohexyl]-phenol (CP 47,497);

(B) 5-(1,1-dimethyloctyl)-2-[(1R,3S)-3-hydroxycyclohexyl]-phenol (Cannabicyclohexanol or CP 47,497 C8 homologue);

(C) 5-(1,1-dimethylheptyl)-2-[(1R,2R)-5-hydroxy-2-(3-hydroxypropyl)cyclohexyl] -phenol (CP 55,940).

(vii) Benzoylindoles, which are any compounds containing a 3-(benzoyl)indole structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not further substituted in the indole ring to any extent and whether or not substituted in the phenyl ring to any extent. Examples of benzoylindoles include, but are not limited to:

(A) 1-Pentyl-3-(4-methoxybenzoyl)indole (RCS-4);

(B) 1-(5-fluoropentyl)-3-(2-iodobenzoyl)indole (AM-694);

(C) (4-methoxyphenyl-[2-methyl-1-(2-(4-morpholinyl)ethyl)indol-3-yl]methanone (WIN 48,098 or Pravadoline).

(viii) Others specifically named:

(A) (6aR,10aR)-9-(hydroxymethyl)-6,6-dimethyl-3-(2-methyloctan-2-yl)-6a,7,10,10a-tetrahydrobenzo[c]chromen-1-ol (HU-210);

(B) (6aS,10aS)-9-(hydroxymethyl)-6,6-dimethyl-3-(2-methyloctan-2-yl) -6a,7,10,10a-tetrahydrobenzo[c]chromen-1-ol (Dexanabinol or HU-211);

(C) 2,3-dihydro-5-methyl-3-(4-morpholinylmethyl)pyrrolo[1,2,3-de] -1,4-benzoxazin-6-yl-1-naphthalenylmethanone (WIN 55,212-2);

(D) (1-pentylindol-3-yl)-(2,2,3,3-tetramethylcyclopropyl)methanone (UR-144);

(E) (1-(5-fluoropentyl)-1H-indol-3-yl)(2,2,3,3-tetramethylcyclopropyl)methanone (XLR-11);

(F) 1-pentyl-N-tricyclo[3.3.1.13,7]dec-1-yl-1H-indazole-3-carboxamide (AKB-48(APINACA));

(G) N-((3s,5s,7s)-adamantan-1-yl)-1-(5-fluoropentyl)-1H-indazole-3-carboxamide (5-Fluoro-AKB-48);

(H) 1-pentyl-8-quinolinyl ester-1H-indole-3-carboxylic acid (PB-22);

(I) 8-quinolinyl ester-1-(5-fluoropentyl)-1H-indole-3-carboxylic acid (5-Fluoro PB-22);

(J) N-[(1S)-1-(aminocarbonyl)-2-methylpropyl]-1-pentyl-1H-indazole- 3-carboxamide (AB-PINACA);

(K) N-[(1S)-1-(aminocarbonyl)-2-methylpropyl]-1-[(4-fluorophenyl)methyl]- 1H-indazole-3-carboxamide (AB-FUBINACA);

(L) N-[(1S)-1-(aminocarbonyl)-2-methylpropyl]-1-(cyclohexylmethyl)-1H- indazole-3-carboxamide(AB-CHMINACA);

(M) (S)-methyl 2-(1-(5-fluoropentyl)-1H-indazole-3-carboxamido)-3- methylbutanoate (5-fluoro-AMB);

(N) [1-(5-fluoropentyl)-1H-indazol-3-yl](naphthalen-1-yl) methanone (THJ-2201);

(O) (1-(5-fluoropentyl)-1H-benzo[d]imidazol-2-yl)(naphthalen-1-yl)methanone) (FUBIMINA);

(P) (7-methoxy-1-(2-morpholinoethyl)-N-((1S,2S,4R)-1,3,3-trimethylbicyclo [2.2.1]heptan-2-yl)-1H-indole-3-carboxamide (MN-25 or UR-12);

(Q) (S)-N-(1-amino-3-methyl-1-oxobutan-2-yl)-1-(5-fluoropentyl) -1H-indole-3-carboxamide (5-fluoro-ABICA);

(R) N-(1-amino-3-phenyl-1-oxopropan-2-yl)-1-(5-fluoropentyl) -1H-indole-3-carboxamide;

(S) N-(1-amino-3-phenyl-1-oxopropan-2-yl)-1-(5-fluoropentyl) -1H-indazole-3-carboxamide;

(T) methyl 2-(1-(cyclohexylmethyl)-1H-indole-3-carboxamido) -3,3-dimethylbutanoate;

(U) N-(1-amino-3,3-dimethyl-1-oxobutan-2-yl)-1(cyclohexylmethyl)-1 H-indazole-3-carboxamide (MAB-CHMINACA);

(V) N-(1-Amino-3,3-dimethyl-1-oxo-2-butanyl)-1-pentyl-1H-indazole-3-carboxamide (ADB-PINACA);

(W) methyl (1-(4-fluorobenzyl)-1H-indazole-3-carbonyl)-L-valinate (FUB-AMB);

(X) N-[(1S)-2-amino-2-oxo-1-(phenylmethyl)ethyl]-1-(cyclohexylmethyl)-1H-Indazole-3-carboxamide. (APP-CHMINACA);

(Y) quinolin-8-yl 1-(4-fluorobenzyl)-1H-indole-3-carboxylate (FUB-PB-22); and

(Z) methyl N-[1-(cyclohexylmethyl)-1H-indole-3-carbonyl]valinate (MMB-CHMICA).

(ix) Additional substances specifically named:

(A) 1-(5-fluoropentyl)-N-(2-phenylpropan-2-yl)-1 H-pyrrolo[2,3-B]pyridine-3-carboxamide (5F-CUMYL-P7AICA);

(B) 1-(4-cyanobutyl)-N-(2- phenylpropan-2-yl)-1 H-indazole-3-carboxamide (4-CN-Cumyl-Butinaca);

(C) naphthalen-1-yl-1-(5-fluoropentyl)-1-H-indole-3-carboxylate (NM2201; CBL2201);

(D) N-(1-amino-3-methyl-1-oxobutan-2-yl)-1-(5-fluoropentyl)-1 H-indazole-3-carboxamide (5F-ABPINACA);

(E) methyl-2-(1-(cyclohexylmethyl)-1H-indole-3-carboxamido)-3,3-dimethylbutanoate (MDMB CHMICA);

(F) methyl 2-(1-(5-fluoropentyl)-1H-indazole-3-carboxamido)-3,3-dimethylbutanoate (5F-ADB; 5F-MDMB-PINACA); ~~and~~

(G) N-(1-amino-3,3-dimethyl-1-oxobutan-2-yl)-1-(4-fluorobenzyl) 1H-indazole-3-carboxamide (ADB-FUBINACA)~~.~~;

(H) 1-(5-fluoropentyl)-N-(2-phenylpropan-2-yl)-1H-indazole-3-carboxamide;

(I) (1-(4-fluorobenzyl)-1H-indol-3-yl)(2,2,3,3- tetramethylcyclopropyl)methanone;

(J) methyl 2-(1-(4-fluorobenzyl)-1Hindazole-3-carboxamido)-3,3-dimethylbutanoate;

(K) methyl 2-(1-(5-fluoropentyl)-1H-indole-3-carboxamido)-3,3-dimethylbutanoate;

(L) ethyl 2-(1-(5-fluoropentyl)-1H-indazole-3-carboxamido)-3,3-dimethylbutanoate;

(M) methyl 2-(1-(4-fluorobenzyl)-1Hindazole-3-carboxamido)-3- methylbutanoate;

(N) N-(adamantan-1-yl)-1-(4-fluorobenzyl)-1H-indazole-3-carboxamide; and

(O) N-(adamantan-1-yl)-1-(5-fluoropentyl)-1H-indazole-3-carboxamide.

(i) A controlled substance analog, to the extent that it is implicitly or explicitly intended for human consumption.

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

Sec. 2. Minnesota Statutes 2022, section 152.02, subdivision 3, is amended to read:

Subd. 3. **Schedule II.** (a) Schedule II consists of the substances listed in this subdivision.

(b) Unless specifically excepted or unless listed in another schedule, any of the following substances whether produced directly or indirectly by extraction from substances of vegetable origin or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis:

(1) Opium and opiate, and any salt, compound, derivative, or preparation of opium or opiate.

(i) Excluding:

(A) apomorphine;

(B) thebaine-derived butorphanol;

(C) dextrophan;

(D) nalbuphine;

(E) nalmefene;

(F) naloxegol;

(G) naloxone;

(H) naltrexone; and

(I) their respective salts;

(ii) but including the following:

(A) opium, in all forms and extracts;

(B) codeine;

(C) dihydroetorphine;

(D) ethylmorphine;

(E) etorphine hydrochloride;

(F) hydrocodone;

(G) hydromorphone;

(H) metopon;

(I) morphine;

(J) oxycodone;

(K) oxymorphone;

(L) thebaine;

(M) oripavine;

(2) any salt, compound, derivative, or preparation thereof which is chemically equivalent or identical with any of the substances referred to in clause (1), except that these substances shall not include the isoquinoline alkaloids of opium;

(3) opium poppy and poppy straw;

(4) coca leaves and any salt, cocaine compound, derivative, or preparation of coca leaves (including cocaine and ecgonine and their salts, isomers, derivatives, and salts of isomers and derivatives), and any salt, compound, derivative, or preparation thereof which is chemically equivalent or identical with any of these substances, except that the substances shall not include decocainized coca leaves or extraction of coca leaves, which extractions do not contain cocaine or ecgonine;

(5) concentrate of poppy straw (the crude extract of poppy straw in either liquid, solid, or powder form which contains the phenanthrene alkaloids of the opium poppy).

(c) Any of the following opiates, including their isomers, esters, ethers, salts, and salts of isomers, esters and ethers, unless specifically excepted, or unless listed in another schedule, whenever the existence of such isomers, esters, ethers and salts is possible within the specific chemical designation:

(1) alfentanil;

(2) alphaprodine;

(3) anileridine;

(4) bezitramide;

(5) bulk dextropropoxyphene (nondosage forms);

(6) carfentanil;

(7) dihydrocodeine;

(8) dihydromorphinone;

(9) diphenoxylate;

(10) fentanyl;

(11) isomethadone;

(12) levo-alpha-acetylmethadol (LAAM);

(13) levomethorphan;

(14) levorphanol;

(15) metazocine;

(16) methadone;

(17) methadone - intermediate, 4-cyano-2-dimethylamino-4, 4-diphenylbutane;

(18) moramide - intermediate, 2-methyl-3-morpholino-1, 1-diphenyl-propane-carboxylic acid;

(19) pethidine;

(20) pethidine - intermediate - a, 4-cyano-1-methyl-4-phenylpiperidine;

(21) pethidine - intermediate - b, ethyl-4-phenylpiperidine-4-carboxylate;

(22) pethidine - intermediate - c, 1-methyl-4-phenylpiperidine-4-carboxylic acid;

(23) phenazocine;

(24) piminodine;

(25) racemethorphan;

(26) racemorphan;

(27) remifentanil;

(28) sufentanil;

(29) tapentadol;

(30) 4-Anilino-N-phenethylpiperidine~~.~~;

(31) oliceridine;

(32) norfentanyl (N-phenyl-N-(piperidin-4-yl) propionamide).

(d) Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation which contains any quantity of the following substances having a stimulant effect on the central nervous system:

(1) amphetamine, its salts, optical isomers, and salts of its optical isomers;

(2) methamphetamine, its salts, isomers, and salts of its isomers;

(3) phenmetrazine and its salts;

(4) methylphenidate;

(5) lisdexamfetamine.

(e) Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation which contains any quantity of the following substances having a depressant effect on the central nervous system, including its salts, isomers, and salts of isomers whenever the existence of such salts, isomers, and salts of isomers is possible within the specific chemical designation:

(1) amobarbital;

(2) glutethimide;

(3) secobarbital;

(4) pentobarbital;

(5) phencyclidine;

(6) phencyclidine immediate precursors:

(i) 1-phenylcyclohexylamine;

(ii) 1-piperidinocyclohexanecarbonitrile;

(7) phenylacetone.

(f) Cannabinoids:

(1) nabilone;

(2) dronabinol [(-)-delta-9-trans-tetrahydrocannabinol (delta-9-THC)] in an oral solution in a drug product approved for marketing by the United States Food and Drug Administration.

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

Sec. 3. Minnesota Statutes 2022, section 152.02, subdivision 5, is amended to read:

Subd. 5. **Schedule IV.** (a) Schedule IV consists of the substances listed in this subdivision.

(b) Narcotic drugs. Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation containing any of the following narcotic drugs, or their salts calculated as the free anhydrous base or alkaloid, in limited quantities as follows:

(1) not more than one milligram of difenoxin and not less than 25 micrograms of atropine sulfate per dosage unit;

(2) dextropropoxyphene (Darvon and Darvocet);

(3) 2-[(dimethylamino)methyl]-1-(3-methoxyphenyl)cyclohexanol, its salts, optical and geometric isomers, and salts of these isomers (including tramadol);

(4) eluxadoline;

(5) pentazocine; and

(6) butorphanol (including its optical isomers).

(c) Depressants. Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation containing any quantity of the following substances, including its salts, isomers, and salts of isomers whenever the existence of the salts, isomers, and salts of isomers is possible:

(1) alfaxalone (5α-pregnan-3α-ol-11,20-dione);

(2) alprazolam;

(3) barbital;

(4) bromazepam;

(5) camazepam;

(6) carisoprodol;

(7) chloral betaine;

(8) chloral hydrate;

(9) chlordiazepoxide;

(10) clobazam;

(11) clonazepam;

(12) clorazepate;

(13) clotiazepam;

(14) cloxazolam;

(15) delorazepam;

(16) diazepam;

(17) dichloralphenazone;

(18) estazolam;

(19) ethchlorvynol;

(20) ethinamate;

(21) ethyl loflazepate;

(22) fludiazepam;

(23) flurazepam;

(24) fospropofol;

(25) halazepam;

(26) haloxazolam;

(27) ketazolam;

(28) loprazolam;

(29) lorazepam;

(30) lormetazepam mebutamate;

(31) medazepam;

(32) meprobamate;

(33) methohexital;

(34) methylphenobarbital;

(35) midazolam;

(36) nimetazepam;

(37) nitrazepam;

(38) nordiazepam;

(39) oxazepam;

(40) oxazolam;

(41) paraldehyde;

(42) petrichloral;

(43) phenobarbital;

(44) pinazepam;

(45) prazepam;

(46) quazepam;

(47) suvorexant;

(48) temazepam;

(49) tetrazepam;

(50) triazolam;

(51) zaleplon;

(52) zolpidem;

(53) zopiclone~~.~~;

(54) brexanolone (3α-hydroxy-5α-pregnan-20-one);

(55) lemborexant;

(56) remimazolam (4H-imidazol[1,2-a][1,4]benzodiazepine4-propionic acid).

(d) Any material, compound, mixture, or preparation which contains any quantity of the following substance including its salts, isomers, and salts of such isomers, whenever the existence of such salts, isomers, and salts of isomers is possible: fenfluramine.

(e) Stimulants. Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation which contains any quantity of the following substances having a stimulant effect on the central nervous system, including its salts, isomers, and salts of isomers:

(1) cathine (norpseudoephedrine);

(2) diethylpropion;

(3) fencamfamine;

(4) fenproporex;

(5) mazindol;

(6) mefenorex;

(7) modafinil;

(8) pemoline (including organometallic complexes and chelates thereof);

(9) phentermine;

(10) pipradol;

(11) sibutramine;

(12) SPA (1-dimethylamino-1,2-diphenylethane)~~.~~;

(13) serdexmethylphenidate;

(14) solriamfetol (2-amino-3-phenylpropyl car-bamate; benzenepropanol, beta-amino-, carbamate (ester)).

(f) lorcaserin.

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

Sec. 4. Minnesota Statutes 2022, section 152.02, subdivision 6, is amended to read:

Subd. 6. **Schedule V; restrictions on methamphetamine precursor drugs.** (a) As used in this subdivision, the following terms have the meanings given:

(1) "methamphetamine precursor drug" means any compound, mixture, or preparation intended for human consumption containing ephedrine or pseudoephedrine as its sole active ingredient or as one of its active ingredients; and

(2) "over-the-counter sale" means a retail sale of a drug or product but does not include the sale of a drug or product pursuant to the terms of a valid prescription.

(b) The following items are listed in Schedule V:

(1) any compound, mixture, or preparation containing any of the following limited quantities of narcotic drugs, which shall include one or more nonnarcotic active medicinal ingredients in sufficient proportion to confer upon the compound, mixture or preparation valuable medicinal qualities other than those possessed by the narcotic drug alone:

(i) not more than 100 milligrams of dihydrocodeine per 100 milliliters or per 100 grams;

(ii) not more than 100 milligrams of ethylmorphine per 100 milliliters or per 100 grams;

(iii) not more than 2.5 milligrams of diphenoxylate and not less than 25 micrograms of atropine sulfate per dosage unit;

(iv) not more than 100 milligrams of opium per 100 milliliters or per 100 grams; or

(v) not more than 0.5 milligrams of difenoxin and not less than 25 micrograms of atropine sulfate per dosage unit.

(2) Stimulants. Unless specifically exempted or excluded or unless listed in another schedule, any material, compound, mixture, or preparation that contains any quantity of the following substance having a stimulant effect on the central nervous system, including its salts, isomers, and salts of isomers: pyrovalerone.

(3) Depressants. Unless specifically exempted or excluded or unless listed in another schedule, any material, compound, mixture, or preparation that contains any quantity of the following substance having a depressant effect on the central nervous system, including its salts, isomers, and salts of isomers:

(i) ezogabine;

(ii) pregabalin;

(iii) lacosamide~~.~~;

(iv) cenobamate [(1R)-1-(2-chlorophenyl)-2-(tetrazol-2-yl)ethyl]carbamate.

(4) Any compound, mixture, or preparation containing ephedrine or pseudoephedrine as its sole active ingredient or as one of its active ingredients.

(c) No person may sell in a single over-the-counter sale more than two packages of a methamphetamine precursor drug or a combination of methamphetamine precursor drugs or any combination of packages exceeding a total weight of six grams, calculated as the base.

(d) Over-the-counter sales of methamphetamine precursor drugs are limited to:

(1) packages containing not more than a total of three grams of one or more methamphetamine precursor drugs, calculated in terms of ephedrine base or pseudoephedrine base; or

(2) for nonliquid products, sales in blister packs, where each blister contains not more than two dosage units, or, if the use of blister packs is not technically feasible, sales in unit dose packets or pouches.

(e) A business establishment that offers for sale methamphetamine precursor drugs in an over-the-counter sale shall ensure that all packages of the drugs are displayed behind a checkout counter where the public is not permitted and are offered for sale only by a licensed pharmacist, a registered pharmacy technician, or a pharmacy clerk. The establishment shall ensure that the person making the sale requires the buyer:

(1) to provide photographic identification showing the buyer's date of birth; and

(2) to sign a written or electronic document detailing the date of the sale, the name of the buyer, and the amount of the drug sold.

A document described under clause (2) must be retained by the establishment for at least three years and must at all reasonable times be open to the inspection of any law enforcement agency.

Nothing in this paragraph requires the buyer to obtain a prescription for the drug's purchase.

(f) No person may acquire through over-the-counter sales more than six grams of methamphetamine precursor drugs, calculated as the base, within a 30-day period.

(g) No person may sell in an over-the-counter sale a methamphetamine precursor drug to a person under the age of 18 years. It is an affirmative defense to a charge under this paragraph if the defendant proves by a preponderance of the evidence that the defendant reasonably and in good faith relied on proof of age as described in section 340A.503, subdivision 6.

(h) A person who knowingly violates paragraph (c), (d), (e), (f), or (g) is guilty of a misdemeanor and may be sentenced to imprisonment for not more than 90 days, or to payment of a fine of not more than $1,000, or both.

(i) An owner, operator, supervisor, or manager of a business establishment that offers for sale methamphetamine precursor drugs whose employee or agent is convicted of or charged with violating paragraph (c), (d), (e), (f), or (g) is not subject to the criminal penalties for violating any of those paragraphs if the person:

(1) did not have prior knowledge of, participate in, or direct the employee or agent to commit the violation; and

(2) documents that an employee training program was in place to provide the employee or agent with information on the state and federal laws and regulations regarding methamphetamine precursor drugs.

(j) Any person employed by a business establishment that offers for sale methamphetamine precursor drugs who sells such a drug to any person in a suspicious transaction shall report the transaction to the owner, supervisor, or manager of the establishment. The owner, supervisor, or manager may report the transaction to local law enforcement. A person who reports information under this subdivision in good faith is immune from civil liability relating to the report.

(k) Paragraphs (b) to (j) do not apply to:

(1) pediatric products labeled pursuant to federal regulation primarily intended for administration to children under 12 years of age according to label instructions;

(2) methamphetamine precursor drugs that are certified by the Board of Pharmacy as being manufactured in a manner that prevents the drug from being used to manufacture methamphetamine;

(3) methamphetamine precursor drugs in gel capsule or liquid form; or

(4) compounds, mixtures, or preparations in powder form where pseudoephedrine constitutes less than one percent of its total weight and is not its sole active ingredient.

(l) The Board of Pharmacy, in consultation with the Department of Public Safety, shall certify methamphetamine precursor drugs that meet the requirements of paragraph (k), clause (2), and publish an annual listing of these drugs.

(m) Wholesale drug distributors licensed and regulated by the Board of Pharmacy pursuant to sections ~~151.42 to 151.51~~ 151.43 to 151.471 and registered with and regulated by the United States Drug Enforcement Administration are exempt from the methamphetamine precursor drug storage requirements of this section.

(n) This section preempts all local ordinances or regulations governing the sale by a business establishment of over-the-counter products containing ephedrine or pseudoephedrine. All ordinances enacted prior to the effective date of this act are void.

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

ARTICLE 15
911 EMERGENCY COMMUNICATION SYSTEM

Section 1. Minnesota Statutes 2022, section 403.02, subdivision 7, is amended to read:

Subd. 7. **Automatic location identification.** "Automatic location identification" means the process of electronically identifying and displaying ~~the name of the subscriber and the location~~, where available, ~~of the calling telephone number~~ the name of the subscriber, the communications device's current location, and the callback number to a ~~person~~ public safety telecommunicator answering a 911 emergency call.

Sec. 2. Minnesota Statutes 2022, section 403.02, subdivision 9a, is amended to read:

Subd. 9a. **Callback number.** "Callback number" means a telephone number or functionally equivalent Internet address or device identification number used by the public safety answering point to ~~recontact~~ contact the ~~location~~ device from which the 911 call was placed.

Sec. 3. Minnesota Statutes 2022, section 403.02, is amended by adding a subdivision to read:

Subd. 10a. **Cost recovery.** "Cost recovery" means costs incurred by commissioner-approved originating service providers specifically for the purpose of providing access to the 911 network for their subscribers or maintenance of 911 customer databases. These costs may be reimbursed to the requesting originating service provider. Recoverable costs include only those costs that the requesting provider would avoid if the provider were not providing access to the 911 network or maintenance of 911 customer databases.

Sec. 4. Minnesota Statutes 2022, section 403.02, is amended by adding a subdivision to read:

Subd. 10b. **Cybersecurity.** "Cybersecurity" means the prevention of damage to, unauthorized use of, exploitation of, and if needed, the restoration of, electronic information and communications systems and services and the information contained therein to ensure confidentiality, integrity, and availability.

Sec. 5. Minnesota Statutes 2022, section 403.02, is amended by adding a subdivision to read:

Subd. 10c. **Emergency communications network service provider (ECNSP).** "Emergency communications network service provider" or "ECNSP" means a service provider, determined by the commissioner to be capable of providing effective and efficient components of the 911 network or its management that provides or manages all or portions of the statewide 911 emergency communications network. The ECNSP is the entity or entities that the state contracts with to provide facilities and services associated with operating and maintaining the Minnesota statewide 911 network.

Sec. 6. Minnesota Statutes 2022, section 403.02, subdivision 11b, is amended to read:

Subd. 11b. **Emergency response location.** "Emergency response location" means a location to which ~~a~~ 911 ~~emergency response team~~ services may be dispatched. The location must be specific enough to provide a reasonable opportunity for ~~the emergency response team to locate~~ a caller to be located anywhere within it.

Sec. 7. Minnesota Statutes 2022, section 403.02, is amended by adding a subdivision to read:

Subd. 11c. **Emergency services.** "Emergency services" includes but is not limited to firefighting, police, ambulance, medical, or other mobile services dispatched, monitored, or controlled by a public safety answering point.

Sec. 8. Minnesota Statutes 2022, section 403.02, is amended by adding a subdivision to read:

Subd. 11d. **Emergency Services Internet (ESInet).** "Emergency Services Internet" or "ESInet" means an Internet protocol-based and multipurpose network supporting local, regional, and national public safety communications services in addition to 911 services. The ESInet is comprised of three network components, including ingress network, next generation core services, and egress network.

Sec. 9. Minnesota Statutes 2022, section 403.02, is amended by adding a subdivision to read:

Subd. 12a. **End user equipment.** "End user equipment" means any device held or operated by an employee of a public safety agency, except for public safety telecommunicators, for the purpose of receiving voice or data communications outside of a public safety answering point. This includes but is not limited to mobile radios, portable radios, pagers, mobile computers, tablets, and cellular telephones.

Sec. 10. Minnesota Statutes 2022, section 403.02, is amended by adding a subdivision to read:

Subd. 13a. **Geographical Information System (GIS).** "Geographical Information System" or "GIS" means a system for capturing, storing, displaying, analyzing, and managing data and associated attributes that are spatially referenced.

Sec. 11. Minnesota Statutes 2022, section 403.02, is amended by adding a subdivision to read:

Subd. 14a. **Internet protocol (IP).** "Internet protocol" or "IP" means the method by which data are sent from one computer to another on the Internet or other networks.

Sec. 12. Minnesota Statutes 2022, section 403.02, subdivision 16a, is amended to read:

Subd. 16a. **Multiline telephone system (MLTS).** "Multiline telephone system" or "MLTS" means a ~~private telephone~~ system comprised of common control units, ~~telephones, and~~ telephone sets, control hardware ~~and~~, software ~~that share a common interface to the public switched telephone network~~, and adjunct systems used to support the capabilities outlined in this chapter. This includes network and premises-based systems such as Centrex, VoIP, PBX, Hybrid, and Key Telephone Systems, as classified by the Federal Communications Commission requirements under Code of Federal Regulations, title 47, part 68, and systems owned or leased by governmental agencies ~~and~~, nonprofit entities, ~~as well as~~ and for-profit businesses.

Sec. 13. Minnesota Statutes 2022, section 403.02, is amended by adding a subdivision to read:

Subd. 16c. **Next generation core services (NGCS).** "Next generation core services" or "NGCS" means the base set of services needed to process a 911 call on an ESInet. These services include but are not limited to the Emergency Services Routing Proxy, Emergency Call Routing Function, Location Validation Function, Border Control Function, Bridge, Policy Store, Logging Services, and typical IP services such as DNS and DHCP. Next generation core services includes only the services and not the network on which they operate.

Sec. 14. Minnesota Statutes 2022, section 403.02, is amended by adding a subdivision to read:

Subd. 16d. **Next generation 911 (NG911).** "Next generation 911" or "NG911" means an Internet protocol-based system comprised of managed Emergency Services IP networks, functional elements and applications, and databases that replicate the traditional E911 features and functions and that also provides additional capabilities based on industry standards. NG911 is designed to provide access to emergency services from all connected communications services and provide multimedia data capabilities for public safety answering points and other emergency services organizations.

Sec. 15. Minnesota Statutes 2022, section 403.02, is amended by adding a subdivision to read:

Subd. 16e. **911 call.** "911 call" means any form of communication requesting any type of emergency services by contacting a public safety answering point, including voice or nonvoice communications, as well as transmission of any analog or digital data. 911 call includes a voice call, video call, text message, or data-only call.

Sec. 16. Minnesota Statutes 2022, section 403.02, is amended by adding a subdivision to read:

Subd. 16f. **911 network.** "911 network" means:

(1) a legacy telecommunications network that supports basic and enhanced 911 service; or

(2) the ESInet that is used for 911 calls that can be shared by all public safety answering points and that provides the IP transport infrastructure upon which independent public safety application platforms and core functional processes can be deployed, including but not limited to those necessary for providing next generation 911 service capability.

A network may be constructed from a mix of dedicated and shared facilities and may be interconnected at local, regional, state, national, and international levels.

Sec. 17. Minnesota Statutes 2022, section 403.02, is amended by adding a subdivision to read:

Subd. 16g. **911 system.** "911 system" means a coordinated system of technologies, networks, hardware, and software applications that a public safety answering point must procure and maintain in order to connect to the state 911 network and provide 911 services.

Sec. 18. Minnesota Statutes 2022, section 403.02, is amended by adding a subdivision to read:

Subd. 16h. **Originating service provider (OSP).** "Originating service provider" or "OSP" means an entity that provides the capability for customers to originate 911 calls to public safety answering points, including wire-line communications service providers, Voice over Internet Protocol service providers, and wireless communications service providers.

Sec. 19. Minnesota Statutes 2022, section 403.02, subdivision 17, is amended to read:

Subd. 17. **911 service.** "911 service" means ~~a telecommunications service that automatically connects a person dialing the digits 911 to an established public safety answering point. 911 service includes:~~ the emergency response service a public safety answering point provides as a result of processing 911 calls through its 911 system.

~~(1) customer data and network components connecting to the common 911 network and database;~~

~~(2) common 911 network and database equipment, as appropriate, for automatically selectively routing 911 calls to the public safety answering point serving the caller's jurisdiction; and~~

~~(3) provision of automatic location identification if the public safety answering point has the capability of providing that service.~~

Sec. 20. Minnesota Statutes 2022, section 403.02, subdivision 17c, is amended to read:

Subd. 17c. ~~**911**~~ **Public safety telecommunicator.** "~~911~~ Public safety telecommunicator" means a person employed by a public safety answering point, an emergency medical dispatch service provider, or both, who is qualified to answer incoming emergency telephone calls, text messages, and computer notifications or provide for the appropriate emergency response either directly or through communication with the appropriate public safety answering point.

Sec. 21. Minnesota Statutes 2022, section 403.02, is amended by adding a subdivision to read:

Subd. 17e. **Point of interconnection (POI).** "Point of interconnection" or "POI" means the location or locations within the 911 network where OSPs deliver 911 calls on behalf of their users or subscribers for delivery to the appropriate public service answering point.

Sec. 22. Minnesota Statutes 2022, section 403.02, subdivision 18, is amended to read:

Subd. 18. **Public safety agency.** "Public safety agency" means ~~a functional division of a public agency which provides firefighting, police, medical, or other emergency services, or a private entity which provides emergency medical or ambulance services~~ an agency that provides emergency services to the public.

Sec. 23. Minnesota Statutes 2022, section 403.02, subdivision 19, is amended to read:

Subd. 19. **Public safety answering point (PSAP).** "Public safety answering point" or "PSAP" means a governmental agency operating a 24-hour communications facility ~~operated on a 24-hour basis which~~ that first receives 911 and other emergency calls ~~from persons in a 911 service area and which may, as appropriate~~, central

station notifications, text messages, and computer notifications and directly ~~dispatch public safety~~ dispatches emergency response services or ~~extend, transfer, or relay 911 calls~~ relays communications to appropriate public safety agencies according to a specific operational policy.

Sec. 24. Minnesota Statutes 2022, section 403.02, subdivision 19a, is amended to read:

Subd. 19a. **Secondary public safety answering point.** "Secondary public safety answering point" means a communications facility that~~: (1) is operated on a 24-hour basis, in which a minimum of three public safety answering points (PSAPs) route calls for postdispatch or prearrival instructions; (2) receives calls directly from medical facilities to reduce call volume at the PSAPs; and (3) is able to receive 911 calls routed to it from a PSAP when the PSAP is unable to receive or answer 911 calls~~ receives calls transferred from a public safety answering point and is connected to the 911 network.

Sec. 25. Minnesota Statutes 2022, section 403.02, is amended by adding a subdivision to read:

Subd. 19c. **Public Utilities Commission (PUC).** "Public Utilities Commission" or "PUC" means the Minnesota state commission defined in section 216A.03.

Sec. 26. Minnesota Statutes 2022, section 403.02, is amended by adding a subdivision to read:

Subd. 19d. **Regional board.** "Regional board" means one of the seven emergency services and emergency communications boards in this state.

Sec. 27. Minnesota Statutes 2022, section 403.02, is amended by adding a subdivision to read:

Subd. 19e. **Service user.** "Service user" means any person who initiates a 911 call to receive emergency services.

Sec. 28. Minnesota Statutes 2022, section 403.02, is amended by adding a subdivision to read:

Subd. 19f. **Voice over Internet Protocol (VoIP) service provider.** "Voice over Internet Protocol service provider" or "VoIP service provider" means an entity that provides distinct packetized voice information in a digital format using the Internet protocol directly or through a third party, marketed or sold as either a telephone service or an information service interconnected with the PSTN, including both facilities-based service providers and resellers of such services.

Sec. 29. Minnesota Statutes 2022, section 403.02, subdivision 20, is amended to read:

Subd. 20. **Wire-line ~~telecommunications~~ communications service provider.** "Wire-line ~~telecommunications~~ communications service provider" means a person, firm, association, corporation, or other legal entity, however organized, or combination of them, authorized by state or federal regulatory agencies to furnish ~~telecommunications~~ communications service, including local service, over wire-line facilities.

Sec. 30. Minnesota Statutes 2022, section 403.02, subdivision 20a, is amended to read:

Subd. 20a. **Wireless ~~telecommunications~~ communications service.** "Wireless ~~telecommunications~~ communications service" means a commercial mobile radio service, as that term is defined in Code of Federal Regulations, title 47, section 20.3, including all broadband personal communication services, wireless radio telephone services, and geographic area specialized mobile radio licensees, that offer real-time, two-way voice service interconnected with the public switched telephone network.

Sec. 31. Minnesota Statutes 2022, section 403.02, subdivision 21, is amended to read:

Subd. 21. **Wireless ~~telecommunications~~ communications service provider.** "Wireless ~~telecommunications~~ communications service provider" means a provider of wireless ~~telecommunications~~ communications service.

Sec. 32. Minnesota Statutes 2022, section 403.025, is amended to read:

403.025 911 EMERGENCY ~~TELECOMMUNICATIONS~~ COMMUNICATIONS SYSTEM AND SERVICES REQUIRED.

~~Subdivision 1. **General requirement.** Each county shall operate and maintain a 911 emergency telecommunications system.~~

Subd. 1a. **Emergency telephone number 911.** The digits 911, so designated by the Federal Communications Commission, must be the primary emergency telephone number within the ~~system~~ 911 network. A public safety agency may maintain a separate secondary backup number for emergency calls and ~~shall~~ must maintain a separate number for nonemergency telephone calls.

Subd. 1b. **State requirements.** The commissioner must establish, maintain, and make available to all counties a statewide interoperable ESInet backbone 911 network that ensures interoperability between all public safety answering points connected to the network and meets the requirements of counties operating 911 systems that have an approved update to their 911 plans.

Subd. 1c. **Contractual requirements.** (a) The commissioner must contract with one or more ECNSPs to deliver the 911 network.

(b) The contract language or subsequent amendments to the contracts between the parties must contain provisions on how the 911 call routing and location validation data provided by the counties will be utilized by the ECNSPs, including how data coordination and quality assurance with the counties will be conducted.

(c) The contract language or subsequent amendments to contracts between the parties must contain provisions for resolving disputes.

(d) All data required under this chapter or Minnesota Rules, chapter 7580, to route 911 calls, provide caller location, or validate possible 911 caller location information that is utilized or intended to be utilized by the 911 system must be provided by the counties and the state without cost and may be utilized by ECNSPs and OSPs for purposes of performing location data quality assurance, ensuring 911 system performance and statutory compliance. Use of the data is governed by section 403.07 and Minnesota Rules, chapter 7580.

Subd. 1d. **Intergovernmental agreements.** Intergovernmental agreements may be implemented between the commissioner and counties or regional boards to support 911 system plan changes, communicate the network design, and specify cybersecurity standards. The commissioner must develop the master agreement in collaboration with the governmental entity.

Subd. 1e. **County requirements.** (a) Each county must operate and maintain a 911 system and provide 911 services.

(b) Each county is responsible for creating and maintaining a master street address guide and Geographical Information Systems data necessary to support accurate 911 call routing and location validation required to support the 911 network.

Subd. 1f. **911 plans.** Each participating county, federal, Tribal, or other organization must maintain and update a 911 plan that accurately documents current operations and 911 system configurations within the public safety answering point in accordance with Minnesota Rules, chapter 7580. The commissioner must review 911 system plans for compliance with 911 network and cybersecurity standards required under Minnesota Rules, chapter 7580.

Subd. 1g. **Secondary public safety answering point requirements.** Secondary public safety answering points may be required to engage in agreements with the commissioner regarding network design standards, cybersecurity standards, and 911 fee audits.

Subd. 2. **Multijurisdictional system.** The 911 network, 911 services, and 911 systems may be multijurisdictional and regional in character provided that design and implementation are preceded by cooperative planning on a county-by-county basis with local public safety agencies. An intergovernmental agreement must be in place between the participating government entities in a multijurisdictional or regional system, and the commissioner must be notified of the 911 plan change in accordance with Minnesota Rules, chapter 7580.

Subd. 3. **Connected ~~telecommunications~~ originating service provider requirements.** ~~Every owner and operator of a wire line or wireless circuit switched or packet based telecommunications system connected to the public switched telephone network shall design and maintain the system to dial the 911 number without charge to the caller.~~ Every OSP must allow Minnesota customers to access 911 without charge and deliver the request for emergency assistance to the 911 network at a state-designated POI and provide caller location information unless there are circumstances beyond the control of the provider to define a valid caller address, geographic location, and primary place of address.

Subd. 3a. **Originating service provider contractual requirements.** (a) The state may contract with the appropriate wire-line telecommunications service providers or other entities determined by the commissioner to be eligible for cost recovery for providing access to the 911 network for their subscribers.

(b) The contract language or subsequent amendments to the contract must include a description of the costs that are being reimbursed. The contract language or subsequent amendments must include the terms of compensation based on the effective tariff or price list filed with the Public Utilities Commission or the prices agreed to by the parties.

(c) The contract language or subsequent amendments to contracts between the parties must contain a provision for resolving disputes.

~~Subd. 4. **Wireless requirements.** Every owner and operator of a wireless telecommunications system shall design and maintain the system to dial the 911 number without charge to the caller.~~

Subd. 5. **Pay phone requirements.** Every pay phone owner and operator ~~shall~~ must permit dialing of the 911 number without coin and without charge to the caller.

Subd. 6. **Multistation or PBX system.** Every owner and operator of a multistation or private branch exchange (PBX) multiline telephone system ~~shall~~ must design and maintain the system to dial the 911 number without charge to the caller.

~~Subd. 7. **Contractual requirements.** (a) The state shall contract with the county or other governmental agencies operating public safety answering points and with the appropriate wire line telecommunications service providers or other entities determined by the commissioner to be capable of providing effective and efficient components of the 911 system for the operation, maintenance, enhancement, and expansion of the 911 system.~~

~~(b) The contract language or subsequent amendments to the contract must include a description of the services to be furnished to the county or other governmental agencies operating public safety answering points. The contract language or subsequent amendments must include the terms of compensation based on the effective tariff or price list filed with the Public Utilities Commission or the prices agreed to by the parties.~~

~~(c) The contract language or subsequent amendments to contracts between the parties must contain a provision for resolving disputes.~~

Sec. 33. Minnesota Statutes 2022, section 403.03, subdivision 2, is amended to read:

Subd. 2. **Telephone cardiopulmonary resuscitation program.** (a) ~~On or before July 1, 2021,~~ Every public safety answering point must maintain a telephone cardiopulmonary resuscitation program by either:

(1) providing each 911 telecommunicator with training in cardiopulmonary resuscitation; or

(2) transferring callers to another public safety answering point with 911 telecommunicators that have received training in cardiopulmonary resuscitation.

(b) Training in cardiopulmonary resuscitation must, at a minimum, include:

(1) use of an evidence-based protocol or script for providing cardiopulmonary resuscitation instruction that has been recommended by an academic institution or a nationally recognized organization specializing in medical dispatch and, if the public safety answering point has a medical director, approved by that medical director; and

(2) appropriate continuing education, as determined by the evidence-based protocol for providing cardiopulmonary resuscitation instruction and, if the public safety answering point has a medical director, approved by that medical director.

(c) A public safety answering point that transfers callers to another public safety answering point must, at a minimum:

(1) use an evidence-based protocol for the identification of a person in need of cardiopulmonary resuscitation;

(2) provide each 911 telecommunicator with appropriate training and continuing education to identify a person in need of cardiopulmonary resuscitation through the use of an evidence-based protocol; and

(3) ensure that any public safety answering point to which calls are transferred uses 911 telecommunicators who meet the training requirements under paragraph (b).

(d) Each public safety answering point shall conduct ongoing quality assurance of its telephone cardiopulmonary resuscitation program.

Sec. 34. Minnesota Statutes 2022, section 403.05, is amended to read:

403.05 911 ~~SYSTEM~~ NETWORK OPERATION AND MAINTENANCE.

Subdivision 1. **Operate and maintain.** ~~Each county or any other governmental agency shall~~ The commissioner must operate and maintain ~~its~~ a statewide 911 ~~system to meet~~ network meeting the requirements ~~of governmental agencies whose services are available through the 911 system and to permit future expansion or enhancement of the system.~~ set forth by the commissioner through rules established under chapter 14, including but not limited to

network and data performance measures, diversity, redundancy, interoperability, and cybersecurity. Each county, federal, Tribal, or other organization connected to the statewide 911 network must operate and maintain a 911 system that meets the requirements of governmental agencies whose services are available through the 911 network.

Subd. 1a. **GIS validation and aggregation.** The commissioner must provide geospatial data validation and aggregation tools that counties need in order to share the GIS data required for the 911 network.

~~Subd. 2. **Rule requirements for 911 system plans.** Each county or any other governmental agency shall maintain and update its 911 system plans as required under Minnesota Rules, chapter 7580.~~

Subd. 2a. **Responsibilities of PSAPs.** (a) Each PSAP connecting to the statewide 911 network must comply with state and, where applicable, regional 911 plans. Federal, Tribal, or other governmental organizations operating their own 911 systems must be approved by the commissioner.

(b) Any PSAP not connected to the state 911 network that desires to interact with a 911 system or has an agreement for shared 911 services must be interoperable with the state 911 network.

Subd. 3. **Agreements for service.** ~~Each county or any other governmental agency shall contract with the state for the recurring and nonrecurring costs associated with operating and maintaining 911 emergency communications systems. If requested by the county or other governmental agency, the county or agency is entitled to be a party to any contract between the state and any wire line telecommunications service provider or 911 emergency telecommunications service provider providing components of the 911 system within the county.~~ The state must contract for facilities and services associated with the operation and maintenance of the statewide 911 network and ESInet. The contract and any subsequent amendments must include a description of the services to be provided and the terms of compensation based on the prices agreed to by the parties.

Sec. 35. Minnesota Statutes 2022, section 403.06, is amended to read:

403.06 COMMISSIONER'S DUTIES.

Subdivision 1. **System coordination, improvements, variations, and agreements.** The commissioner ~~shall~~ may coordinate with counties on the management and maintenance of their 911 systems. If requested, the commissioner ~~shall~~ must aid counties in the formulation of ~~concepts, methods,~~ their public safety answering point plans, system design plans, performance and operational requirements, and procedures which will improve the operation and maintenance of their 911 systems. ~~The commissioner shall establish procedures for determining and evaluating requests for variations from the established design standards. The commissioner shall respond to requests by wireless or wire line telecommunications service providers or by counties or other governmental agencies for system agreements, contracts, and tariff language promptly and no later than within 45 days of the request unless otherwise mutually agreed to by the parties.~~

Subd. 1a. **Biennial budget; annual financial report.** The commissioner ~~shall~~ must prepare a biennial budget ~~for maintaining the 911 system.~~ by December 15 of each year~~,~~. The commissioner ~~shall~~ must submit a report to the legislature detailing the expenditures for maintaining the 911 ~~system~~ network, the 911 fees collected, the balance of the 911 fund, ~~the~~ 911-related administrative expenses of the commissioner, and the most recent forecast of revenues and expenditures for the 911 emergency telecommunications service account, including a separate projection of ~~E911~~ 911 fees from prepaid wireless customers and projections of year-end fund balances. The commissioner is authorized to expend money that has been appropriated to pay for the maintenance, enhancements, and expansion of the 911 ~~system~~ network.

Subd. 1b. **Connection plan required; commissioner review and enforcement.** (a) The commissioner must respond to network and database change requests by OSPs promptly and no later than 45 days after the request unless otherwise mutually agreed to by the parties. All network and location database variances requested by OSPs connecting to the ESInet must comply with Minnesota Rules.

(b) All OSPs must submit and maintain a plan for connection to the 911 network POIs in accordance with the requirements set forth in Minnesota Rules. The commissioner must review all connection plans to ensure compliance with all 911 network and database design and performance requirements.

Subd. 2. **Waiver.** Any county, ~~other governmental agency, wireless telecommunications service provider, or wire line telecommunications service provider~~ federal, Tribal, or other organization connected to the statewide 911 network or OSP may petition the commissioner for a waiver of all or portions of the requirements. A waiver may be granted upon a demonstration by the petitioner that the requirement is economically infeasible.

Sec. 36. Minnesota Statutes 2022, section 403.07, is amended to read:

403.07 NETWORK STANDARDS ESTABLISHED; DATA PRIVACY.

Subdivision 1. **Rules.** The commissioner ~~shall~~ must establish and adopt in accordance with chapter 14, rules for the administration of this chapter and for the development of 911 ~~systems~~ network in the state including:

(1) design and performance standards for the 911 ~~systems incorporating the standards adopted pursuant to subdivision 2 for the seven-county metropolitan area~~ network, including but not limited to network, routing, and database standards for counties, OSPs, and ECNSPs; and

(2) ~~a procedure for determining and evaluating requests for variations from the established design standards~~ design and performance standards for the ten-county metropolitan area, incorporating the standards adopted pursuant to subdivision 2.

Subd. 2. **Design standards for metropolitan area.** The Metropolitan Emergency Services Board ~~shall~~ must establish and adopt design and performance standards for the ~~metropolitan area 911 system and transmit them to the commissioner for incorporation into the rules adopted pursuant to this section.~~ 911 network for the ten-county metropolitan area, including but not limited to network design, routing, and database standards for counties, OSPs, and ECNSPs operating in the ten-county metropolitan area and provide them to the commissioner in accordance with chapter 14 for incorporation into the rules adopted pursuant to this section. The standards must be interoperable with the statewide 911 network and data standards.

Subd. 3. **~~Database~~ Location data.** ~~In 911 systems that have been approved by the commissioner for a local location identification database, each wire line telecommunications service provider shall provide current customer names, service addresses, and telephone numbers to each public safety answering point within the 911 system and shall update the information according to a schedule prescribed by the county 911 plan. Information provided under this subdivision must be provided in accordance with the transactional record disclosure requirements of the federal Communications Act of 1934, United States Code, title 47, section 222, subsection (g).~~ All OSPs must provide to the 911 network, at the time of each 911 call, the location of the device making the 911 call, unless there are circumstances beyond the control of the provider that prevents the OSP from sharing the location data. Any OSP supplying the location of 911 calls in civic address form must prevalidate the address to location data supplied by the county accessible through the NGCS.

Subd. 3a. **Access to data for accuracy.** (a) OSPs must, upon request of the state, a region, the ECNSP, or a PSAP, provide a description or copy of subscriber address location information or GIS data used by the OSP that is necessary to verify location and routing accuracy of 911 calls. Any ECNSP routing 911 calls must, upon request of the state, provide a copy of routing files used in determining PSAP selection for the purpose of verifying routing accuracy.

(b) OSPs must, upon request of the state, a region, the ECNSP, or a PSAP, provide a copy of subscriber address location information for uses specific to 911 systems. This request may carry a cost to the requester.

Subd. 3b. **Database standards in metropolitan area.** The Metropolitan Emergency Services Board must establish and adopt 911 database standards for OSPs operating in the ten-county metropolitan area 911 system and provide them to the commissioner for incorporation in accordance with chapter 14 into the rules adopted pursuant to this section.

Subd. 4. **Use of furnished information.** (a) Names, addresses, and telephone numbers provided to a 911 system under subdivision 3 are private data and may be used only:

(1) to identify the location or identity, or both, of a person calling a 911 ~~public safety answering point~~ PSAP; or

(2) by a ~~public safety answering point~~ PSAP to notify the public of an emergency.

(b) The information furnished under ~~subdivision 3~~ this chapter and the rules adopted pursuant to subdivision 1 may not be used or disclosed by 911 system agencies, their agents, or their employees for any other purpose except under a court order.

~~(b)~~ (c) For purposes of this subdivision, "emergency" means a situation in which property or human life is in jeopardy and the prompt notification of the public by the public safety answering point is essential.

Subd. 5. **Liability.** (a) ~~A wire line telecommunications service provider~~ An OSP, its employees, or its agents are not liable to any person who uses ~~enhanced 911 telecommunications service~~ NG911 services for release of subscriber information required under this chapter to any ~~public safety answering point~~ PSAP.

(b) ~~A wire line telecommunications service provider~~ An OSP is not liable to any person for the good-faith release to emergency communications personnel of information not in the public record, including, but not limited to, nonpublished or nonlisted telephone numbers, except for willful or wanton misconduct.

~~(c) A wire line telecommunications service provider, its employees, or its agents are not liable to any person for civil damages resulting from or caused by any act or omission in the development, design, installation, operation, maintenance, performance, or provision of enhanced 911 telecommunications service, except for willful or wanton misconduct.~~

~~(d) A multiline telephone system manufacturer, provider, or operator is not liable for any civil damages or penalties as a result of any act or omission, except willful or wanton misconduct, in connection with developing, designing, installing, maintaining, performing, provisioning, adopting, operating, or implementing any plan or system required by section 403.15.~~

~~(e) A telecommunications service provider~~ (c) An OSP that participates in or cooperates with the public safety answering point in notifying the public of an emergency, as authorized under subdivision 4, is immune from liability arising out of the notification except for willful or wanton misconduct.

Sec. 37. Minnesota Statutes 2022, section 403.08, is amended to read:

403.08 ~~WIRELESS TELECOMMUNICATIONS~~ ORIGINATING SERVICE ~~PROVIDER~~ PROVIDERS.

Subd. 7. **Duties.** ~~Each wireless telecommunications service provider shall cooperate in planning and implementing integration with enhanced 911 systems operating in their service territories to meet Federal Communications Commission enhanced 911 standards. Each wireless telecommunications service provider shall annually develop and provide to the commissioner good faith estimates of installation and recurring expenses to integrate wireless 911 service into the enhanced 911 networks to meet Federal Communications Commission phase one wireless enhanced 911 standards. The commissioner shall coordinate with counties and affected public safety~~

~~agency representatives in developing a statewide design and plan for implementation.~~ Each originating service provider (OSP) must cooperate in planning and implementing integration with the statewide 911 network to meet Federal Communications Commission and Public Utilities Commission 911 requirements, as applicable.

Subd. 9. **Scope.** Planning considerations must include ~~cost, degree of integration into existing 911 systems, the retention of existing 911 infrastructure, and the potential implications of phase 2 of the Federal Communications Commission wireless enhanced 911 standards~~ a plan to interconnect to the 911 network POIs, the retention and reuse of existing 911 infrastructure, and the implications of the Federal Communications Commission's wireless location accuracy requirements.

Subd. 10. **Plan integration.** ~~Counties shall incorporate the statewide design when modifying county 911 plans to provide for integrating wireless 911 service into existing county 911 systems.~~ An OSP must annually submit plans to the commissioner detailing how they will connect, or confirming how they already connect, to the statewide 911 network.

Subd. 11. **Liability.** (a) No ~~wireless enhanced 911 emergency telecommunications service provider~~ OSP, its employees, or its agents are liable to any person for civil damages resulting from or caused by any act or omission in the development, design, installation, operation, maintenance, performance, or provision of ~~enhanced~~ 911 wireless service, except for willful or wanton misconduct.

~~(b) No wireless carrier, its employees, or its agents are liable to any person who uses enhanced 911 wireless service for release of subscriber information required under this chapter to any public safety answering point.~~

(b) A multiline telephone system manufacturer, provider, or operator is not liable for any civil damages or penalties as a result of any act or omission, except willful or wanton misconduct, in connection with developing, designing, installing, maintaining, performing, provisioning, adopting, operating, or implementing any plan or system required by section 403.15.

~~Subd. 12. **Notification of subscriber.** A provider of wireless telecommunications services shall notify its subscribers at the time of initial subscription and four times per year thereafter that a 911 emergency call made from a wireless telephone is not always answered by a local public safety answering point but may be routed to a State Patrol dispatcher and that, accordingly, the caller must provide specific information regarding the caller's location.~~

Sec. 38. Minnesota Statutes 2022, section 403.09, subdivision 2, is amended to read:

Subd. 2. **Commission authority.** At the request of the public utilities commission, the attorney general may commence proceedings before the district court pursuant to section 237.27, against any ~~wire line telecommunications~~ originating service provider that falls under the commission's authority and refuses to comply with this chapter.

Sec. 39. Minnesota Statutes 2022, section 403.10, subdivision 2, is amended to read:

Subd. 2. **Notice to ~~public safety~~ government agency.** ~~Public safety~~ Government agencies with jurisdictional responsibilities ~~shall~~ must in all cases be notified by the public safety answering point of a request for service in their jurisdiction.

Sec. 40. Minnesota Statutes 2022, section 403.10, subdivision 3, is amended to read:

Subd. 3. **Allocating costs.** Counties, public agencies, operating public safety answering points, and other local governmental units may enter into cooperative agreements under section 471.59 for the allocation of operational and capital costs attributable to the 911 system and 911 services.

Sec. 41. Minnesota Statutes 2022, section 403.11, is amended to read:

403.11 911 SYSTEM COST ACCOUNTING REQUIREMENTS; FEE.

Subdivision 1. **Emergency telecommunications service fee; account.** (a) Each customer of ~~a wireless or wire line switched or packet based telecommunications~~ an originating service provider connected to the public switched telephone network that furnishes service capable of originating a 911 emergency telephone call is assessed a fee based upon the number of wired or wireless telephone lines, or their equivalent, to provide access to the 911 network and maintenance of the 911 customer database, or when the only option, to cover the costs of ongoing maintenance and related improvements for trunking and central office switching equipment and maintenance of 911 customer databases for 911 emergency telecommunications service, to offset administrative and staffing costs of the commissioner related to managing the 911 emergency telecommunications service program, to make distributions provided for in section 403.113, and to offset the costs, including administrative and staffing costs, incurred by the State Patrol Division of the Department of Public Safety in handling 911 emergency calls made from wireless phones.

(b) Money remaining in the 911 emergency telecommunications service account after all other obligations are paid and defined reserves are met must not cancel and is carried forward to subsequent years and may be appropriated ~~from time to time~~ to the commissioner to provide financial assistance to ~~counties~~ eligible entities for the improvement of ~~local emergency telecommunications services~~ 911 systems in compliance with use as designated in section 403.113, subdivision 3.

(c) The fee may not be more than 95 cents a month on or after July 1, 2010, for each customer access line or other basic access service, including trunk equivalents as designated by the Public Utilities Commission for access charge purposes and including wireless telecommunications services. With the approval of the commissioner of management and budget, the commissioner of public safety ~~shall~~ must establish the amount of the fee within the limits specified and inform the companies and carriers of the amount to be collected. ~~When the revenue bonds authorized under section 403.27, subdivision 1, have been fully paid or defeased, the commissioner shall reduce the fee to reflect that debt service on the bonds is no longer needed.~~ The commissioner ~~shall~~ must provide companies and carriers a minimum of 45 days' notice of each fee change. The fee must be the same for all customers, except that the fee imposed under this subdivision does not apply to prepaid wireless telecommunications service, which is instead subject to the fee imposed under section 403.161, subdivision 1, paragraph (a).

(d) The fee must be collected by each ~~wireless or wire line telecommunications~~ originating service provider subject to the fee. Fees are payable to and must be submitted to the commissioner monthly before the 25th of each month following the month of collection, except that fees may be submitted quarterly if less than $250 a month is due, or annually if less than $25 a month is due. Receipts must be deposited in the state treasury and credited to a 911 emergency telecommunications service account in the special revenue fund. The money in the account may only be used for 911 telecommunications services. The money in the account may only be used for costs outlined in section 403.113.

(e) Competitive local exchanges carriers holding certificates of authority from the Public Utilities Commission are eligible to receive payment for recurring 911 services.

Subd. 1a. **Fee collection declaration.** If the commissioner disputes the accuracy of a fee submission or if no fees are submitted by ~~a wireless, wire line, or packet based telecommunications service provider, the wireless, wire line, or packet based telecommunications~~ an originating service provider ~~shall~~, the OSP must submit a sworn declaration signed by an officer of the company certifying, under penalty of perjury, that the information provided with the fee submission is true and correct. The sworn declaration must specifically describe and affirm that the 911 fee computation is complete and accurate. When ~~a wireless, wire line, or packet based telecommunications service provider~~ an OSP fails to provide a sworn declaration within 90 days of notice by the commissioner that the fee submission is disputed, the commissioner may estimate the amount due from the ~~wireless, wire line, or packet based telecommunications service provider~~ OSP and refer that amount for collection under section 16D.04.

Subd. 1b. **Examination of fees.** If the commissioner determines that an examination is necessary to document the fee submission and sworn declaration in subdivision 1a, the ~~wireless, wire-line, or packet-based telecommunications service provider~~ OSP must contract with an independent certified public accountant to conduct an examination of fees. The examination must be conducted in accordance with attestation audit standards.

Subd. 3. **Method of payment.** (a) Any wireless or wire-line telecommunications service provider incurring reimbursable costs under subdivision 1 ~~shall submit an invoice itemizing rate elements by county or service area to the commissioner for 911 services furnished under contract. Any wireless or wire-line telecommunications service provider is eligible to receive payment for 911 services rendered according to the terms and conditions specified in the contract. The commissioner shall pay the invoice within 30 days following receipt of the invoice unless the commissioner notifies the service provider that the commissioner disputes the invoice~~ must be paid in accordance with the amount and terms of their valid cost recovery contract as described in section 403.025, subdivision 3a.

(b) The commissioner ~~shall~~ must estimate the amount required to reimburse ~~911 emergency telecommunications service providers and wireless and wire-line telecommunications service providers~~ the OSP for the state's obligations under subdivision 1 and the governor ~~shall~~ must include the estimated amount in the biennial budget request.

~~Subd. 3a. **Timely invoices.** An invoice for services provided for in the contract with a wireless or wire-line telecommunications service provider must be submitted to the commissioner no later than 90 days after commencing a new or additional eligible 911 service. Each applicable contract must provide that, if certified expenses under the contract deviate from estimates in the contract by more than ten percent, the commissioner may reduce the level of service without incurring any termination fees.~~

~~Subd. 3b. **Declaration.** If the commissioner disputes an invoice, the wireless and wire-line telecommunications service providers shall submit a declaration under section 16A.41 signed by an officer of the company with the invoices for payment of service described in the service provider's 911 contract. The sworn declaration must specifically describe and affirm that the 911 service contracted for is being provided and the costs invoiced for the service are true and correct. When a wireless or wire-line telecommunications service provider fails to provide a sworn declaration within 90 days of notice by the commissioner that the invoice is disputed, the disputed amount of the invoice must be disallowed.~~

Subd. 3c. **Audit.** If the commissioner determines that an audit is necessary to document the ~~invoice and sworn declaration in subdivision 3b~~ costs eligible for recovery as detailed in subdivision 1, the ~~wireless or wire-line telecommunications service provider~~ OSP must contract with an independent certified public accountant to conduct the audit. The audit must be conducted according to generally accepted accounting principles. The ~~wireless or wire-line telecommunications service provider~~ OSP is responsible for any costs associated with the audit.

Subd. 3d. **Eligible telecommunications carrier; requirement.** No ~~wireless communications provider~~ OSP may provide telecommunications services under a designation of eligible telecommunications carrier, as provided under Minnesota Rules, part 7811.1400, until and unless the commissioner of public safety certifies to the chair of the public utilities commission that the wireless telecommunications provider is not in arrears in amounts owed to the 911 emergency telecommunications service account in the special revenue fund.

Subd. 4. **Local recurring costs.** Recurring costs ~~of~~ not covered as part of the state 911 network contracts for telecommunications equipment and services at public safety answering points must be borne by the local governmental agency operating the public safety answering point or allocated pursuant to section 403.10, subdivision 3. Costs attributable to local government electives for services not otherwise addressed under section 403.11 or 403.113 must be borne by the governmental agency requesting the elective service.

Subd. 5. **Tariff notification.** Wire-line telecommunications service providers or wireless telecommunications service providers holding eligible telecommunications carrier status ~~shall~~ must give notice to the commissioner and any other affected governmental agency of tariff or price list changes related to 911 service at the same time that the filing is made with the public utilities commission.

Subd. 6. **OSP report.** (a) ~~Beginning~~ Each September 1~~, 2013, and continuing semiannually thereafter~~ and March 1, each ~~wireless telecommunications service provider shall~~ OSP must report to the commissioner, based on the ~~mobile~~ subscriber's telephone number~~, both~~. Wireless communication providers must include the total number of prepaid wireless telecommunications subscribers sourced to Minnesota and the total number of wireless telecommunications subscribers sourced to Minnesota. The report must be filed on the same schedule as Federal Communications Commission Form 477.

(b) The commissioner ~~shall~~ must make a standard form available to all wireless telecommunications service providers for submitting information required to compile the report required under this subdivision.

(c) The information provided to the commissioner under this subdivision is considered trade secret information under section 13.37 and may only be used for purposes of administering this chapter.

Sec. 42. Minnesota Statutes 2022, section 403.113, is amended to read:

403.113 ~~ENHANCED~~ 911 SERVICE COSTS; FEE.

Subdivision 1. **Fee.** A portion of the fee collected under section 403.11 must be used to fund implementation, operation, maintenance, enhancement, and expansion of ~~enhanced~~ the 911 ~~service~~ network, including acquisition of necessary equipment and the costs of the commissioner to administer the program in accordance with Federal Communications Commission rules.

Subd. 2. **Distribution of money.** (a) After payment of the costs of the commissioner to administer the program, the commissioner ~~shall~~ must distribute the money collected under this section as follows:

(1) one-half of the amount equally to all qualified counties, and after October 1, 1997, to all qualified counties, existing ten public safety answering points operated by the Minnesota State Patrol, and each governmental entity operating the individual public safety answering points serving the Metropolitan Airports Commission, the Red Lake Indian Reservation, and the University of Minnesota Police Department; and

(2) the remaining one-half to qualified counties and cities with existing 911 systems based on each county's or city's percentage of the total population of qualified counties and cities. The population of a qualified city with an existing system must be deducted from its county's population when calculating the county's share under this clause if the city seeks direct distribution of its share.

(b) A county's share under subdivision 1 must be shared pro rata between the county and existing city systems in the county. A county or city or other governmental entity as described in paragraph (a), clause (1), ~~shall~~ must deposit money received under this subdivision in an interest-bearing fund or account separate from the governmental entity's general fund and may use money in the fund or account only for the purposes specified in subdivision 3.

(c) A county or city or other governmental entity as described in paragraph (a), clause (1), is not qualified to share in the distribution of money for ~~enhanced~~ 911 service if it has not implemented enhanced 911 service before December 31, 1998.

(d) For the purposes of this subdivision, "existing city system" means a city 911 system that provides at least basic 911 service and that was implemented on or before April 1, 1993.

Subd. 3. **Local expenditures.** (a) Money distributed under subdivision 2 for ~~enhanced~~ 911 ~~service~~ systems or services may be spent on ~~enhanced~~ 911 system costs for the purposes stated in subdivision 1~~. In addition, money may be spent to lease, purchase, lease purchase, or maintain enhanced 911 equipment, including telephone equipment; recording equipment; computer hardware; computer software for database provisioning, addressing, mapping, and any other software necessary for automatic location identification or local location identification; trunk lines; selective routing equipment; the master street address guide; dispatcher public safety answering point equipment proficiency and operational skills; pay for long distance charges incurred due to transferring 911 calls to other jurisdictions; and the equipment necessary within the public safety answering point for community alert systems and to notify and communicate with the emergency services requested by the 911 caller.~~ as well as expenses deemed allowable in accordance with Code of Federal Regulations, title 47, section 9.2.

(b) Money distributed for ~~enhanced~~ 911 ~~service~~ systems or services may not be spent on:

(1) purchasing or leasing of real estate or cosmetic additions to or remodeling of ~~communications centers~~ public safety answering points;

(2) ~~mobile communications vehicles,~~ fire engines, ambulances, law enforcement vehicles, or other emergency vehicles;

(3) signs, posts, or other markers related to addressing or any costs associated with the installation or maintenance of signs, posts, or markers~~.~~;

(4) any purposes prohibited by the Federal Communications Commission;

(5) the transfer of 911 fees into a state or other jurisdiction's general fund or other fund for non-911 purposes;

(6) public safety telecommunicator salaries unless associated with training functions; and

(7) the leasing or purchase of end user equipment.

Subd. 4. **Audits.** (a) Each county and city or ~~other governmental entity~~ federal, Tribal, or other organization connected to the statewide 911 network as described in subdivision 2, paragraph (a), clause (1), ~~shall~~ or secondary public safety answering point must conduct ~~an annual audit~~ a compliance report in accordance with Minnesota Rules, chapter 7580, and Code of Federal Regulations, title 47, section 9.25, on the use of funds distributed to it for ~~enhanced~~ 911 ~~service~~ systems or services to ensure the distribution is spent according to subdivision 3. A copy of each ~~audit~~ compliance report must be submitted to the commissioner.

(b) The commissioner may request a state audit of a county, federal, Tribal, or other organization connected to the statewide 911 network which receives 911 funds from the state to operate its 911 system or service to ensure compliance with subdivision 3.

(c) Failure to submit a compliance report may result in a disruption of 911 fee distribution until the compliance report is submitted.

Sec. 43. Minnesota Statutes 2022, section 403.15, subdivision 1, is amended to read:

Subdivision 1. **Multistation or PBX system.** Except as otherwise provided in this section, every owner and operator of a new multistation or private branch exchange (PBX) multiline telephone system purchased or upgraded after December 31, 2004, ~~shall~~ must design and maintain the system to provide a callback number or ten-digit caller ID and emergency response location.

Sec. 44. Minnesota Statutes 2022, section 403.15, subdivision 2, is amended to read:

Subd. 2. **Multiline telephone system user dialing instructions.** (a) Each multiline telephone system (MLTS) operator must demonstrate or otherwise inform each new telephone system user how to call for emergency assistance from that particular multiline telephone system.

(b) MLTS platforms that are manufactured, imported, offered for first sale or lease, first sold or leased, or installed after February 16, 2020, must enable users to directly initiate a call to 911 from any station equipped with dialing facilities without dialing any additional digit, code, prefix, or postfix, including any trunk-access code such as the digit nine, regardless of whether the user is required to dial such a digit, code, prefix, or postfix for other calls.

(c) MLTSs that are manufactured, imported, offered for first sale or lease, first sold or leased, or installed after February 16, 2020, must be configured so that upon an occurrence of a 911 call it will provide a notification that a 911 call has been made to a central location at the facility where the system is installed or to another person or organization, regardless of location, if the system is able to be configured to provide the notification without an improvement to the hardware or software of the system.

Sec. 45. Minnesota Statutes 2022, section 403.15, subdivision 3, is amended to read:

Subd. 3. **Shared residential multiline telephone system.** On and after January 1, 2005, operators of shared multiline telephone systems, whenever installed, serving residential customers ~~shall~~ must ensure that the shared multiline telephone system is connected to the public switched network and that 911 calls from the system result in at least one distinctive automatic number identification and automatic location identification for each residential unit, except those requirements do not apply if the residential facility maintains one of the following:

(1) automatic location identification for each respective emergency response location;

(2) the ability to direct emergency responders to the 911 caller's location through an alternative and adequate means, such as the establishment of a 24-hour private answering point operated by the facility; or

(3) a connection to a switchboard operator, attendant, or other designated on-site individual.

Sec. 46. Minnesota Statutes 2022, section 403.15, subdivision 4, is amended to read:

Subd. 4. **Hotel or motel multiline telephone system.** Operators of hotel and motel multiline telephone systems ~~shall~~ must permit the dialing of 911 and ~~shall~~ must ensure that 911 calls originating from hotel or motel multiline telephone systems allow the 911 system to clearly identify the address and specific location of the 911 caller.

Sec. 47. Minnesota Statutes 2022, section 403.15, subdivision 5, is amended to read:

Subd. 5. **Business multiline telephone system.** (a) An operator of business multiline telephone systems connected to the public switched telephone network and serving business locations of one employer ~~shall~~ must ensure that calls to 911 from any telephone on the system result in one of the following:

(1) automatic location identification for each respective emergency response location;

(2) an ability to direct emergency responders to the 911 caller's location through an alternative and adequate means, such as the establishment of a 24-hour private answering point operated by the employer; or

(3) a connection to a switchboard operator, attendant, or other designated on-site individual.

(b) Except as provided in paragraph (c), providers of multiline telephone systems serving multiple employers' business locations ~~shall~~ must ensure that calls to 911 from any telephone result in automatic location identification for the respective emergency response location of each business location sharing the system.

(c) Only one emergency response location is required in the following circumstances:

(1) an employer's work space is less than 40,000 square feet, located on a single floor and on a single contiguous property;

(2) an employer's work space is less than 7,000 square feet, located on multiple floors and on a single contiguous property; or

(3) an employer's work space is a single public entrance, single floor facility on a single contiguous property.

Sec. 48. Minnesota Statutes 2022, section 403.15, subdivision 6, is amended to read:

Subd. 6. **Schools.** A multiline telephone system operated by a public or private educational institution, including a system serving dormitories and other residential customers, is subject to this subdivision and is not subject to subdivision 3. The operator of the education institution multiline system connected to the public switched network must ensure that calls to 911 from any telephone on the system result in one of the following:

(1) automatic location identification for each respective emergency response location;

(2) an ability to direct emergency responders to the 911 caller's location through an alternative and adequate means, such as the establishment of a 24-hour private answering point operated by the educational institution; or

(3) a connection to a switchboard operator, attendant, or other designated on-site individual.

Sec. 49. Minnesota Statutes 2022, section 403.15, is amended by adding a subdivision to read:

Subd. 9. **MLTS location compliance notification.** Beginning July 1, 2023, all vendors of MLTSs or hosted MLTS services in Minnesota must disclose to their customers the 911 location requirements in this chapter and include 911 location compliant capabilities in the systems or services they sell.

Sec. 50. **RENUMBERING.**

In Minnesota Statutes, the revisor of statutes shall renumber the subdivisions of Minnesota Statutes, section 403.02.

Sec. 51. **REPEALER.**

Minnesota Statutes 2022, sections 403.02, subdivision 13; and 403.09, subdivision 3, are repealed.

ARTICLE 16
COMMUNITY SUPERVISION REFORM

Section 1. Minnesota Statutes 2022, section 243.05, subdivision 1, is amended to read:

Subdivision 1. **Conditional release.** (a) The commissioner of corrections may parole any person sentenced to confinement in any state correctional facility for adults under the control of the commissioner of corrections, provided that:

(1) no inmate serving a life sentence for committing murder before May 1, 1980, other than murder committed in violation of clause (1) of section 609.185 who has not been previously convicted of a felony shall be paroled without having served 20 years, less the diminution that would have been allowed for good conduct had the sentence been for 20 years;

(2) no inmate serving a life sentence for committing murder before May 1, 1980, who has been previously convicted of a felony or though not previously convicted of a felony is serving a life sentence for murder in the first degree committed in violation of clause (1) of section 609.185 shall be paroled without having served 25 years, less the diminution which would have been allowed for good conduct had the sentence been for 25 years;

(3) any inmate sentenced prior to September 1, 1963, who would be eligible for parole had the inmate been sentenced after September 1, 1963, shall be eligible for parole; and

(4) any new rule or policy or change of rule or policy adopted by the commissioner of corrections which has the effect of postponing eligibility for parole has prospective effect only and applies only with respect to persons committing offenses after the effective date of the new rule or policy or change.

(b) Upon being paroled and released, an inmate is and remains in the legal custody and under the control of the commissioner, subject at any time to be returned to a facility of the Department of Corrections established by law for the confinement or treatment of convicted persons and the parole rescinded by the commissioner.

(c) The written order of the commissioner of corrections, is sufficient authority for any peace officer, state correctional investigator, or state parole and probation agent to retake and place in actual custody any person on parole or supervised release. In addition, when it appears necessary in order to prevent escape or enforce discipline, any state parole and probation agent or state correctional investigator may, without order of warrant, take and detain a parolee or person on supervised release or work release and bring the person to the commissioner for action.

(d) The written order of the commissioner of corrections is sufficient authority for any peace officer, state correctional investigator, or state parole and probation agent to retake and place in actual custody any person on probation under the supervision of the commissioner pursuant to section 609.135. Additionally, when it appears necessary in order to prevent escape or enforce discipline, any state parole and probation agent or state correctional investigator may, without an order, retake and detain a probationer and bring the probationer before the court for further proceedings under section 609.14.

(e) The written order of the commissioner of corrections is sufficient authority for any peace officer, state correctional investigator, or state parole and probation agent to detain any person on pretrial release who absconds from pretrial release or fails to abide by the conditions of pretrial release.

(f) Persons conditionally released, and those on probation under the supervision of the commissioner of corrections pursuant to section 609.135 may be placed within or outside the boundaries of the state at the discretion of the commissioner of corrections or the court, and the limits fixed for these persons may be enlarged or reduced according to their conduct.

(g) Except as otherwise provided in subdivision 1b, in considering applications for conditional release or discharge, the commissioner is not required to hear oral argument from any attorney or other person not connected with an adult correctional facility of the Department of Corrections in favor of or against the parole or release of any inmates. The commissioner may institute inquiries by correspondence, taking testimony, or otherwise, as to the previous history, physical or mental condition, and character of the inmate and, to that end, has the authority to require the attendance of the chief executive officer of any state adult correctional facility and the production of the records of these facilities, and to compel the attendance of witnesses. The commissioner is authorized to administer oaths to witnesses for these purposes.

~~(h) Unless the district court directs otherwise, state parole and probation agents may require a person who is under the supervision of the commissioner of corrections to perform community work service for violating a condition of probation imposed by the court. Community work service may be imposed for the purpose of protecting the public, to aid the offender's rehabilitation, or both. Agents may impose up to eight hours of community work service for each violation and up to a total of 24 hours per offender per 12 month period, beginning with the date on which community work service is first imposed. The commissioner may authorize an additional 40 hours of community work services, for a total of 64 hours per offender per 12 month period, beginning with the date on which community work service is first imposed. At the time community work service is imposed, parole and probation agents are required to provide written notice to the offender that states:~~

~~(1) the condition of probation that has been violated;~~

~~(2) the number of hours of community work service imposed for the violation; and~~

~~(3) the total number of hours of community work service imposed to date in the 12 month period.~~

~~An offender may challenge the imposition of community work service by filing a petition in district court. An offender must file the petition within five days of receiving written notice that community work service is being imposed. If the offender challenges the imposition of community work service, the state bears the burden of showing, by a preponderance of the evidence, that the imposition of community work service is reasonable under the circumstances.~~

~~Community work service includes sentencing to service.~~

~~(i) Prior to revoking a nonviolent controlled substance offender's parole or probation based on a technical violation, when the offender does not present a risk to the public and the offender is amenable to continued supervision in the community, a parole or probation agent must identify community options to address and correct the violation including, but not limited to, inpatient substance use disorder treatment. If a probation or parole agent determines that community options are appropriate, the agent shall seek to restructure the offender's terms of release to incorporate those options. If an offender on probation stipulates in writing to restructure the terms of release, a probation agent must forward a report to the district court containing:~~

~~(1) the specific nature of the technical violation of probation;~~

~~(2) the recommended restructure to the terms of probation; and~~

~~(3) a copy of the offender's signed stipulation indicating that the offender consents to the restructuring of probation.~~

~~The recommended restructuring of probation becomes effective when confirmed by a judge. The order of the court shall be proof of such confirmation and amend the terms of the sentence imposed by the court under section 609.135. If a nonviolent controlled substance offender's parole or probation is revoked, the offender's agent must first attempt to place the offender in a local jail. For purposes of this paragraph, "nonviolent controlled substance offender" is a person who meets the criteria described under section 244.0513, subdivision 2, clauses (1), (2), and (5), and "technical violation" means any violation of a court order of probation or a condition of parole, except an allegation of a subsequent criminal act that is alleged in a formal complaint, citation, or petition.~~

Sec. 2. Minnesota Statutes 2022, section 244.05, subdivision 3, is amended to read:

Subd. 3. **Sanctions for violation.** (a) If an inmate violates the conditions of the inmate's supervised release imposed by the commissioner, the commissioner may:

(1) continue the inmate's supervised release term~~,~~ with or without:

(i) modifying or enlarging the conditions imposed on the inmate; or

(ii) transferring the inmate's case to a specialized caseload; or

(2) revoke the inmate's supervised release and reimprison the inmate for the appropriate period ~~of time~~.

(b) Before revoking an inmate's supervised release because of a technical violation that would result in reimprisonment, the commissioner must identify alternative interventions to address and correct the violation only if:

(1) the inmate does not present a risk to the public; and

(2) the inmate is amenable to continued supervision.

(c) If alternative interventions are appropriate and available, the commissioner must restructure the inmate's terms of release to incorporate the alternative interventions.

(d) Prior to revoking a nonviolent controlled substance offender's supervised release based on a technical violation, when the offender does not present a risk to the public and the offender is amenable to continued supervision in the community, the commissioner must identify community options to address and correct the violation including, but not limited to, inpatient substance use disorder treatment. If the commissioner determines that community options are appropriate, the commissioner shall restructure the inmate's terms of release to incorporate those options. If a nonviolent controlled substance offender's supervised release is revoked, the offender's agent must first attempt to place the offender in a local jail. For purposes of this subdivision, "nonviolent controlled substance offender" is a person who meets the criteria described under section 244.0513, subdivision 2, clauses (1), (2), and (5), and "technical violation" means a violation of a condition of supervised release, except an allegation of a subsequent criminal act that is alleged in a formal complaint, citation, or petition.

(e) The period of time for which a supervised release may be revoked may not exceed the period of time remaining in the inmate's sentence, except that if a sex offender is sentenced and conditionally released under Minnesota Statutes 2004, section 609.108, subdivision 5, the period of time for which conditional release may be revoked may not exceed the balance of the conditional release term.

Sec. 3. Minnesota Statutes 2022, section 244.19, subdivision 1, is amended to read:

Subdivision 1. **Appointment; joint services; state services.** (a) If a county or group of counties has established a human services board pursuant to chapter 402, the district court may appoint one or more county probation officers as necessary to perform court services, and the human services board shall appoint persons as necessary to provide correctional services within the authority granted in chapter 402. In all counties of more than 200,000 population, which have not organized pursuant to chapter 402, the district court shall appoint one or more persons of good character to serve as county probation officers during the pleasure of the court. All other counties shall provide adult misdemeanant and juvenile probation services to district courts in one of the following ways:

(1) the court, with the approval of the county boards, may appoint one or more salaried county probation officers to serve during the pleasure of the court;

(2) when two or more counties offer probation services the district court through the county boards may appoint common salaried county probation officers to serve in the several counties;

(3) a county or a district court may request the commissioner of corrections to furnish probation services in accordance with the provisions of this section, and the commissioner of corrections shall furnish such services to any county or court that fails to provide its own probation officer by one of the two procedures listed above;

(4) if a county or district court providing probation services under clause (1) or (2) asks the commissioner of corrections or the legislative body for the state of Minnesota mandates the commissioner of corrections to furnish probation services to the district court, the probation officers and other employees displaced by the changeover shall be employed by the commissioner of corrections. Years of service in the county probation department are to be given full credit for future sick leave and vacation accrual purposes;

(5) ~~all probation officers serving the juvenile courts on July 1, 1972, shall continue to serve~~ for a person who is enrolled or eligible to be enrolled in a Tribal Nation or who resides in an enrolled member's household, a Tribal Nation may elect to provide probation services within the county in which the person resides; and

(6) if a county receiving probation services under clause (3) decides to provide the services under clause (1) or (2), the probation officers and other employees displaced by the changeover shall be employed by the county at no loss of salary. Years of service in the state are to be given full credit for future sick leave and vacation accrual purposes in the county or counties they are now serving.

(b) A county providing probation services under paragraph (a), clause (1) or (2), is designated a "CPO county" for purposes of receiving a subsidy under chapter 401. A county receiving probation services under paragraph (a), clause (3), is not eligible for a subsidy under chapter 401 and the commissioner of corrections is appropriated the county's share of funding for the purpose of providing probation services and authority to seek reimbursement from the county under subdivision 5.

(c) A county that requests the commissioner of corrections to provide probation services under paragraph (a), clause (3), shall collaborate with the commissioner to develop a comprehensive plan as described in section 401.06.

~~(b)~~ (d) The commissioner of management and budget shall place employees transferred to state service under paragraph (a), clause (4), in the proper classifications in the classified service. Each employee is appointed without examination at no loss in salary or accrued vacation or sick leave benefits, but no additional accrual of vacation or sick leave benefits may occur until the employee's total accrued vacation or sick leave benefits fall below the maximum permitted by the state for the employee's position. An employee appointed under paragraph (a), clause (4), shall serve a probationary period of six months. After exhausting labor contract remedies, a noncertified employee may appeal for a hearing within ten days to the commissioner of management and budget, who may uphold the decision, extend the probation period, or certify the employee. The decision of the commissioner of management and budget is final. The state shall negotiate with the exclusive representative for the bargaining unit to which the employees are transferred regarding their seniority. For purposes of computing seniority among those employees transferring from one county unit only, a transferred employee retains the same seniority position as the employee had within that county's probation office.

Sec. 4. Minnesota Statutes 2022, section 244.19, is amended by adding a subdivision to read:

Subd. 1a. **Definition.** For purposes of this section, "Tribal Nation" means a federally recognized Tribal Nation within the boundaries of the state of Minnesota.

Sec. 5. Minnesota Statutes 2022, section 244.19, subdivision 2, is amended to read:

Subd. 2. **Sufficiency of services.** Probation services shall be sufficient in amount to meet the needs of the district court in each county. County probation officers serving district courts in all counties of not more than 200,000 population shall also, pursuant to subdivision 3, provide probation and parole services to wards of the commissioner of corrections resident in their counties. To provide these probation services counties containing a city of 10,000 or more population shall, as far as practicable, have one probation officer for not more than 35,000

population; in counties that do not contain a city of such size, the commissioner of corrections shall, after consultation with the chief judge of the district court ~~and~~, the county commissioners, or Tribal Nation through an approved plan and, in the light of experience, establish probation districts to be served by one officer.

All probation officers appointed for any district court or ~~community~~ county corrections agency, including Tribal Nations, shall be selected from a list of eligible candidates ~~who have~~. Those candidates must be minimally qualified according to the same or equivalent examining procedures as used by the commissioner of management and budget to certify ~~eligibles~~ eligibility to the commissioner of corrections in appointing parole agents~~, and the Department of Management and Budget shall furnish the names of such candidates on request~~. This subdivision shall not apply to a political subdivision having a civil service or merit system unless the subdivision elects to be covered by this subdivision.

Sec. 6. Minnesota Statutes 2022, section 244.19, subdivision 3, is amended to read:

Subd. 3. **Powers and duties.** All county or Tribal Nation probation officers serving a district court shall act under the orders of the court in reference to any person committed to their care by the court, and in the performance of their duties shall have the general powers of a peace officer; and it shall be their duty to make such investigations with regard to any person as may be required by the court before, during, or after the trial or hearing, and to furnish to the court such information and assistance as may be required; to take charge of any person before, during or after trial or hearing when so directed by the court, and to keep such records and to make such reports to the court as the court may order. Tribal Nations providing probation services have the same general powers provided to county probation officers defined within statute or rule.

All county or Tribal Nation probation officers serving a district court shall, in addition, provide probation and parole services to wards of the commissioner of corrections resident in the counties they serve, and shall act under the orders of said commissioner of corrections in reference to any ward committed to their care by the commissioner of corrections.

All probation officers serving a district court shall, under the direction of the authority having power to appoint them, initiate programs for the welfare of persons coming within the jurisdiction of the court to prevent delinquency and crime and to rehabilitate within the community persons who come within the jurisdiction of the court and are properly subject to efforts to accomplish prevention and rehabilitation. They shall, under the direction of the court, cooperate with all law enforcement agencies, schools, child welfare agencies of a public or private character, and other groups concerned with the prevention of crime and delinquency and the rehabilitation of persons convicted of crime and delinquency.

All probation officers serving a district court shall make monthly and annual reports to the commissioner of corrections, on forms furnished by the commissioner, containing such information on number of cases cited to the juvenile division of district court, offenses, adjudications, dispositions, and related matters as may be required by the commissioner of corrections. The reports shall include the information on individuals convicted as an extended jurisdiction juvenile identified in section 241.016, subdivision 1, paragraph (c).

Sec. 7. Minnesota Statutes 2022, section 244.19, subdivision 5, is amended to read:

Subd. 5. **Compensation.** ~~In counties of more than 200,000 population, a majority of the judges of the district court may direct the payment of such salary to probation officers as may be approved by the county board, and in addition thereto shall be reimbursed for all necessary expenses incurred in the performance of their official duties.~~ In all counties which obtain probation services from the commissioner of corrections the commissioner shall, out of appropriations provided therefor, pay probation officers the salary and all benefits fixed by the state law or applicable bargaining unit and all necessary expenses, including secretarial service, office equipment and supplies, postage, telephone and telegraph services, and travel and subsistence. Each county receiving probation services

from the commissioner of corrections shall reimburse the department of corrections for the total cost and expenses of such services as incurred by the commissioner of corrections, excluding the cost and expense of services provided under the state's obligation in section 244.20. ~~Total annual costs for each county shall be that portion of the total costs and expenses for the services of one probation officer represented by the ratio which the county's population bears to the total population served by one officer. For the purposes of this section, the population of any county shall be the most recent estimate made by the Department of Health.~~ At least every six months the commissioner of corrections shall bill for the total cost and expenses incurred by the commissioner on behalf of each county which has received probation services. The commissioner of corrections shall notify each county of the cost and expenses and the county shall pay to the commissioner the amount due for reimbursement. All such reimbursements shall be ~~deposited in the general fund~~ used to provide services for each county according to their reimbursement amount. Objections by a county to all allocation of such cost and expenses shall be presented to and determined by the commissioner of corrections. Each county providing probation services under this section is hereby authorized to use unexpended funds and to levy additional taxes for this purpose.

The county commissioners of any county of not more than 200,000 population shall, when requested to do so by the juvenile judge, provide probation officers with suitable offices, and may provide equipment, and secretarial help needed to render the required services.

Sec. 8. Minnesota Statutes 2022, section 244.195, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) As used in this subdivision and sections 244.196 to 244.1995, the following terms have the meanings given them.

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

(c) "Conditional release" means parole, supervised release, conditional release as authorized by section 609.3455, subdivision 6, 7, or 8; Minnesota Statutes 2004, section 609.108, subdivision 6; or Minnesota Statutes 2004, section 609.109, subdivision 7, work release as authorized by sections 241.26, 244.065, and 631.425, probation, furlough, and any other authorized temporary release from a correctional facility.

(d) "Court services director" means the director or designee of a county probation agency that is not organized under section 244.19 or an agency organized under chapter 401.

(e) "Detain" means to take into actual custody, including custody within a local correctional facility.

(f) "Local correctional facility" has the meaning given in section 241.021, subdivision 1.

(g) "Probation agency" means the Department of Corrections field office or a probation agency organized under section 244.19 or chapter 401.

(h) "Probation officer" means a court services director, county probation officer, or any other community supervision officer employed by the commissioner or by a probation agency organized under section 244.19 or chapter 401.

(i) "Release" means to release from actual custody.

Sec. 9. Minnesota Statutes 2022, section 244.195, subdivision 2, is amended to read:

Subd. 2. **Detention pending hearing.** When it appears necessary to enforce discipline or to prevent a person on conditional release from escaping or absconding from supervision, a court services director has the authority to issue a written order directing any peace officer or any probation officer in the state serving the district and juvenile courts

to detain and bring the person before the court or the commissioner, whichever is appropriate, for disposition. If the person on conditional release commits a violation described in section 609.14, subdivision 1a, paragraph (a), the court services director must have a reasonable belief that the order is necessary to prevent the person from escaping or absconding from supervision or that the continued presence of the person in the community presents a risk to public safety before issuing a written order. This written order is sufficient authority for the peace officer or probation officer to detain the person for not more than 72 hours, excluding Saturdays, Sundays, and holidays, pending a hearing before the court or the commissioner.

Sec. 10. Minnesota Statutes 2022, section 244.195, is amended by adding a subdivision to read:

Subd. 6. **Intermediate sanctions.** (a) Unless the district court directs otherwise, a probation officer may require a person committed to the officer's care by the court to perform community work service for violating a condition of probation imposed by the court. Community work service may be imposed for the purpose of protecting the public, aiding the person's rehabilitation, or both. A probation officer may impose up to eight hours of community work service for each violation and up to a total of 24 hours per person per 12-month period, beginning on the date on which community work service is first imposed. The court services director or probation agency may authorize an additional 40 hours of community work service, for a total of 64 hours per person per 12-month period, beginning with the date on which community work service is first imposed. At the time community work service is imposed, probation officers are required to provide written notice to the person that states:

(1) the condition of probation that has been violated;

(2) the number of hours of community work service imposed for the violation; and

(3) the total number of hours of community work service imposed to date in the 12-month period.

(b) A person on supervision may challenge the imposition of community work service by filing a petition in district court within five days of receiving written notice that community work service is being imposed. If the person challenges the imposition of community work service, the state bears the burden of showing, by a preponderance of the evidence, that the imposition of community work service is reasonable under the circumstances.

(c) Community work service includes sentencing to service.

Sec. 11. Minnesota Statutes 2022, section 244.195, is amended by adding a subdivision to read:

Subd. 7. **Contacts.** Supervision contacts may be conducted over videoconference technology in accordance with the probation agency's established policy.

Sec. 12. Minnesota Statutes 2022, section 244.20, is amended to read:

244.20 PROBATION SUPERVISION.

Notwithstanding sections 244.19, subdivision 1, and 609.135, subdivision 1, the Department of Corrections shall have exclusive responsibility for providing probation services for adult felons in counties that do not take part in the Community Corrections Act. ~~In counties that do not take part in the Community Corrections Act, the responsibility for providing probation services for individuals convicted of gross misdemeanor offenses shall be discharged according to local judicial policy.~~

Sec. 13. Minnesota Statutes 2022, section 244.21, is amended to read:

244.21 INFORMATION ON OFFENDERS UNDER SUPERVISION; REPORTS.

Subdivision 1. **Collection of information by probation service providers; report required.** By January 1, 1998, probation service providers shall begin collecting and maintaining information on offenders under supervision. The commissioner of corrections shall specify the nature and extent of the information to be collected. By April 1 of every year, each probation service provider shall report a summary of the information collected to the commissioner as a condition of state subsidy funding under chapter 401.

Subd. 2. **Commissioner of corrections report.** By January 15, ~~1998~~ 2024, the commissioner of corrections shall report to the chairs and ranking minority members of the ~~senate crime prevention and house of representatives judiciary~~ legislative committees with jurisdiction over public safety policy and finance on recommended methods of coordinating the exchange of information collected on offenders under subdivision 1: (1) between probation service providers; and (2) between probation service providers and the Department of Corrections~~, without requiring service providers to acquire uniform computer software~~.

Sec. 14. Minnesota Statutes 2022, section 401.01, is amended to read:

401.01 PURPOSE AND DEFINITION; ASSISTANCE ~~GRANTS~~ SUBSIDIES.

Subdivision 1. **~~Grants~~ Subsidies.** For the purpose of more effectively protecting society and to promote efficiency and economy in the delivery of correctional services, the commissioner is authorized to ~~make grants to assist~~ subsidize counties and Tribal Nations in the development, implementation, and operation of community-based corrections programs including preventive or diversionary correctional programs, conditional release programs, community corrections centers, and facilities for the detention or confinement, care and treatment of persons convicted of crime or adjudicated delinquent. ~~The commissioner may authorize the use of a percentage of a grant for the operation of an emergency shelter or make a separate grant for the rehabilitation of a facility owned by the grantee and used as a shelter to bring the facility into compliance with state and local laws pertaining to health, fire, and safety, and to provide security.~~

Subd. 2. **Definitions.** (a) For the purposes of sections 401.01 to 401.16, the following terms have the meanings given them.

(b) ~~"CCA county"~~ "CCA jurisdiction" means a county or Tribal Nation that participates in the Community Corrections Act.

(c) "Commissioner" means the commissioner of corrections or a designee.

(d) "Conditional release" means parole, supervised release, conditional release as authorized by section 609.3455, subdivision 6, 7, or 8; Minnesota Statutes 2004, section 609.108, subdivision 6; or Minnesota Statutes 2004, section 609.109, subdivision 7, work release as authorized by sections 241.26, 244.065, and 631.425, probation, furlough, and any other authorized temporary release from a correctional facility.

(e) "County probation officer" means a probation officer appointed under section 244.19.

(f) "CPO county" means a county that participates in funding under this act by providing local corrections service for all juveniles and individuals on probation for misdemeanors, pursuant to section 244.19, subdivision 1, paragraph (a), clause (1) or (2).

(g) "Detain" means to take into actual custody, including custody within a local correctional facility.

~~(g)~~ (h) "Joint board" means the board provided in section 471.59.

~~(h)~~ (i) "Local correctional facility" has the meaning given in section 241.021, subdivision 1.

~~(i)~~ (j) "Local correctional service" means those services authorized by and employees, officers, and agents appointed under section 244.19, subdivision 1.

~~(j)~~ (k) "Release" means to release from actual custody.

(l) "Tribal government" means one of the federally recognized Tribes described in section 3.922.

Sec. 15. Minnesota Statutes 2022, section 401.02, is amended to read:

401.02 COUNTIES OR REGIONS; SERVICES INCLUDABLE.

Subdivision 1. **Qualification of counties or Tribal Nations.** (a) One or more counties~~, having an aggregate population of 30,000 or more persons,~~ or Tribal Nations may qualify for a ~~grant as provided in~~ subsidy under section 401.01 by ~~the enactment of appropriate resolutions creating and establishing a corrections advisory board,~~ designating the officer or agency to be responsible for administering ~~grant funds~~ subsidies, and providing for the preparation of a comprehensive plan for the development, implementation and operation of the correctional services described in ~~section~~ sections 401.01 and 401.11, including the assumption of those correctional services, other than the operation of state facilities, presently provided in such counties by the Department of Corrections, or for Tribal Nations, probation services within a Tribal Nation, and providing for centralized administration and control of those correctional services described in section 401.01. Counties participating as a CCA county must also enact the appropriate resolutions creating and establishing a corrections advisory board.

Where counties or Tribal governments combine as authorized in this section, they shall comply with the provisions of section 471.59.

(b) A county that has participated in the Community Corrections Act for five or more years is eligible to continue to participate in the Community Corrections Act.

(c) If a county or Tribal government withdraws from the subsidy program as outlined in subdivision 1 and asks the commissioner of corrections or the legislature mandates the commissioner of corrections to furnish probation services to the county, the probation officers and other employees displaced by the changeover shall be employed by the commissioner of corrections at no loss of salary. Years of service in the county probation department are to be given full credit for future sick leave and vacation accrual purposes.

Subd. 2. **Planning counties; advisory board members expenses.** To assist counties or Tribal Nations which have complied with the provisions of subdivision 1 and require financial aid to defray all or a part of the expenses incurred by corrections advisory board members in discharging their official duties pursuant to section 401.08, the commissioner may designate counties or Tribal Nations as "planning counties", and, upon receipt of resolutions by the governing boards of the counties or Tribal Nations certifying the need for and inability to pay the expenses described in this subdivision, advance to the counties or Tribal Nations an amount not to exceed five percent of the maximum quarterly subsidy for which the counties or Tribal Nations are eligible. The expenses described in this subdivision shall be paid in the same manner and amount as for state employees.

Subd. 3. **Establishment and reorganization of administrative structure.** Any county, Tribal Nation, or group of counties which have qualified for participation in the ~~community corrections~~ subsidy program provided by this chapter may establish, organize, and reorganize an administrative structure and provide for the budgeting, staffing, and operation of court services and probation, construction or improvement to juvenile detention and

juvenile correctional facilities and adult detention and correctional facilities, and other activities required to conform to the purposes of this chapter. No contrary general or special statute divests any county or group of counties of the authority granted by this subdivision.

~~Subd. 5. **Intermediate sanctions.** Unless the district court directs otherwise, county probation officers may require a person committed to the officer's care by the court to perform community work service for violating a condition of probation imposed by the court. Community work service may be imposed for the purpose of protecting the public, to aid the offender's rehabilitation, or both. Probation officers may impose up to eight hours of community work service for each violation and up to a total of 24 hours per offender per 12 month period, beginning on the date on which community work service is first imposed. The chief executive officer of a community corrections agency may authorize an additional 40 hours of community work service, for a total of 64 hours per offender per 12 month period, beginning with the date on which community work service is first imposed. At the time community work service is imposed, probation officers are required to provide written notice to the offender that states:~~

~~(1) the condition of probation that has been violated;~~

~~(2) the number of hours of community work service imposed for the violation; and~~

~~(3) the total number of hours of community work service imposed to date in the 12 month period.~~

~~An offender may challenge the imposition of community work service by filing a petition in district court. An offender must file the petition within five days of receiving written notice that community work service is being imposed. If the offender challenges the imposition of community work service, the state bears the burden of showing, by a preponderance of the evidence, that the imposition of community work service is reasonable under the circumstances.~~

~~Community work service includes sentencing to service.~~

Sec. 16. Minnesota Statutes 2022, section 401.025, is amended to read:

401.025 DETENTION AND RELEASE; PROBATIONERS, CONDITIONAL RELEASEES, AND PRETRIAL RELEASEES.

Subdivision 1. **Peace officers and probation officers serving CCA ~~counties~~ jurisdictions.** (a) When it appears necessary to enforce discipline or to prevent a person on conditional release from escaping or absconding from supervision, the chief executive officer or designee of a community corrections agency in a CCA ~~county~~ jurisdiction has the authority to issue a written order directing any peace officer or any probation officer in the state serving the district and juvenile courts to detain and bring the person before the court or the commissioner, whichever is appropriate, for disposition. If the person on conditional release commits a violation described in section 609.14, subdivision 1a, paragraph (a), the chief executive officer or designee must have a reasonable belief that the order is necessary to prevent the person from escaping or absconding from supervision or that the continued presence of the person in the community presents a risk to public safety before issuing a written order. This written order is sufficient authority for the peace officer or probation officer to detain the person for not more than 72 hours, excluding Saturdays, Sundays, and holidays, pending a hearing before the court or the commissioner.

(b) The chief executive officer or designee of a community corrections agency in a CCA ~~county~~ jurisdiction has the authority to issue a written order directing a peace officer or probation officer serving the district and juvenile courts to release a person detained under paragraph (a) within 72 hours, excluding Saturdays, Sundays, and holidays, without an appearance before the court or the commissioner. This written order is sufficient authority for the peace officer or probation officer to release the detained person.

(c) The chief executive officer or designee of a community corrections agency in a CCA ~~county~~ jurisdiction has the authority to issue a written order directing any peace officer or any probation officer serving the district and juvenile courts to detain any person on court-ordered pretrial release who absconds from pretrial release or fails to abide by the conditions of pretrial release. A written order issued under this paragraph is sufficient authority for the peace officer or probation officer to detain the person.

Subd. 2. **Peace officers and probation officers in other counties and state correctional investigators.** (a) The chief executive officer or designee of a community corrections agency in a CCA ~~county~~ jurisdiction has the authority to issue a written order directing any state correctional investigator or any peace officer, probation officer, or county probation officer from another county to detain a person under sentence or on probation who:

(1) fails to report to serve a sentence at a local correctional facility;

(2) fails to return from furlough or authorized temporary release from a local correctional facility;

(3) escapes from a local correctional facility; or

(4) absconds from court-ordered home detention.

(b) The chief executive officer or designee of a community corrections agency in a CCA ~~county~~ jurisdiction has the authority to issue a written order directing any state correctional investigator or any peace officer, probation officer, or county probation officer from another county to detain any person on court-ordered pretrial release who absconds from pretrial release or fails to abide by the conditions of pretrial release.

(c) A written order issued under paragraph (a) or (b) is sufficient authority for the state correctional investigator, peace officer, probation officer, or county probation officer to detain the person.

Subd. 3. **Offenders under Department of Corrections commitment.** CCA ~~counties~~ jurisdictions shall comply with the policies prescribed by the commissioner when providing supervision and other correctional services to persons conditionally released pursuant to sections 241.26, 242.19, 243.05, 243.1605, 244.05, and 244.065, including intercounty transfer of persons on conditional release and the conduct of presentence investigations.

Sec. 17. Minnesota Statutes 2022, section 401.04, is amended to read:

401.04 ACQUISITION OF PROPERTY; SELECTION OF ADMINISTRATIVE STRUCTURE; EMPLOYEES.

Any county ~~or,~~ group of counties, or Tribal Nation electing to come within the provisions of sections 401.01 to 401.16 may (a) acquire by any lawful means, including purchase, lease or transfer of custodial control, the lands, buildings and equipment necessary and incident to the accomplishment of the purposes of sections 401.01 to 401.16, (b) determine and establish the administrative structure best suited to the efficient administration and delivery of the correctional services described in section 401.01, and (c) employ a director and other officers, employees and agents as deemed necessary to carry out the provisions of sections 401.01 to 401.16. To the extent that participating counties shall assume and take over state and local correctional services presently provided in counties, employment shall be given to those state and local officers, employees and agents thus displaced; if hired by a county, employment shall, to the extent possible and notwithstanding the provisions of any other law or ordinance to the contrary, be deemed a transfer in grade with all of the benefits enjoyed by such officer, employee or agent while in the service of the state or local correctional service.

State or local employees displaced by county participation in the subsidy program provided by this chapter are on layoff status and, if not hired by a participating county as provided herein, may exercise their rights under layoff procedures established by law or union agreement whichever is applicable.

State or local officers and employees displaced by a county's participation in the Community Corrections Act and hired by the participating county shall retain all fringe benefits and recall from layoff benefits accrued by seniority and enjoyed by them while in the service of the state.

Sec. 18. Minnesota Statutes 2022, section 401.05, subdivision 1, is amended to read:

Subdivision 1. **Authorization to use and accept funds.** Any ~~county~~ CCA jurisdiction or group of counties electing to come within the provisions of sections 401.01 to 401.16 may, through their governing bodies, use unexpended funds; accept gifts, grants, and subsidies from any lawful source; and apply for and accept federal funds.

Sec. 19. Minnesota Statutes 2022, section 401.06, is amended to read:

401.06 COMPREHENSIVE PLAN; STANDARDS OF ELIGIBILITY; COMPLIANCE.

Subdivision 1. **Commissioner approval required.** (a) No county, Tribal Nation, or group of counties or Tribal government or group of Tribal governments electing to provide correctional services ~~pursuant to sections 401.01 to 401.16 shall be~~ under this chapter is eligible for the subsidy ~~herein provided~~ unless and until its comprehensive plan ~~shall have~~ has been approved by the commissioner. A comprehensive plan must comply with commissioner-developed standards and reporting requirements and must sufficiently address community needs and supervision standards.

(b) If the commissioner provides supervision to a county that elects not to provide the supervision, the commissioner must prepare a comprehensive plan for the county and present it to the local county board of commissioners. The Department of Corrections is subject to all the standards and requirements under this chapter and supervision standards and policies.

(c) A comprehensive plan is valid for four years, and a corrections advisory board must review and update the plan two years after the plan has been approved or two years after submitted to the commissioner, whichever is earlier.

(d) All approved comprehensive plans, including updated plans, must be made publicly available on the Department of Corrections website.

Subd. 2. **Rulemaking.** The commissioner ~~shall~~ must, ~~pursuant to~~ in accordance with the Administrative Procedure Act, ~~promulgate~~ adopt rules establishing standards of eligibility for CCA and CPO counties and Tribal Nations to receive funds under ~~sections 401.01 to 401.16~~ this chapter.

Subd. 3. **Substantial compliance required.** (a) To remain eligible for the subsidy ~~counties shall~~, CCA jurisdictions must maintain substantial compliance with the minimum standards established ~~pursuant~~ according to ~~sections 401.01 to 401.16~~ this chapter and the policies and procedures governing the services ~~described in~~ under section 401.025 as prescribed by the commissioner.

(b) Counties ~~shall also~~ must:

(1) be in substantial compliance with other correctional operating standards permitted by law and established by the commissioner; and ~~shall~~

(2) report statistics required by the commissioner, including but not limited to information on individuals convicted as an extended jurisdiction juvenile ~~identified in~~ under section 241.016, subdivision 1, paragraph (c).

Subd. 4. **Commissioner review.** (a) The commissioner ~~shall~~ must review annually the comprehensive plans submitted by participating ~~counties~~ CCA jurisdictions, including the facilities and programs operated under the plans. The commissioner ~~is hereby authorized to~~ may enter ~~upon~~ any facility operated under the plan, and inspect books and records, for purposes of recommending needed changes or improvements.

~~When~~ (b) If the commissioner ~~shall determine~~ determines that there are reasonable grounds to believe that a ~~county~~ CCA jurisdiction or group of counties or Tribal government or group of Tribal governments is not in substantial compliance with minimum standards, the commissioner must provide at least 30 days' notice ~~shall be given~~ to the ~~county or counties and~~ CCA jurisdiction of a commissioner-conducted hearing ~~conducted by the commissioner~~ to ascertain whether there is substantial compliance or satisfactory progress being made toward compliance.

Subd. 5. **Noncompliance with comprehensive plan.** (a) After a hearing, the commissioner may sanction a county or group of counties or Tribal government or group of Tribal governments under this subdivision if the commissioner determined that the agency is not maintaining substantial compliance with minimum standards or that satisfactory progress toward compliance has not been made.

(b) The commissioner may suspend all or a portion of any subsidy ~~until the required standard of operation has been met~~ without issuing a corrective action plan.

(c) The commissioner may issue a corrective action plan, which must:

(1) be in writing;

(2) identify all deficiencies;

(3) detail the corrective action required to remedy the deficiencies; and

(4) provide a deadline to:

(i) correct each deficiency; and

(ii) report to the commissioner progress toward correcting the deficiency.

(d) After the deficiency has been corrected, documentation must be submitted to the commissioner detailing compliance with the corrective action plan. If the commissioner determines that the county or group of counties or Tribal government or group of Tribal governments has not complied with the plan, the commissioner may suspend all or a portion of the subsidy.

Sec. 20. Minnesota Statutes 2022, section 401.08, subdivision 2, is amended to read:

Subd. 2. **Appointment; terms.** The members of the corrections advisory board shall be appointed by the board of county commissioners ~~or~~, the joint board in the case of multiple counties, or a Tribal Nation and shall serve for terms of two years from and after the date of their appointment, and shall remain in office until their successors are duly appointed. The board may elect its own officers.

Sec. 21. Minnesota Statutes 2022, section 401.08, subdivision 4, is amended to read:

Subd. 4. **Comprehensive plan.** The corrections advisory board provided in sections 401.01 to 401.16, shall actively participate in the formulation of the comprehensive plan for the development, implementation, and operation of the correctional program and services described in section 401.01, and shall make a formal recommendation to the county board, Tribal government, or joint board at least annually concerning the comprehensive plan and its implementation during the ensuing year.

Sec. 22. Minnesota Statutes 2022, section 401.09, is amended to read:

401.09 OTHER SUBSIDY PROGRAMS; PURCHASE OF STATE SERVICES.

Failure of a ~~county~~ CCA jurisdiction or group of counties to elect to come within the provisions of sections 401.01 to 401.16 shall not affect their eligibility for any other state grant or subsidy for correctional purposes otherwise provided by law. Any comprehensive plan submitted pursuant to sections 401.01 to 401.16 may include the purchase of selected correctional services from the state by contract, including the temporary detention and confinement of persons convicted of crime or adjudicated delinquent; confinement to be in an appropriate state facility as otherwise provided by law. The commissioner shall annually determine the costs of the purchase of services under this section and deduct them from the subsidy due and payable to the county or counties concerned; provided that no contract shall exceed in cost the amount of subsidy to which the participating county or counties are eligible.

Sec. 23. Minnesota Statutes 2022, section 401.10, is amended to read:

401.10 COMMUNITY CORRECTIONS AID.

Subdivision 1. ~~**Aid calculations**~~ **Funding formula.** ~~To determine the community corrections aid amount to be paid to each participating county, the commissioner of corrections must apply the following formula:~~

~~(1) For each of the 87 counties in the state, a percent score must be calculated for each of the following five factors:~~

~~(i) percent of the total state population aged ten to 24 residing within the county according to the most recent federal census, and, in the intervening years between the taking of the federal census, according to the most recent estimate of the state demographer;~~

~~(ii) percent of the statewide total number of felony case filings occurring within the county, as determined by the state court administrator;~~

~~(iii) percent of the statewide total number of juvenile case filings occurring within the county, as determined by the state court administrator;~~

~~(iv) percent of the statewide total number of gross misdemeanor case filings occurring within the county, as determined by the state court administrator; and~~

~~(v) percent of the total statewide number of convicted felony offenders who did not receive an executed prison sentence, as monitored and reported by the Sentencing Guidelines Commission.~~

~~The percents in items (ii) to (v) must be calculated by combining the most recent three year period of available data. The percents in items (i) to (v) each must sum to 100 percent across the 87 counties.~~

~~(2) For each of the 87 counties, the county's percents in clause (1), items (i) to (v), must be weighted, summed, and divided by the sum of the weights to yield an average percent for each county, referred to as the county's "composite need percent." When performing this calculation, the weight for each of the percents in clause (1), items (i) to (v), is 1.0. The composite need percent must sum to 100 percent across the 87 counties.~~

~~(3) For each of the 87 counties, the county's "adjusted net tax capacity percent" is the county's adjusted net tax capacity amount, defined in the same manner as it is defined for cities in section 477A.011, subdivision 20, divided by the statewide total adjusted net tax capacity amount. The adjusted net tax capacity percent must sum to 100 percent across the 87 counties.~~

~~(4) For each of the 87 counties, the county's composite need percent must be divided by the county's adjusted net tax capacity percent to produce a ratio that, when multiplied by the county's composite need percent, results in the county's "tax base adjusted need percent."~~

~~(5) For each of the 87 counties, the county's tax base adjusted need percent must be added to twice the composite need percent, and the sum must be divided by 3, to yield the county's "weighted need percent."~~

~~(6) Each participating county's weighted need percent must be added to the weighted need percent of each other participating county to yield the "total weighted need percent for participating counties."~~

~~(7) Each participating county's weighted need percent must be divided by the total weighted need percent for participating counties to yield the county's "share percent." The share percents for participating counties must sum to 100 percent.~~

~~(8) Each participating county's "base funding amount" is the aid amount that the county received under this section for fiscal year 1995 plus the amount received in caseload or workload reduction, felony caseload reduction, and sex offender supervision grants in fiscal year 2015, as reported by the commissioner of corrections. In fiscal year 1997 and thereafter, no county's aid amount under this section may be less than its base funding amount, provided that the total amount appropriated for this purpose is at least as much as the aggregate base funding amount defined in clause (9).~~

~~(9) The "aggregate base funding amount" is equal to the sum of the base funding amounts for all participating counties. If a county that participated under this section chooses not to participate in any given year, then the aggregate base funding amount must be reduced by that county's base funding amount. If a county that did not participate under this section in fiscal year 1995 chooses to participate on or after July 1, 2015, then the aggregate base funding amount must be increased by the amount of aid that the county would have received had it participated in fiscal year 1995 plus the estimated amount it would have received in caseload or workload reduction, felony caseload reduction, and sex offender supervision grants in fiscal year 2015, as reported by the commissioner of corrections, and the amount of increase shall be that county's base funding amount.~~

~~(10) In any given year, the total amount appropriated for this purpose first must be allocated to participating counties in accordance with each county's base funding amount. Then, any remaining amount in excess of the aggregate base funding amount must be allocated to participating counties in proportion to each county's share percent, and is referred to as the county's "formula amount."~~

~~Each participating county's "community corrections aid amount" equals the sum of (i) the county's base funding amount, and (ii) the county's formula amount.~~

~~(11) However, if in any year the total amount appropriated for the purpose of this section is less than the aggregate base funding amount, then each participating county's community corrections aid amount is the product of (i) the county's base funding amount multiplied by (ii) the ratio of the total amount appropriated to the aggregate base funding amount.~~

~~For each participating county, the county's community corrections aid amount calculated in this subdivision is the total amount of subsidy to which the county is entitled under sections 401.01 to 401.16.~~

(a) Beginning in fiscal year 2024, the subsidy paid to each county and Tribal government and the commissioner of corrections for supervision in counties or Tribal jurisdictions served by the department shall equal the sum of:

(1) a base funding amount equal to $200,000, plus:

(i) ten percent of the total for all appropriations to the commissioner for community supervision and postrelease services during the fiscal year prior to the fiscal year for which the subsidy will be paid multiplied by the county's or Tribe's percent share of the state's total population as determined by the most recent census; and

(ii) ten percent of the total for all appropriations to the commissioner for community supervision and postrelease services during the fiscal year prior to the fiscal year for which the subsidy will be paid multiplied by the county's or Tribe's percent share of the state's total geographic area; and

(2) a community supervision formula equal to the sum of:

(i) for felony cases, a felony per diem rate of $5.33 multiplied by the sum of the county's adult felony population, adult supervised release and parole populations, and juvenile supervised release and parole populations as reported in the most recent probation survey published by the commissioner, multiplied by 365, and

(ii) for gross misdemeanor, misdemeanor, and juvenile probation cases, the felony per diem rate used in item (i) multiplied by 0.5 and then multiplied by the sum of the county's gross misdemeanor, misdemeanor, and juvenile populations as reported in the most recent probation survey published by the commissioner, multiplied by 365.

(b) Each participating county's community corrections aid amount equals the sum of (1) the county's base funding amount, and (2) the county's formula amount.

(c) If in any year the total amount appropriated for the purpose of this section is more than or less than the total of base funding plus community supervision formula funding for all counties, the sum of each county's base funding plus community supervision formula funding shall be adjusted by the ratio of amounts appropriated for this purpose divided by the total of base funding plus community supervision formula funding for all counties.

(d) For each Tribal Nation, a base funding amount of $250,000 is allotted annually through legislative appropriation to each Tribal Nation to purchase probation services regardless of participation in a CCA jurisdiction. An additional formula amount through legislative appropriation must be developed and approved by the commissioner for equitable distribution for Tribal Nations under a CCA jurisdiction.

Subd. 2. **Transfer of funds.** Notwithstanding any law to the contrary, the commissioner of corrections, after notifying the committees on finance of the senate and ways and means of the house of representatives, may, at the end of any fiscal year, transfer any unobligated funds, including funds available due the withdrawal of a county under section 401.16, in any appropriation to the Department of Corrections to the appropriation under sections 401.01 to 401.16, which appropriation shall not cancel but is reappropriated for the purposes of sections 401.01 to 401.16.

Subd. 3. **Formula review.** ~~Prior to January 16, 2002, the committees with jurisdiction over community corrections funding decisions in the house of representatives and the senate, in consultation with the Department of Corrections and any interested county organizations, must review the formula in subdivision 1 and make~~

~~recommendations to the legislature for its continuation, modification, replacement, or discontinuation.~~ For fiscal year 2025 and subsequent fiscal years, the commissioner shall make a funding recommendation based upon the commissioner's workload study and the caseload data collected by the commissioner.

Subd. 4. **Report; supervision fees.** (a) The commissioner must collect annual summary expenditure data and funding from each community supervision provider in the state.

(b) On January 15, 2025, and every year thereafter, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over public safety finance and policy on the data collected under paragraph (a). The report may be made in conjunction with reporting under section 244.21.

Sec. 24. Minnesota Statutes 2022, section 401.11, is amended to read:

401.11 COMPREHENSIVE PLAN ITEMS; GRANT REVIEW.

Subdivision 1. **Items.** The comprehensive plan submitted to the commissioner for approval ~~shall~~ must include ~~those~~ items prescribed by ~~rule~~ policy of the commissioner, ~~which may require the inclusion of the following~~ including but not limited to:

~~(a)~~ (1) the manner in which presentence and postsentence investigations and reports for the district courts and social history reports for the juvenile courts will be made;

~~(b)~~ (2) the manner in which conditional release services to the courts and persons under jurisdiction of the commissioner ~~of corrections~~ will be provided;

~~(c)~~ (3) a program for ~~the detention, supervision, and treatment of~~ detaining, supervising, and treating persons under pretrial detention or under commitment;

~~(d)~~ (4) delivery of other local correctional services ~~defined in section 401.01~~;

~~(e)~~ (5) proposals for new programs, which proposals must demonstrate a need for the program, ~~its~~ and the program's purpose, objective, administrative structure, staffing pattern, staff training, financing, evaluation process, degree of community involvement, client participation, and duration ~~of program~~; and

(6) outcome and output data, expenditures, and costs.

Subd. 2. **Review.** ~~In addition to the foregoing requirements made by this section,~~ Each participating CCA county or group of counties ~~shall~~ must develop and implement a procedure for ~~the review of grant~~ reviewing subsidy applications made to the corrections advisory board and for the manner in which corrections advisory board action will be taken on ~~them~~ the applications. A description of ~~this~~ the procedure must be made available to members of the public upon request.

Sec. 25. Minnesota Statutes 2022, section 401.12, is amended to read:

401.12 CONTINUATION OF CURRENT SPENDING LEVEL BY COUNTIES.

Participating counties or Tribal Nations shall not diminish their current level of spending for correctional expenses as defined in section 401.01, to the extent of any subsidy received pursuant to sections 401.01 to 401.16; rather the subsidy herein provided is for the expenditure for correctional purposes in excess of those funds currently being expended. Should a participating ~~county~~ CCA jurisdiction be unable to expend the full amount of the subsidy to which it would be entitled in any one year under the provisions of sections 401.01 to 401.16, the commissioner

shall retain the surplus, subject to disbursement in the following year wherein such ~~county~~ CCA jurisdiction can demonstrate a need for and ability to expend same for the purposes provided in section 401.01. If in any biennium the subsidy is increased by an inflationary adjustment which results in the ~~county~~ CCA jurisdiction receiving more actual subsidy than it did in the previous calendar year, the ~~county~~ CCA jurisdiction shall be eligible for that increase only if the current level of spending is increased by a percentage equal to that increase within the same biennium.

Sec. 26. Minnesota Statutes 2022, section 401.14, subdivision 1, is amended to read:

Subdivision 1. **Payment.** Upon compliance by a ~~county~~ CCA jurisdiction or group of counties with the prerequisites for participation in the subsidy prescribed by sections 401.01 to 401.16, and approval of the comprehensive plan by the commissioner, the commissioner shall determine whether funds exist for the payment of the subsidy and proceed to pay same in accordance with applicable rules.

Sec. 27. Minnesota Statutes 2022, section 401.14, subdivision 3, is amended to read:

Subd. 3. **Installment payments.** The commissioner of corrections shall make payments for community corrections services to each ~~county~~ CCA jurisdiction in 12 installments per year. The commissioner shall ensure that the pertinent payment of the allotment for each month is made to each ~~county~~ CCA jurisdiction on the first working day after the end of each month of the calendar year, except for the last month of the calendar year. The commissioner shall ensure that each county receives its payment of the allotment for that month no later than the last working day of that month. ~~The payment described in this subdivision for services rendered during June 1985 shall be made on the first working day of July 1985.~~

Sec. 28. Minnesota Statutes 2022, section 401.15, subdivision 1, is amended to read:

Subdivision 1. **Certified statements; determinations; adjustments.** Within 60 days of the end of each calendar quarter, participating ~~counties~~ CCA jurisdictions which have received the payments authorized by section 401.14 shall submit to the commissioner certified statements detailing the amounts expended and costs incurred in furnishing the correctional services provided in sections 401.01 to 401.16. Upon receipt of certified statements, the commissioner shall, in the manner provided in sections 401.10 and 401.12, determine the amount each participating county is entitled to receive, making any adjustments necessary to rectify any disparity between the amounts received pursuant to the estimate provided in section 401.14 and the amounts actually expended. If the amount received pursuant to the estimate is greater than the amount actually expended during the quarter, the commissioner may withhold the difference from any subsequent monthly payments made pursuant to section 401.14. Upon certification by the commissioner of the amount a participating ~~county~~ CCA jurisdiction is entitled to receive under the provisions of section 401.14 or of this subdivision the commissioner of management and budget shall thereupon issue a payment to the chief fiscal officer of each participating ~~county~~ CCA jurisdiction for the amount due together with a copy of the certificate prepared by the commissioner.

Sec. 29. Minnesota Statutes 2022, section 401.16, is amended to read:

401.16 WITHDRAWAL FROM PROGRAM.

Any participating ~~county~~ CCA jurisdiction may, at the beginning of any calendar quarter, by resolution of its board of commissioners or Tribal Council leaders, notify the commissioner of its intention to withdraw from the subsidy program established by sections 401.01 to 401.16, and the withdrawal shall be effective the last day of the ~~last month of the quarter in~~ third quarter after which the notice was given. ~~Upon withdrawal, the unexpended balance of moneys allocated to the county, or that amount necessary to reinstate state correctional services displaced by that county's participation, including complement positions, may, upon approval of the legislative advisory commission, be transferred to the commissioner for the reinstatement of the displaced services and the payment of any other correctional subsidies for which the withdrawing county had previously been eligible.~~

Sec. 30. **[401.17] COMMUNITY SUPERVISION ADVISORY COMMITTEE.**

Subdivision 1. **Establishment; members.** (a) The commissioner must establish a Community Supervision Advisory Committee to develop and make recommendations to the commissioner on standards for probation, supervised release, and community supervision. The committee consists of 17 members as follows:

(1) two directors appointed by the Minnesota Association of Community Corrections Act Counties;

(2) two probation directors appointed by the Minnesota Association of County Probation Officers;

(3) three county commissioner representatives appointed by the Association of Minnesota Counties;

(4) two behavioral health, treatment, or programming providers who work directly with individuals on correctional supervision, one appointed by the Department of Human Services and one appointed by the Minnesota Association of County Social Service Administrators;

(5) two representatives appointed by the Minnesota Indian Affairs Council;

(6) one commissioner-appointed representative from the Department of Corrections;

(7) the chair of the statewide Evidence-Based Practice Advisory Committee;

(8) three individuals who have been supervised, either individually or collectively, under each of the state's three community supervision delivery systems appointed by the commissioner in consultation with the Minnesota Association of County Probation Officers and the Minnesota Association of Community Corrections Act Counties; and

(9) an advocate for victims of crime appointed by the commissioner.

(b) When an appointing authority selects an individual for membership on the committee, the authority must make reasonable efforts to reflect geographic diversity and to appoint qualified members of protected groups, as defined under section 43A.02, subdivision 33.

(c) The commissioner must convene the first meeting of the committee on or before July 15, 2024.

Subd. 2. **Terms; removal; reimbursement.** (a) If there is a vacancy, the appointing authority must appoint an individual to fill the vacancy. Committee members must elect any officers and create any subcommittees necessary for the efficient discharge of committee duties.

(b) A member may be removed by the appointing authority at any time at the pleasure of the appointing authority.

(c) Each committee member must be reimbursed for all reasonable expenses actually paid or incurred by that member in the performance of official duties in the same manner as other employees of the state. The public members of the committee must be compensated at the rate of $55 for each day or part of the day spent on committee activities.

Subd. 3. **Duties; committee.** (a) The committee must comply with section 401.10.

(b) By June 30, 2024, the committee must provide written advice and recommendations to the commissioner on developing policy on:

(1) developing statewide supervision standards and definitions to be applied to community supervision provided by CPO counties, CCA counties, the Department of Corrections, and Tribal governments;

(2) requiring community supervision agencies to use the same agreed-upon risk screener and risk and needs assessment tools as the main supervision assessment methods or a universal five-level matrix allowing for consistent supervision levels and that all tools in use be validated on Minnesota's community supervision population and revalidated every five years;

(3) requiring the use of assessment-driven, formalized collaborative case planning to focus case planning goals on identified criminogenic and behavioral health need areas for moderate- and high-risk individuals;

(4) limiting standard conditions required for all people on supervision across all supervision systems and judicial districts, ensuring that conditions of supervision are directly related to the offense of the person on supervision, and tailoring special conditions to people on supervision identified as high-risk and high-need;

(5) providing gender-responsive, culturally appropriate services and trauma-informed approaches;

(6) developing a statewide incentives and sanctions grid to guide responses to client behavior while under supervision to be reviewed and updated every five years to maintain alignment with national best practices;

(7) developing performance indicators for supervision success as well as recidivism;

(8) developing a statewide training, coaching, and quality assurance system overseen by an evidence-based practices coordinator; and

(9) devising a plan, by December 1, 2024, to eliminate the financial penalty incurred by a jurisdiction that successfully discharges an offender from supervision before the offender's term of supervision concludes.

(c) By December 1, 2024, and every six years thereafter, the committee must review and reassess the existing workload study published by the commissioner under subdivision 4 and make recommendations to the commissioner based on the committee's review.

(d) By June 30, 2024, the committee must submit a report on supervision fees to the commissioner and the chairs and ranking minority members of the legislative committees with jurisdiction over corrections finance and policy. The committee must collect data on supervision fees and include the data in the report.

Subd. 4. **Duties; commissioner.** The commissioner, in consultation with the committee, must complete a workload study by December 1, 2024, to develop a capitated rate for equitably funding community supervision throughout the state. The study must be updated every six years after the initial study is completed.

Subd. 5. **Data collection; report.** (a) By June 1, 2024, the advisory committee, in consultation with the Minnesota Counties Computer Cooperative, must create a method to (1) standardize data classifications across the three delivery systems, and (2) collect data for the commissioner to publish in an annual report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over public safety finance and policy.

(b) The advisory committee's method, at a minimum, must provide for collecting the following data:

(1) the number of offenders placed on probation each year;

(2) the offense levels and offense types for which offenders are placed on probation;

(3) violation and revocation rates and the identified grounds for the violations and revocations, including final disposition of the violation action such as execution of the sentence, imposition of new conditions, or a custodial sanction;

(4) the number of offenders granted early discharge from probation;

(5) the number of offenders restructured on supervision, including imposition of new conditions of release; and

(6) the number of offenders revoked from supervision and the identified grounds for revocation.

(c) On February 1, 2025, and every year thereafter, the commissioner must prepare a report that contains the data collected under the method established by the committee under this subdivision. The report must provide an analysis of the collected data disaggregated by race, gender, and county.

(d) Nothing in this section overrides the commissioner's authority to require additional data be provided under sections 241.065, 401.06, 401.10, and 401.11.

Subd. 6. **Response.** (a) Within 45 days of receiving the committee's recommendations, the commissioner must respond in writing to the committee's advice and recommendations under subdivision 3. The commissioner's response must explain:

(1) whether the agency will adopt policy changes based on the recommendations;

(2) the timeline for adopting policy changes; and

(3) why the commissioner will not or cannot include any individual recommendations of the committee in the agency's policy.

(b) The commissioner must submit the advice and recommendations of the committee to the chairs and ranking minority members of the legislative committees with jurisdiction over public safety finance and policy.

Subd. 7. **Staff; meeting room; office equipment.** The commissioner must provide the committee with a committee administrator, staff support, a meeting room, and access to office equipment and services.

Sec. 31. Minnesota Statutes 2022, section 609.14, subdivision 1, is amended to read:

Subdivision 1. **Grounds.** (a) When it appears that the defendant has violated any of the conditions of probation or intermediate sanction, or has otherwise been guilty of misconduct which warrants the imposing or execution of sentence, the court may without notice revoke the stay and direct that the defendant be taken into immediate custody. Revocation shall only be used as a last resort when rehabilitation has failed.

(b) When it appears that the defendant violated any of the conditions of probation during the term of the stay, but the term of the stay has since expired, the defendant's probation officer or the prosecutor may ask the court to initiate probation revocation proceedings under the Rules of Criminal Procedure at any time within six months after the expiration of the stay. The court also may initiate proceedings under these circumstances on its own motion. If proceedings are initiated within this six-month period, the court may conduct a revocation hearing and take any action authorized under rule 27.04 at any time during or after the six-month period.

(c) Notwithstanding the provisions of section 609.135 or any law to the contrary, after proceedings to revoke the stay have been initiated by a court order revoking the stay and directing either that the defendant be taken into custody or that a summons be issued in accordance with paragraph (a), the proceedings to revoke the stay may be

concluded and the summary hearing provided by subdivision 2 may be conducted after the expiration of the stay or after the six-month period set forth in paragraph (b). The proceedings to revoke the stay shall not be dismissed on the basis that the summary hearing is conducted after the term of the stay or after the six-month period. The ability or inability to locate or apprehend the defendant prior to the expiration of the stay or during or after the six-month period shall not preclude the court from conducting the summary hearing unless the defendant demonstrates that the delay was purposefully caused by the state in order to gain an unfair advantage.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to violations that occur on or after that date.

Sec. 32. Minnesota Statutes 2022, section 609.14, is amended by adding a subdivision to read:

Subd. 1a. **Violations where policies favor continued rehabilitation.** (a) Correctional treatment is better provided through a community resource than through confinement and would not unduly depreciate the seriousness of the violation if probation was not revoked. Policies favoring probation outweigh the need for confinement if a person has not previously violated a condition of probation or intermediate sanction and does any of the following in violation of a condition imposed by the court:

(1) fails to abstain from the use of controlled substances without a valid prescription, unless the person is under supervision for a violation of section:

(i) 169A.20;

(ii) 609.2112, subdivision 1, paragraph (a), clauses (2) to (6); or

(iii) 609.2113, subdivision 1, clauses (2) to (6); 2, clauses (2) to (6); or 3, clauses (2) to (6);

(2) fails to abstain from the use of alcohol, unless the person is under supervision for a violation of section:

(i) 169A.20;

(ii) 609.2112, subdivision 1, paragraph (a), clauses (2) to (6); or

(iii) 609.2113, subdivision 1, clauses (2) to (6); 2, clauses (2) to (6); or 3, clauses (2) to (6);

(3) possesses drug paraphernalia in violation of section 152.092;

(4) fails to obtain or maintain employment;

(5) fails to pursue a course of study or vocational training;

(6) fails to report a change in employment, unless the person is prohibited from having contact with minors and the employment would involve such contact;

(7) violates a curfew;

(8) fails to report contact with a law enforcement agency, unless the person was charged with a misdemeanor, gross misdemeanor, or felony; or

(9) commits any offense for which the penalty is a petty misdemeanor.

(b) A violation by a person described in paragraph (a) does not warrant the imposition or execution of sentence and the court may not direct that the person be taken into immediate custody unless the court receives a written report, signed under penalty of perjury pursuant to section 358.116, showing probable cause to believe the person violated probation and establishing by a preponderance of the evidence that the continued presence of the person in the community would present a risk to public safety. If the court does not direct that the person be taken into custody, the court may request a supplemental report from the supervising agent containing:

(1) the specific nature of the violation;

(2) the response of the person under supervision to the violation, if any; and

(3) the actions the supervising agent has taken or will take to address the violation.

EFFECTIVE DATE. This section is effective August 1, 2023, and applies to violations that occur on or after that date.

Sec. 33. **LOCAL CORRECTIONAL FEES; IMPOSITION ON OFFENDERS.**

By August 1, 2025, each local correctional agency under Minnesota Statutes, section 244.18, must provide a plan for phasing out local correctional fees. A copy of the plan must be provided to all individuals under supervision by the agency. Local correctional fees must not increase from the effective date of this section through August 1, 2025.

Sec. 34. **COMMUNITY SUPERVISION ADVISORY COMMITTEE; REPORT.**

(a) By January 15, 2025, the committee must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over public safety policy and finance on progress toward developing standards and recommendations under Minnesota Statutes, section 401.17, subdivision 3.

(b) By January 15, 2026, the committee must submit a final report to the chairs and ranking minority members of the legislative committees with jurisdiction over public safety policy and finance on the standards and recommendations developed according to Minnesota Statutes, section 401.17, subdivision 3. At a minimum, the recommendations must include a proposed state-level Community Supervision Advisory Board with a governance structure and duties for the board.

Sec. 35. **REPEALER.**

(a) Minnesota Statutes 2022, sections 244.19, subdivisions 6, 7, and 8; 244.22; 244.24; and 244.30, are repealed.

(b) Minnesota Statutes 2022, section 244.18, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective August 1, 2023, and paragraph (b) is effective August 1, 2025."

Delete the title and insert:

"A bill for an act relating to state government; providing for certain crime, public safety, victim, sentencing, expungement, clemency, evidence, policing, private security, corrections, firearm, controlled substances, community supervision, and 911 Emergency Communication System policy provisions in statutes and laws; providing for reports; authorizing rulemaking; appropriating money for sentencing guidelines, public safety, fire marshal, Office of Justice programs, emergency communication, Peace Officer Standards and Training Board, Private Detective Board, corrections, Ombudsperson for Corrections, Board of Public Defense, juvenile justice, peace officer

education and training, and violent crime reduction and prevention; amending Minnesota Statutes 2022, sections 13.825, subdivision 2; 13.871, subdivisions 8, 14; 13A.02, subdivisions 1, 2; 121A.28; 144.6586, subdivision 2; 145.4712; 151.01, by adding a subdivision; 151.40, subdivisions 1, 2; 152.01, subdivisions 12a, 18, by adding a subdivision; 152.02, subdivisions 2, 3, 5, 6; 152.021, subdivisions 1, 2; 152.022, subdivisions 1, 2; 152.023, subdivision 2; 152.025, subdivision 2; 152.093; 152.18, subdivision 1; 152.205; 181.981, subdivision 1; 214.10, subdivision 10; 241.01, subdivision 3a; 241.021, subdivisions 1d, 2a, 2b; 241.025, subdivisions 1, 2, 3; 241.90; 243.05, subdivision 1; 243.166, subdivision 1b; 244.03; 244.05, subdivisions 1b, 2, 3, 5; 244.09, subdivisions 2, 3, by adding a subdivision; 244.19, subdivisions 1, 2, 3, 5, by adding a subdivision; 244.195, subdivisions 1, 2, by adding subdivisions; 244.20; 244.21; 245C.08, subdivisions 1, 2; 260B.176, by adding a subdivision; 297I.06, subdivision 1; 299A.38; 299A.41, subdivision 3; 299A.78, subdivision 1; 299A.79, subdivision 3; 299A.85, subdivision 6; 299C.10, subdivision 1; 299C.106, subdivision 3; 299C.11, subdivisions 1, 3; 299C.111; 299C.17; 299C.53, subdivision 3; 299F.46, subdivision 1; 299F.50, by adding subdivisions; 299F.51, subdivisions 1, 2, 5, by adding a subdivision; 299M.10; 326.32, subdivision 10; 326.3311; 326.336, subdivision 2; 326.3361, subdivision 2; 326.3387, subdivision 1; 401.01; 401.02; 401.025; 401.04; 401.05, subdivision 1; 401.06; 401.08, subdivisions 2, 4; 401.09; 401.10; 401.11; 401.12; 401.14, subdivisions 1, 3; 401.15, subdivision 1; 401.16; 403.02, subdivisions 7, 9a, 11b, 16a, 17, 17c, 18, 19, 19a, 20, 20a, 21, by adding subdivisions; 403.025; 403.03, subdivision 2; 403.05; 403.06; 403.07; 403.08; 403.09, subdivision 2; 403.10, subdivisions 2, 3; 403.11; 403.113; 403.15, subdivisions 1, 2, 3, 4, 5, 6, by adding a subdivision; 609.02, subdivisions 2, 16; 609.03; 609.05, by adding a subdivision; 609.105, subdivisions 1, 3; 609.1055; 609.135, subdivisions 1a, 1c, 2; 609.14, subdivision 1, by adding a subdivision; 609.2231, subdivision 4; 609.2233; 609.25, subdivision 2; 609.269; 609.281, subdivisions 3, 4, 5; 609.282, subdivision 1, by adding a subdivision; 609.321, by adding subdivisions; 609.322, subdivision 1; 609.35; 609.52, subdivision 3; 609.527, subdivision 1, by adding a subdivision; 609.582, subdivisions 3, 4; 609.595, subdivisions 1a, 2; 609.67, subdivisions 1, 2; 609.746, subdivision 1; 609.749, subdivision 3; 609A.01; 609A.02, subdivision 3; 609A.03, subdivisions 5, 7a, 9; 611A.03, subdivision 1; 611A.211, subdivision 1; 611A.31, subdivisions 2, 3, by adding a subdivision; 611A.32; 624.713, subdivision 1; 624.7131, subdivisions 4, 5, 7, 8, 9, 11; 624.7132, subdivisions 4, 5, 8, 10, 13; 626.14, subdivision 2, by adding subdivisions; 626.15; 626.21; 626.5531, subdivision 1; 626.843, by adding a subdivision; 626.8432, subdivision 1; 626.8451, subdivision 1; 626.8457, by adding subdivisions; 626.8469, subdivision 1; 626.8473, subdivision 3; 626.87, subdivisions 2, 3, 5, by adding a subdivision; 626.89, subdivision 17; 626.90, subdivision 2; 626.91, subdivisions 2, 4; 626.92, subdivisions 2, 3; 626.93, subdivisions 3, 4; 626A.35, by adding a subdivision; 628.26; 638.01; 638.02, subdivisions 2, 3; 641.15, subdivision 2; 641.155; Laws 2021, First Special Session chapter 11, article 1, section 15, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 241; 243; 244; 260B; 299A; 299C; 401; 604; 609; 609A; 617; 624; 626; 638; 641; repealing Minnesota Statutes 2022, sections 152.092; 244.18; 244.19, subdivisions 6, 7, 8; 244.22; 244.24; 244.30; 299C.80, subdivision 7; 403.02, subdivision 13; 403.09, subdivision 3; 609.281, subdivision 2; 609.293, subdivisions 1, 5; 609.34; 609.36; 624.7131, subdivision 10; 624.7132, subdivisions 6, 14; 626.14, subdivisions 3, 4; 626.93, subdivision 7; 638.02; 638.03; 638.04; 638.05; 638.06; 638.07; 638.075; 638.08."

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

The report was adopted.

Hassan from the Committee on Economic Development Finance and Policy to which was referred:

H. F. No. 3028, A bill for an act relating to state government; establishing a biennial budget for Department of Employment and Economic Development, Public Utilities Commission, and Explore Minnesota; modifying various provisions governing economic development, unemployment insurance, and Explore Minnesota; requiring reports; appropriating money; amending Minnesota Statutes 2022, sections 116J.5492, subdivisions 8, 10; 116J.8748, subdivisions 3, 4, 6, by adding a subdivision; 116J.8749, subdivisions 1, 3, 5, 10; 116L.361, subdivision 7;

116L.362, subdivision 1; 116L.364, subdivision 3; 116L.56, subdivision 2; 116L.561, subdivision 5; 116L.562, subdivision 2; 116U.05; 116U.10; 116U.15; 116U.20; 116U.25; 116U.30; 116U.35; 126C.43, subdivision 2; 127A.45, subdivision 12; 268.085, subdivisions 7, 8; proposing coding for new law in Minnesota Statutes, chapters 116J; 116L; 116U; 124D.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

(a) The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2024" and "2025" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium" is fiscal years 2024 and 2025.

(b) If an appropriation in this article is enacted more than once in the 2023 regular or special legislative session, the appropriation must be given effect only once.

	APPROPRIATIONS Available for the Year Ending June 30	
	2024	**2025**
Sec. 2. **DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**		
Subdivision 1. **Total Appropriation**	**$695,532,000**	**$125,230,000**
Appropriations by Fund		
	2024	2025
General	693,482,000	123,180,000
Remediation	700,000	700,000
Workforce Development	1,350,000	1,350,000
The amounts that may be spent for each purpose are specified in the following subdivisions.		
Subd. 2. **Business and Community Development**	693,290,000	122,988,000
Appropriations by Fund		
General	691,240,000	120,938,000
Remediation	700,000	700,000
Workforce Development	1,350,000	1,350,000

(a) $1,787,000 each year is for the greater Minnesota business development public infrastructure grant program under Minnesota Statutes, section 116J.431. This appropriation is available until June 30, 2027.

(b) $6,425,000 each year is for the small business partnership program under Minnesota Statutes, section 116J.8746. In fiscal year 2026 and beyond, the base amount is $4,679,000.

(c) $1,772,000 each year is for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until expended.

(d) $700,000 each year is from the remediation fund for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until expended.

(e) $389,000 each year is for the Center for Rural Policy and Development. In fiscal year 2026 and beyond, the base amount is $139,000.

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

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

(h)(1) $1,500,000 each year is for grants to local communities to increase the number of quality child care providers to support economic development. This appropriation is available through June 30, 2025. Fifty percent of grant funds must go to communities located outside the seven-county metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2.

(2) Grant recipients must obtain a 50 percent nonstate match to grant funds in either cash or in-kind contribution, unless the commissioner waives the requirement. Grant funds available under this subdivision must be used to implement projects to reduce the child care shortage in the state, including but not limited to funding for child care business start-ups or expansion, training, facility modifications, direct subsidies or incentives to retain employees, or improvements required for licensing and assistance with licensing and other regulatory requirements. In awarding grants, the commissioner must give priority to communities that have demonstrated a shortage of child care providers.

(3) Within one year of receiving grant funds, grant recipients must report to the commissioner on the outcomes of the grant program, including but not limited to the number of new providers, the

number of additional child care provider jobs created, the number of additional child care slots, and the amount of cash and in-kind local funds invested. Within one month of all grant recipients reporting on program outcomes, the commissioner must report the grant recipients' outcomes to the chairs and ranking minority members of the legislative committees with jurisdiction over early learning, child care, and economic development.

(i) $1,000,000 each year is for a grant to the Minnesota Initiative Foundations. This appropriation is available until June 30, 2027. The Minnesota Initiative Foundations must use grant funds under this section to:

(1) facilitate planning processes for rural communities resulting in a community solution action plan that guides decision making to sustain and increase the supply of quality child care in the region to support economic development;

(2) engage the private sector to invest local resources to support the community solution action plan and ensure quality child care is a vital component of additional regional economic development planning processes;

(3) provide locally based training and technical assistance to rural child care business owners individually or through a learning cohort. Access to financial and business development assistance must prepare child care businesses for quality engagement and improvement by stabilizing operations, leveraging funding from other sources, and fostering business acumen that allows child care businesses to plan for and afford the cost of providing quality child care; and

(4) recruit child care programs to participate in quality rating and improvement measurement programs. The Minnesota Initiative Foundations must work with local partners to provide low-cost training, professional development opportunities, and continuing education curricula. The Minnesota Initiative Foundations must fund, through local partners, an enhanced level of coaching to rural child care providers to obtain a quality rating through measurement programs.

(j) $8,000,000 each year is for the Minnesota job creation fund under Minnesota Statutes, section 116J.8748. Of this amount, the commissioner of employment and economic development may use up to three percent for administrative expenses. This appropriation is available until expended.

(k) $12,370,000 each year is for the Minnesota investment fund under Minnesota Statutes, section 116J.8731. Of this amount, the commissioner of employment and economic development may use up to three percent for administration and monitoring of the

program. This appropriation is available until expended. Notwithstanding Minnesota Statutes, section 116J.8731, money appropriated to the commissioner for the Minnesota investment fund may be used for the redevelopment program under Minnesota Statutes, sections 116J.575 and 116J.5761, at the discretion of the commissioner. Grants under this paragraph are not subject to the grant amount limitation under Minnesota Statutes, section 116J.8731.

(l) $2,246,000 each year is for the redevelopment program under Minnesota Statutes, sections 116J.575 and 116J.5761.

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

(n) $325,000 each year is for the Minnesota Film and TV Board. The appropriation each year is available only upon receipt by the board of $1 in matching contributions of money or in-kind contributions from nonstate sources for every $3 provided by this appropriation, except that each year up to $50,000 is available on July 1 even if the required matching contribution has not been received by that date.

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

(p) $500,000 each year is for a grant to the Minnesota Film and TV Board for the film production jobs program under Minnesota Statutes, section 116U.26. This appropriation is available until June 30, 2027.

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

(r) $1,350,000 each year from the workforce development fund is for jobs training grants under Minnesota Statutes, section 116L.41.

(s) $2,500,000 each year is for Launch Minnesota. This appropriation is available until June 30, 2027. The base in fiscal year 2026 is $0. Of this amount:

(1) $1,500,000 each year is for innovation grants to eligible Minnesota entrepreneurs or start-up businesses to assist with their operating needs;

(2) $500,000 each year is for administration of Launch Minnesota; and

(3) $500,000 each year is for grantee activities at Launch Minnesota.

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

(u) $500,000 each year is for the airport infrastructure renewal (AIR) grant program under Minnesota Statutes, section 116J.439. In awarding grants with this appropriation, the commissioner must prioritize eligible applicants that did not receive a grant pursuant to the appropriation in Laws 2019, First Special Session chapter 7, article 1, section 2, subdivision 2, paragraph (q).

(v) $350,000 each year is for administration of the community energy transition office.

(w) $500,000,000 in the first year is for providing businesses with matching funds required by federal programs. This appropriation is available until spent. Of this amount:

(1) $100,000,000 is to match no less than $100,000,000 in federal funds provided by Public Law 117-328 to establish a campus for biomanufacturing pilot-scale testing and commercialization, including site acquisition and development;

(2) $100,000,000 is to match no less than $100,000,000 in federal funds provided by Public Law 117-328 for economic development projects that expand Minnesota's economy and job creation; and

(3) $300,000,000 is to match no less than $300,000,000 in federal funds provided by Public Law 117-167 for microelectronic manufacturing facilities and workforce development.

(x) $1,250,000 each year is to hire, train, and deploy small business navigators in communities and locations throughout the state to assist small businesses and entrepreneurs, especially historically underserved small businesses and entrepreneurs, in accessing state, federal, local, and private small business assistance programs. Of this amount, $500,000 must be used to improve the agency's digital navigation and information services for small businesses and entrepreneurs. In fiscal year 2026 and beyond, the base amount is $1,000,000.

(y) $500,000 each year is for the Office of Child Care Community Partnerships. Of this amount:

(1) $450,000 each year is for administration of the Office of Child Care Community Partnerships; and

(2) $50,000 each year is for the Labor Market Information Office to conduct research and analysis related to the child care industry.

(z) $5,000,000 in the first year is for a grant to the Bloomington Port Authority to provide funding for the Expo 2027 host organization. The Bloomington Port Authority must enter into an agreement with the host organization over the use of funds, which may be used for activities, including but not limited to finalizing the community dossier and staffing the host organization as well as infrastructure design and planning, financial modeling, development planning and coordination of both real estate and public private partnerships, and reimbursement of the Bloomington Port Authority for costs incurred. In selecting vendors and exhibitors for Expo 2027, the host organization shall prioritize outreach to, collaboration with, and inclusion of businesses that are majority owned by people of color, women, and people with disabilities. The host organization and the Bloomington Port Authority may be reimbursed for expenses 90 days prior to encumbrance. This appropriation is contingent on approval of the project by the Bureau International des Expositions.

(aa) $500,000 each year is for grants to small business development centers under Minnesota Statutes, section 116J.68. Money made available under this paragraph may be used to match funds under the federal Small Business Development Center (SBDC) program under United States Code, title 15, section 648, to provide consulting and technical services or to build additional SBDC network capacity to serve entrepreneurs and small businesses.

(bb) $1,500,000 each year is for deposit in the community wealth-building account in the special revenue fund. Of this amount, up to five percent is for administration and monitoring of the community wealth-building grant program under Minnesota Statutes, section 116J.9925.

(cc) $4,000,000 in the first year and $1,000,000 in the second year are for grants to the Neighborhood Development Center. This is a onetime appropriation. Of these amounts:

(1) $750,000 each year is for small business programs, including training, lending, business services, and real estate programming;

(2) $250,000 each year is for technical assistance activities for partners located outside the seven-county metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2;

(3) $1,000,000 in the first year is for development of permanently affordable, concentrated commercial space and wraparound business services outside the seven-county metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2; and

(4) $2,000,000 in the first year is for high-risk, character-based loan capital for nonrecourse loans to be used to leverage at least $10,000,000 in recourse lending capital.

(dd)(1) $5,000,000 in the first year is for a grant to the Center for Economic Inclusion for strategic, data-informed investments in job creation strategies that respond to the needs of underserved populations statewide. This may include pay-for-performance contracts with nonprofit organizations to provide outreach, training, and support services for dislocated and chronically underemployed people, as well as forgivable loans, revenue-based financing, and equity investments for entrepreneurs with barriers to growth. Of this amount, up to ten percent may be used for the center's technical assistance and administrative costs. This appropriation is available until June 30, 2025.

(2) By January 15, 2026, the Center for Economic Inclusion shall submit a report on the use of grant funds, including any loans made, to the legislative committees with jurisdiction over economic development.

(ee) $4,000,000 in the first year is for the Canadian border counties economic relief program. Of this amount, $1,000,000 is for Tribal economic development. This appropriation is available until June 30, 2025.

(ff) $10,000,000 in the first year is for the targeted community capital project grant program under Minnesota Statutes, section 116J.9924.

(gg) $13,550,000 in the first year is for deposit in the emerging developer fund account in the special revenue fund. Of this amount, up to five percent is for the administration and monitoring of the emerging developer fund program under Minnesota Statutes, section 116J.9926.

(hh) $2,000,000 in the first year is for a grant to African Economic Development Solutions for a loan fund that must address pervasive economic inequities by supporting business ventures of entrepreneurs in the African immigrant community. This appropriation is available until June 30, 2026.

(ii) $500,000 each year is for grants to Enterprise Minnesota, Inc., to directly invest in Minnesota manufacturers for the small business growth acceleration program under Minnesota Statutes, section 116O.115. This is a onetime appropriation.

(jj)(1) $1,500,000 each year is for grants to MNSBIR, Inc., to support moving scientific excellence and technological innovation from the lab to the market for start-ups and small businesses by securing federal research and development funding. The purpose of the grant is to build a strong Minnesota economy and stimulate the creation of novel products, services, and solutions in the private sector; strengthen the role of small business in meeting federal research and development needs; increase the commercial application of federally supported research results; and develop and increase the Minnesota workforce, especially by fostering and encouraging participation by small businesses owned by women and people who are Black, Indigenous, or people of color. This is a onetime appropriation.

(2) MNSBIR, Inc., shall use the grant money to be the dedicated resource for federal research and development for small businesses of up to 500 employees statewide to support research and commercialization of novel ideas, concepts, and projects into cutting-edge products and services for worldwide economic impact. MNSBIR, Inc., shall use grant money to:

(i) assist small businesses in securing federal research and development funding, including the Small Business Innovation Research and Small Business Technology Transfer programs and other federal research and development funding opportunities;

(ii) support technology transfer and commercialization from the University of Minnesota, Mayo Clinic, and federal laboratories;

(iii) partner with large businesses;

(iv) conduct statewide outreach, education, and training on federal rules, regulations, and requirements;

(v) assist with scientific and technical writing;

(vi) help manage federal grants and contracts; and

(vii) support cost accounting and sole-source procurement opportunities.

(kk) $2,000,000 in the first year is for a grant to African Career, Education, and Resource, Inc., for operational infrastructure and technical assistance to small businesses. This appropriation is available until June 30, 2025.

(ll) $4,000,000 in the first year is for a grant to the African Development Center to provide loans to purchase commercial real estate and to expand organizational infrastructure. This appropriation is available until June 30, 2025. Of this amount:

(1) $2,800,000 is for loans to purchase commercial real estate targeted at African immigrant small business owners;

(2) $364,000 is for loan loss reserves to support loan volume growth and attract additional capital; and

(3) $836,000 is for increasing organizational capacity.

(mm)(1) $375,000 each year is for grants to PFund Foundation to provide grants to LGBTQ+-owned small businesses and entrepreneurs. Of this amount, up to ten percent may be used for PFund Foundation's technical assistance and administrative costs. This appropriation is onetime and is available until June 30, 2026. To the extent practicable, money must be distributed by PFund Foundation as follows:

(i) at least 33.3 percent to racial minority-owned businesses; and

(ii) at least 33.3 percent to businesses outside of the seven-county metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2.

(nn) $125,000 each year is for grants to Quorum to provide business support, training, development, technical assistance, and related activities for LGBTQ+-owned small businesses that are recipients of a PFund Foundation grant. Of this amount, up to ten percent may be used for Quorum's technical assistance and administrative costs. This appropriation is onetime and is available until June 30, 2026.

(oo) $6,000,000 in the first year is for grants to the Minnesota initiative foundations to capitalize their revolving loan funds, which address unmet financing needs of for-profit business start-ups, expansions, and ownership transitions; nonprofit organizations; and developers of housing to support the construction, rehabilitation, and conversion of housing units. Of this amount:

(1) $1,000,000 is for a grant to the Southwest Initiative Foundation;

(2) $1,000,000 is for a grant to the West Central Initiative Foundation;

(3) $1,000,000 is for a grant to the Southern Minnesota Initiative Foundation;

(4) $1,000,000 is for a grant to the Northwest Minnesota Foundation;

(5) $1,000,000 is for a grant to the Initiative Foundation; and

(6) $1,000,000 is for a grant to the Northland Foundation.

(pp) $627,000 in the first year is for a grant to Community and Economic Development Associates (CEDA) to provide funding for economic development technical assistance and economic development project grants to small communities across rural Minnesota and for CEDA to design, implement, market, and administer specific types of basic community and economic development programs tailored to individual community needs. Technical assistance grants shall be based on need and given to communities that are otherwise unable to afford these services. Of this amount, up to $270,000 may be used for economic development project implementation in conjunction with the technical assistance received.

(qq) $3,000,000 in the first year is for a grant to the Latino Economic Development Center. This appropriation is available until June 30, 2025. Of this amount:

(1) $1,500,000 is to assist, support, finance, and launch microentrepreneurs by delivering training, workshops, and one-on-one consultations to businesses; and

(2) $1,500,000 is to guide prospective entrepreneurs in their start-up process by introducing them to key business concepts, including business start-up readiness. Grant proceeds must be used to offer workshops on a variety of topics throughout the year, including finance, customer service, food-handler training, and food-safety certification. Grant proceeds may also be used to provide lending to business startups.

(rr)(1) $125,000 each year is for grants to the Latino Chamber of Commerce Minnesota to support the growth and expansion of small businesses statewide. Funds may be used for the cost of programming, outreach, staffing, and supplies. This is a onetime appropriation.

(2) By January 15, 2026, the Latino Chamber of Commerce Minnesota must submit a report to the legislative committees with jurisdiction over economic development that details the use of grant funds and the grant's economic impact.

(ss)(1) $7,500,000 in the first year is for a grant to the Metropolitan Economic Development Association (MEDA) for statewide business development and assistance services to minority-owned businesses. Of this amount:

(i) $5,000,000 is for a revolving loan fund to provide additional minority-owned businesses with access to capital; and

(ii) $2,500,000 is for operating support activities related to business development and assistance services for minority business enterprises.

(2) By February 1, 2025, MEDA shall report to the commissioner and the legislative committees with jurisdiction over economic development on the use of grant funds and grant outcomes.

(tt) $175,000 in the first year is for a grant to the city of South St. Paul for repurposing the 1927 American Legion Memorial Library after the property is no longer used as a library. This appropriation is available until the project is completed or abandoned, subject to Minnesota Statutes, section 16A.642.

(uu) $62,934,000 each year is for the empowering enterprise program. This is a onetime appropriation, of which:

(1) at least $31,000,000 each year is for a grant to the city of Minneapolis;

(2) $11,000,000 each year is for a grant to the city of St. Paul;

(3) $5,425,000 each year is for a grant to the Northside Economic Opportunity Network;

(4) $5,425,000 each year is for a grant to the Lake Street Council;

(5) $5,425,000 each year is for a grant to the Midway Chamber of Commerce; and

(6) $250,000 each year is for a grant to the Asian Economic Development Association.

(vv) $250,000 in the first year is for a grant to LatinoLEAD for organizational capacity-building.

(ww) $200,000 in the first year is for a grant to the Neighborhood Development Center for small business competitive grants to software companies working to improve employee engagement and workplace culture and to reduce turnover.

(xx) $2,000,000 in the first year and $1,000,000 in the second year are for grants to the Local Initiatives Support Corporation. This is a onetime appropriation. Of these amounts:

(1) $200,000 in the first year and $100,000 in the second year are for predevelopment grants and technical assistance in support of real estate development in areas negatively affected by civil unrest; and

(2) $1,800,000 in the first year and $900,000 in the second year are for capitalizing a loan program for the development and construction of commercial and residential projects in areas negatively affected by civil unrest. A priority for use of these funds shall be participants in programs for emerging developers.

(yy) $1,000,000 in fiscal year 2024 is for a grant to WomenVenture to support child care providers through business training and shared services programs and to create materials that could be used, free of charge, for start-up, expansion, and operation of child care businesses statewide, with the goal of helping new and existing child care businesses in underserved areas of the state become profitable and sustainable. The commissioner shall report data on outcomes and recommendations for replication of this training program throughout Minnesota to the governor and relevant committees of the legislature by December 15, 2025. This is a onetime appropriation and is available until June 20, 2025.

Subd. 3. **Minnesota Trade Office** $2,242,000 $2,242,000

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

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

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

Sec. 3. **EXPLORE MINNESOTA TOURISM** **$26,307,000** **$21,169,000**

(a) $500,000 each year must be matched from nonstate sources to develop maximum private sector involvement in tourism. Each $1 of state incentive must be matched with $6 of private sector money. "Matched" means revenue to the state or documented in-kind, soft match, or cash expenditures directly expended to support Explore Minnesota Tourism under section 116U.05. The incentive in fiscal year 2024 is based on fiscal year 2023 private sector contributions. The incentive in fiscal year 2025 is based on fiscal year 2024 private sector contributions. This incentive is ongoing.

(b) $5,900,000 each year is for the development of new initiatives for Explore Minnesota Tourism. This is a onetime appropriation and of this amount:

(1) $3,000,000 each year is for competitive grants for large-scale sporting and other major events;

(2) $1,100,000 each year is for grants to Minnesota's 11 Tribal Nations to promote and support new tourism opportunities for Tribal Nations;

(3) $1,000,000 each year is to expand diversity, equity, inclusion, and accessibility through tourism marketing;

(4) $625,000 each year is for the tourism and hospitality industry and the Governor's Opener events;

(5) $88,000 each year is to develop new resources and increase engagement for the tourism industry; and

(6) $87,000 each year is to develop a long-term sustainability plan for tourism.

(c)(1) $2,000,000 in the first year is for a tourism industry recovery grant program to provide grants to organizations, Tribal governments, underserved community groups, and communities to accelerate the recovery of the state's tourism industry, with preference for applicants who have not previously received grants. Grant money may be used to support meetings, conventions and group business, multicommunity and high-visibility events, and tourism marketing. Explore Minnesota Tourism must accept grant applications for at least five business days beginning at 8:00 a.m. on the first business day and, if total applications exceed $10,000,000, the grants must be awarded to eligible applicants at random until the funding is exhausted. Of this amount:

(i) at least 25 percent must go to groups in Hennepin and Ramsey counties;

(ii) at least 25 percent must go to groups in Anoka, Carver, Dakota, Scott, and Washington counties;

(iii) at least 25 percent must go to groups outside of the metropolitan area, as defined under Minnesota Statutes, section 473.121, subdivision 2;

(iv) at least 25 percent must be distributed as small grants of no more than $10,000 each for tourism promotional activities; and

(v) up to three percent may be used for program administration, including promotional activities and reporting.

(2) Explore Minnesota Tourism must submit a preliminary report by November 1, 2023, and a final report by January 1, 2025, to the legislative committees with jurisdiction over tourism that detail the use of grant funds.

(d) Money for marketing grants is available either year of the biennium. Unexpended grant money from the first year is available in the second year.

ARTICLE 2
ECONOMIC DEVELOPMENT POLICY

Section 1. **[116J.418] OFFICE OF CHILD CARE COMMUNITY PARTNERSHIPS.**

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

(b) "Child care" means the care of children while parents or guardians are at work or absent for another reason.

(c) "Local unit of government" has the meaning given in section 116G.03, subdivision 3.

(d) "Office" means the Office of Child Care Community Partnerships established in subdivision 2, paragraph (a).

Subd. 2. **Office established; purpose.** (a) An Office of Child Care Community Partnerships is established within the Department of Employment and Economic Development. The department may employ a director and staff necessary to carry out the office's duties under subdivision 4.

(b) The purpose of the office is to support child care businesses within the state in order to:

(1) increase the quantity of quality child care available; and

(2) improve accessibility to child care for underserved communities and populations.

Subd. 3. **Organization.** The office shall consist of a director of the Office of Child Care Community Partnerships, as well as any staff necessary to carry out the office's duties under subdivision 4.

Subd. 4. **Duties.** The office shall have the power and duty to:

(1) coordinate with state, regional, local, and private entities to promote investment in increasing the quantity of quality child care in Minnesota;

(2) coordinate with other agencies including but not limited to Minnesota Management and Budget, the Department of Human Services, and the Department of Education to develop, recommend, and implement solutions to increase the quantity of quality child care openings;

(3) administer the child care economic development grant program and other appropriations to the department for this purpose;

(4) monitor the child care business development efforts of other states and countries;

(5) provide support to the governor's Children's Cabinet;

(6) provide an annual report, as required by subdivision 5; and

(7) perform any other activities consistent with the office's purpose.

Subd. 5. **Reporting.** (a) Beginning January 15, 2024, and each year thereafter, the Office of Child Care Community Partnerships shall report to the legislative committees with jurisdiction over child care policy and finance on the office's activities during the previous year.

(b) The report shall contain, at a minimum:

(1) an analysis of the current access to child care within the state;

(2) an analysis of the current shortage of child care workers within the state;

(3) a summary of the office's activities;

(4) any proposed legislative and policy initiatives; and

(5) any other information requested by the legislative committees with jurisdiction over child care, or that the office deems necessary.

(c) The report may be submitted electronically and is subject to section 3.195, subdivision 1.

Sec. 2. **[116J.681] SMALL BUSINESS NAVIGATORS.**

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

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

(c) "Small business" has the meaning given in section 645.445.

(d) "Underserved" means Black, Indigenous, people of color, veterans, people with disabilities, rural Minnesotans, and low-income individuals.

Subd. 2. **Generally.** Small business navigators must work with small businesses and entrepreneurs to help navigate state programs, as well as programs managed by nongovernmental partners and other public and private organizations. The purpose of small business navigators is to connect small businesses and entrepreneurs with the services needed to be successful.

Subd. 3. **Staffing.** Staff of small business navigators serve in the classified service of the state and operate as part of the department's Small Business Assistance Office.

Subd. 4. **Commissioner.** The commissioner shall develop and implement training materials and reporting and evaluation procedures for the activities of small business navigators.

Subd. 5. **Duties.** Small business navigators shall:

(1) provide information and direction to small businesses and entrepreneurs in a timely, accurate, and comprehensive manner, connecting them with appropriate assistance services from the state and other governmental and nongovernmental organizations;

(2) build relationships with and provide targeted outreach to historically underserved populations and communities;

(3) provide for the delivery of information and assistance, including but not limited to the use of media, in a culturally appropriate manner that accommodates businesses and entrepreneurs with limited English proficiency;

(4) ensure the availability of small business navigators and materials in all media to persons with physical disabilities; and

(5) coordinate with and augment the services and outreach of the agency's Small Business Assistance Office, Small Business Development Center, Office of Small Business Partnerships, and Launch Minnesota.

Sec. 3. Minnesota Statutes 2022, section 116J.871, subdivision 1, is amended to read:

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

(b) "Economic development" means financial assistance provided to a person directly or to a local unit of government or nonprofit organization on behalf of a person who is engaged in the manufacture or sale of goods and services. Economic development does not include (1) financial assistance for rehabilitation of existing housing ~~or~~, (2) financial assistance for new housing construction in which total financial assistance at a single project site is less than $100,000, or (3) financial assistance for detached single-family affordable homeownership units in which the single project site consists of fewer than five units.

(c) "Financial assistance" means (1) a grant awarded by a state agency for economic development related purposes if a single business receives $200,000 or more of the grant proceeds; (2) a loan or the guaranty or purchase of a loan made by a state agency for economic development related purposes if a single business receives $500,000 or more of the loan proceeds; or (3) a reduction, credit, or abatement of a tax assessed under chapter 297A where the tax reduction, credit, or abatement applies to a geographic area smaller than the entire state and was granted for economic development related purposes. Financial assistance does not include payments by the state of aids and credits under chapter 273 or 477A to a political subdivision.

(d) "Project site" means the location where improvements are made that are financed in whole or in part by the financial assistance; or the location of employees that receive financial assistance in the form of employment and training services as defined in section 116L.19, subdivision 4, or customized training from a technical college.

(e) "State agency" means any agency defined under section 16B.01, subdivision 2, Enterprise Minnesota, Inc., and the Iron Range Resources and Rehabilitation Board.

Sec. 4. Minnesota Statutes 2022, section 116J.871, subdivision 2, is amended to read:

Subd. 2. **Prevailing wage required.** (a) A state agency may provide financial assistance to a person only if the person receiving or benefiting from the financial assistance certifies to the commissioner of labor and industry that laborers and mechanics at the project site during construction, installation, remodeling, and repairs for which the financial assistance was provided will be paid the prevailing wage rate as defined in section 177.42, subdivision 6, and be subject to the requirements and enforcement provisions of sections 177.27, 177.30, 177.32, 177.41 to 177.435, and 177.45.

(b) For the purposes of a person subject to paragraph (a) who is required to comply with section 177.30, paragraph (a), clauses (6) and (7), the state agency awarding the financial assistance is considered the contracting authority and the project is considered a public works project. The person receiving or benefiting from the financial assistance shall notify all employers on the project of the record keeping and reporting requirements of section 177.30, paragraph (a), clauses (6) and (7). Each employer shall submit the required information to the contracting authority.

Sec. 5. **[116J.8746] SMALL BUSINESS PARTNERSHIP PROGRAM.**

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

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

(c) "Eligible business" means an entity that:

(1) is a business, commercial cooperative, employee-owned business, or commercial land trust; and

(2) is either:

(i) located in greater Minnesota;

(ii) in the field of high technology; or

(iii) at least 51 percent owned by people who are either:

(A) Black, indigenous, or people of color;

(B) women;

(C) immigrants;

(D) veterans;

(E) people with disabilities;

(F) low-income; or

(G) LGBTQ+.

(d) "Program" means the small business partnership program established in this section.

Subd. 2. **Establishment.** The commissioner of employment and economic development shall establish a small business partnership program to make statewide grants to local and regional community-based nonprofit organizations to support the start-up, growth, and success of eligible businesses through the delivery of high-quality free or low-cost professional business development and technical assistance services.

Subd. 3. **Grants to nonprofits.** (a) Nonprofit organizations shall apply for grants using a competitive process established by the commissioner.

(b) All grants shall be made in the first year of the biennium and shall be for two years.

(c) Up to ten percent of the grant amount may be used by the nonprofit for administrative expenses.

(d) Preference shall be given to applications from nonprofits that can demonstrate a record of successful outcomes serving historically underserved communities or increasing the upward economic mobility of clients.

Subd. 4. **Administration.** The commissioner may use up to five percent of program funds for administering and monitoring the program.

Subd. 5. **Reporting.** (a) Grant recipients shall report to the commissioner each year they receive grant funds. This report shall detail the use of grant funds and shall include data on the number of individuals served and other measures of program impact, along with any other information requested by the commissioner.

(b) By January 15, 2025, and by January 15 each odd-numbered year thereafter, the commissioner shall submit a report to the chairs and ranking minority members of the committees of the house of representatives and the senate having jurisdiction over business development that details the use of program funds and the program's impact. This report is in addition to the reporting required under section 3.195.

Sec. 6. Minnesota Statutes 2022, section 116J.8748, subdivision 3, is amended to read:

Subd. 3. **Minnesota job creation fund business designation; requirements.** (a) To receive designation as a Minnesota job creation fund business, a business must satisfy all of the following conditions:

(1) the business is or will be engaged in, within Minnesota, one of the following as its primary business activity:

(i) manufacturing;

(ii) warehousing;

(iii) distribution;

(iv) information technology;

(v) finance;

(vi) insurance; or

(vii) professional or technical services;

(2) the business must not be primarily engaged in lobbying; gambling; entertainment; professional sports; political consulting; leisure; hospitality; or professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants, or primarily engaged in making retail sales to purchasers who are physically present at the business's location;

(3) the business must enter into a binding construction and job creation business subsidy agreement with the commissioner to expend directly, or ensure expenditure by or in partnership with a third party constructing or managing the project, at least $500,000 in capital investment in a capital investment project that includes a new, expanded, or remodeled facility within one year following designation as a Minnesota job creation fund business or $250,000 if the project is located outside the metropolitan area as defined in section 200.02, subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans, women, or persons with a disability; and:

(i) create at least ten new full-time employee positions within two years of the benefit date following the designation as a Minnesota job creation fund business or five new full-time employee positions within two years of the benefit date if the project is located outside the metropolitan area as defined in section 200.02, subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans, women, or persons with a disability; or

(ii) expend at least $25,000,000, which may include the installation and purchase of machinery and equipment, in capital investment and retain at least ~~200~~ 100 employees for projects located in the metropolitan area as defined in section 200.02, subdivision 24, ~~and 75~~ or expend at least $10,000,000, which may include the installation and purchase of machinery and equipment, in capital investment and retain at least 50 employees for projects located outside the metropolitan area;

(4) positions or employees moved or relocated from another Minnesota location of the Minnesota job creation fund business must not be included in any calculation or determination of job creation or new positions under this paragraph; and

(5) a Minnesota job creation fund business must not terminate, lay off, or reduce the working hours of an employee for the purpose of hiring an individual to satisfy job creation goals under this subdivision.

(b) Prior to approving the proposed designation of a business under this subdivision, the commissioner shall consider the following:

(1) the economic outlook of the industry in which the business engages;

(2) the projected sales of the business that will be generated from outside the state of Minnesota;

(3) how the business will build on existing regional, national, and international strengths to diversify the state's economy;

(4) whether the business activity would occur without financial assistance;

(5) whether the business is unable to expand at an existing Minnesota operation due to facility or land limitations;

(6) whether the business has viable location options outside Minnesota;

(7) the effect of financial assistance on industry competitors in Minnesota;

(8) financial contributions to the project made by local governments; and

(9) any other criteria the commissioner deems necessary.

(c) Upon receiving notification of local approval under subdivision 2, the commissioner shall review the determination by the local government and consider the conditions listed in paragraphs (a) and (b) to determine whether it is in the best interests of the state and local area to designate a business as a Minnesota job creation fund business.

(d) If the commissioner designates a business as a Minnesota job creation fund business, the business subsidy agreement shall include the performance outcome commitments and the expected financial value of any Minnesota job creation fund benefits.

(e) The commissioner may amend an agreement once, upon request of a local government on behalf of a business, only if the performance is expected to exceed thresholds stated in the original agreement.

(f) A business may apply to be designated as a Minnesota job creation fund business at the same location more than once only if all goals under a previous Minnesota job creation fund agreement have been met and the agreement is completed.

Sec. 7. Minnesota Statutes 2022, section 116J.8748, subdivision 4, is amended to read:

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

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

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

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

(3) up to $1,000,000 in capital investment rebates and $1,000,000 in job creation awards are allowable for projects that have at least $25,000,000 in capital investment and ~~200~~ 100 new employees in the metropolitan area as defined in section 200.02, subdivision 24, and ~~75~~ 50 new employees for projects located outside the metropolitan area;

(4) up to $1,000,000 in capital investment rebates and up to $1,000,000 in job creation awards are allowable for projects that have at least $25,000,000 in capital investment, which may include the installation and purchase of machinery and equipment, and ~~200~~ 100 retained employees for projects located in the metropolitan area as defined in section 200.02, subdivision 24, ~~and 75~~ or at least $10,000,000 in capital investment, which may include the installation and purchase of machinery and equipment, and 50 retained employees for projects located outside the metropolitan area; and

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

(c) The job creation award may be provided in multiple years as long as the qualified Minnesota job creation fund business continues to meet the job creation goals provided for in its agreement under subdivision 3 and the total award does not exceed $500,000 except as provided under paragraph (b), clauses (3) and (4). Under paragraph (b) clause (4), a job creation award of $2,000 per retained job may be provided one time if the qualified Minnesota job creation fund business meets the minimum capital investment and retained employee requirement as provided in paragraph (b), clause (4), for at least two years.

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

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

(f) Minnesota job creation fund businesses must pay each new full-time employee added pursuant to the agreement total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 110 percent of the federal poverty level for a family of four.

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

Sec. 8. Minnesota Statutes 2022, section 116J.8748, subdivision 6, is amended to read:

Subd. 6. **Job creation award.** (a) A qualified Minnesota job creation fund business is eligible for an annual award for each new job created and maintained under subdivision 4, paragraph (b), clauses (2) and (3), by the business using the following schedule: $1,000 for each job position paying annual wages at least $26,000 but less than $35,000; $2,000 for each job position paying at least $35,000 but less than $45,000; ~~and~~ $3,000 for each job position paying at least $45,000 but less than $55,000; and $4,000 for each job position paying at least $55,000; and as noted in the goals under the agreement provided under subdivision 1. These awards are increased by $1,000 if the business is located outside the metropolitan area as defined in section 200.02, subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans, women, or persons with a disability.

(b) A qualified Minnesota job creation fund business is eligible for a onetime $2,000 award for each job retained and maintained under subdivision 4, paragraph (b), clause (4), provided that each retained job pays total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 150 percent of the federal poverty level for a family of four.

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

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

Sec. 9. Minnesota Statutes 2022, section 116J.8748, is amended by adding a subdivision to read:

Subd. 6a. **Transfer.** The commissioner may transfer up to $2,000,000 of a fiscal year appropriation between the Minnesota job creation fund program and the redevelopment grant program to meet business demand.

Sec. 10. **[116J.8751] LAUNCH MINNESOTA.**

Subdivision 1. **Establishment.** Launch Minnesota is established within the Business and Community Development Division of the Department of Employment and Economic Development to encourage and support the development of new private sector technologies and support the science and technology policies under Minnesota Statutes, section 3.222. Launch Minnesota must provide entrepreneurs and emerging technology-based companies business development assistance and financial assistance to spur growth.

Subd. 2. **Definitions.** (a) For purposes of this section, the terms defined in this subdivision have the meanings given.

(b) "Advisory board" means the board established under subdivision 10.

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

(d) "Department" means the Department of Employment and Economic Development.

(e) "Entrepreneur" means a Minnesota resident who is involved in establishing a business entity and secures resources directed to its growth while bearing the risk of loss.

(f) "Greater Minnesota" means the area of Minnesota located outside of the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2.

(g) "Innovative technology and business" means a new novel business model or product; a derivative product incorporating new elements into an existing product; a new use for a product; or a new process or method for the manufacture, use, or assessment of any product or activity, patentability, or scalability. Innovative technology or business model does not include locally based retail, lifestyle, or business services. The business must not be primarily engaged in real estate development, insurance, banking, lending, lobbying, political consulting, information technology consulting, wholesale or retail trade, leisure, hospitality, transportation, construction, ethanol production from corn, or professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants.

(h) "Institution of higher education" has the meaning given in Minnesota Statutes, section 136A.28, subdivision 6.

(i) "Minority group member" means a United States citizen or lawful permanent resident who is Asian, Pacific Islander, Black, Hispanic, or Native American.

(j) "Research and development" means any activity that is:

(1) a systematic, intensive study directed toward greater knowledge or understanding of the subject studies;

(2) a systematic study directed specifically toward applying new knowledge to meet a recognized need; or

(3) a systematic application of knowledge toward the production of useful materials, devices, systems and methods, including design, development and improvement of prototypes and new processes to meet specific requirements.

(k) "Start-up" means a business entity that has been in operation for less than ten years, has operations in Minnesota, and is in the development stage defined as devoting substantially all of its efforts to establishing a new business and either of the following conditions exists:

(1) planned principal operations have not commenced; or

(2) planned principal operations have commenced, but have raised at least $1,000,000 in equity financing.

(l) "Technology-related assistance" means the application and utilization of technological-information and technologies to assist in the development and production of new technology-related products or services or to increase the productivity or otherwise enhance the production or delivery of existing products or services.

(m) "Trade association" means a nonprofit membership organization organized to promote businesses and business conditions and having an election under Internal Revenue Code section 501(c)(3) or 501(c)(6).

(n) "Veteran" has the meaning given in Minnesota Statutes, section 197.447.

Subd. 3. **Duties.** The commissioner, by and through Launch Minnesota, shall:

(1) support innovation and initiatives designed to accelerate the growth of innovative technology and business start-ups in Minnesota;

(2) in partnership with other organizations, offer classes and instructional sessions on how to start an innovative technology and business start-up;

(3) promote activities for entrepreneurs and investors regarding the state's growing innovation economy;

(4) hold events and meetings that gather key stakeholders in the state's innovation sector;

(5) conduct outreach and education on innovation activities and related financial programs available from the department and other organizations, particularly for underserved communities;

(6) interact and collaborate with statewide partners including but not limited to businesses, nonprofits, trade associations, and higher education institutions;

(7) administer an advisory board to assist with direction, grant application review, program evaluation, report development, and partnerships;

(8) accept grant applications under subdivisions 5, 6, and 7 and work with the advisory board to review and prioritize the applications and provide recommendations to the commissioner; and

(9) perform other duties at the commissioner's discretion.

Subd. 4. **Administration.** (a) The executive director shall:

(1) assist the commissioner and the advisory board in performing the duties of Launch Minnesota; and

(2) comply with all state and federal program requirements, and all state and federal securities and tax laws and regulations.

(b) Launch Minnesota may occupy and lease physical space in a private coworking facility that includes office space for staff and space for community engagement for training entrepreneurs. The physical space leased under this paragraph is exempt from the requirements in Minnesota Statutes, section 16B.24, subdivision 6.

(c) At least three times per month, Launch Minnesota staff shall communicate with organizations in greater Minnesota that have received a grant under subdivision 7. To the extent possible, Launch Minnesota shall form partnerships with organizations located throughout the state.

(d) Launch Minnesota must accept grant applications under this section and provide funding recommendations to the commissioner and the commissioner shall distribute grants based in part on the recommendations.

Subd. 5. **Application process.** (a) The commissioner shall establish the application form and procedures for grants.

(b) Upon receiving recommendations from Launch Minnesota, the commissioner is responsible for evaluating all applications using evaluation criteria which shall be developed by Launch Minnesota in consultation with the advisory board.

(c) For grants under subdivision 6, priority shall be given if the applicant is:

(1) a business or entrepreneur located in greater Minnesota; or

(2) a business owner, individual with a disability, or entrepreneur who is a woman, veteran, or minority group member.

(d) For grants under subdivision 7, priority shall be given if the applicant is planning to serve:

(1) businesses or entrepreneurs located in greater Minnesota; or

(2) business owners, individuals with disabilities, or entrepreneurs who are women, veterans, or minority group members.

(e) The department staff, and not Launch Minnesota staff, are responsible for awarding funding, disbursing funds, and monitoring grantee performance for all grants awarded under this section.

(f) Grantees must provide matching funds by equal expenditures and grant payments must be provided on a reimbursement basis after review of submitted receipts by the department.

(g) Grant applications must be accepted on a regular periodic basis by Launch Minnesota and must be reviewed by Launch Minnesota and the advisory board before being submitted to the commissioner with their recommendations.

Subd. 6. **Innovation grants.** (a) The commissioner shall distribute innovation grants under this subdivision.

(b) The commissioner shall provide a grant of up to $35,000 to an eligible business or entrepreneur for research and development expenses, direct business expenses, and the purchase of technical assistance or services from public higher education institutions and nonprofit entities. Research and development expenditures may include but are not limited to proof of concept activities, intellectual property protection, prototype designs and production, and commercial feasibility. Expenditures funded under this subdivision are not eligible for the research and development tax credit under Minnesota Statutes, section 290.068. Direct business expenses may include rent, equipment purchases, and supplier invoices. Taxes imposed by federal, state, or local government entities may not be reimbursed under this paragraph. Technical assistance or services must be purchased to assist in the development or commercialization of a product or service to be eligible. Each business or entrepreneur may receive only one grant per biennium under this paragraph.

(c) The commissioner shall provide a grant of up to $35,000 in Phase 1 or $50,000 in Phase 2 to an eligible business or entrepreneur that, as a registered client of the Small Business Innovation Research (SBIR) program, has been awarded a first time Phase 1 or Phase 2 award pursuant to the SBIR or Small Business Technology Transfer (STTR) programs after July 1, 2019. Each business or entrepreneur may receive only one grant per biennium under this paragraph. Grants under this paragraph are not subject to the requirements of subdivision 2, paragraph (k).

Subd. 7. **Entrepreneur education grants.** (a) The commissioner shall make entrepreneur education grants to institutions of higher education and other organizations to provide educational programming to entrepreneurs and provide outreach to and collaboration with businesses, federal and state agencies, institutions of higher education, trade associations, and other organizations working to advance innovative technology businesses throughout Minnesota.

(b) Applications for entrepreneur education grants under this subdivision must be submitted to the commissioner and evaluated by department staff other than Launch Minnesota. The evaluation criteria must be developed by Launch Minnesota, in consultation with the advisory board, and the commissioner, and priority must be given to an applicant who demonstrates activity assisting business owners or entrepreneurs residing in greater Minnesota or who are women, veterans, or minority group members.

(c) Department staff other than Launch Minnesota staff are responsible for awarding funding, disbursing funds, and monitoring grantee performance under this subdivision.

(d) Grantees may use the grant funds to deliver the following services:

(1) development and delivery to innovative technology businesses of industry specific or innovative product or process specific counseling on issues of business formation, market structure, market research and strategies, securing first mover advantage or overcoming barriers to entry, protecting intellectual property, and securing debt or equity capital. This counseling is to be delivered in a classroom setting or using distance media presentations;

(2) outreach and education to businesses and organizations on the small business investment tax credit program under Minnesota Statutes, section 116J.8737, the MNvest crowd-funding program under Minnesota Statutes, section 80A.461, and other state programs that support innovative technology business creation especially in underserved communities;

(3) collaboration with institutions of higher education, local organizations, federal and state agencies, the Small Business Development Center, and the Small Business Assistance Office to create and offer educational programming and ongoing counseling in greater Minnesota that is consistent with those services offered in the metropolitan area; and

(4) events and meetings with other innovation-related organizations to inform entrepreneurs and potential investors about Minnesota's growing innovation economy.

Subd. 8. **Report.** (a) Launch Minnesota shall annually report by December 31 to the chairs and ranking minority members of the committees of the house of representatives and senate having jurisdiction over economic development policy and finance. Each report shall include information on the work completed, including awards made by the department under this section and progress toward transferring the activities of Launch Minnesota to an entity outside of state government.

(b) By December 31, 2024, Launch Minnesota shall provide a comprehensive transition plan to the chairs and ranking minority members of the committees of the house of representatives and senate having jurisdiction over economic development policy and finance. The transition plan shall include: (1) a detailed strategy for the transfer of Launch Minnesota activities to an entity outside of state government; (2) the projected date of the transfer; and (3) the role of the state, if any, in ongoing activities of Launch Minnesota or its successor entity.

Subd. 9. **Advisory board.** (a) The commissioner shall establish an advisory board to advise the executive director regarding the activities of Launch Minnesota, make the recommendations described in this section, and develop and initiate a strategic plan for transferring some activities of Launch Minnesota to a new or existing public-private partnership or nonprofit organization outside of state government.

(b) The advisory board shall consist of ten members and is governed by Minnesota Statutes, section 15.059. A minimum of seven members must be from the private sector representing business and at least two members but no more than three members must be from government and higher education. At least three of the members of the

advisory board shall be from greater Minnesota and at least three members shall be minority group members. Appointees shall represent a range of interests, including entrepreneurs, large businesses, industry organizations, investors, and both public and private small business service providers.

(c) The advisory board shall select a chair from its private sector members. The executive director shall provide administrative support to the committee.

(d) The commissioner, or a designee, shall serve as an ex-officio, nonvoting member of the advisory board.

Sec. 11. Minnesota Statutes 2022, section 116J.9924, subdivision 4, is amended to read:

Subd. 4. **Grant amount; project phasing.** (a) The commissioner shall award grants in an amount not to exceed ~~$1,500,000~~ $3,000,000 per grant.

(b) A grant awarded under this section must be no less than the amount required to complete one or more phases of the project, less any nonstate funds already committed for such activities.

Sec. 12. **[116J.9925] COMMUNITY WEALTH-BUILDING GRANT PROGRAM.**

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

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

(c) "Community business" means a cooperative, an employee-owned business, or a commercial land trust that is at least 51 percent owned by individuals from targeted groups.

(d) "Partner organization" means a community development financial institution or nonprofit corporation.

(e) "Program" means the community wealth-building grant program created under this section.

(f) "Targeted groups" means persons who are Black, Indigenous, People of Color, immigrants, low-income, women, veterans, or persons with disabilities.

Subd. 2. **Establishment.** The commissioner shall establish a community wealth-building grant program to award grants to partner organizations to fund low-interest loans to community businesses. The program must encourage tax-base revitalization, private investment, job creation for targeted groups, creation and strengthening of business enterprises, assistance to displaced businesses, and promotion of economic development in low-income areas.

Subd. 3. **Grants to partner organizations.** (a) The commissioner shall award grants to partner organizations through a competitive grant process where applicants apply using a form designed by the commissioner. In evaluating applications, the commissioner shall consider whether the applicant:

(1) has a board of directors that includes members experienced in business and community development, operating community businesses, addressing racial income disparities, and creating jobs for targeted groups;

(2) has the technical skills to analyze projects;

(3) is familiar with other available public and private funding sources and economic development programs;

(4) can initiate and implement economic development projects;

(5) can establish a program and administer funds;

(6) can work with job referral networks assisting targeted groups; and

(7) has established relationships with communities of targeted groups.

(b) The commissioner shall ensure that loans through the program will fund community businesses statewide and shall make reasonable attempts to balance the amount of funding available to community businesses inside and outside of the metropolitan area as defined under section 473.121, subdivision 2.

(c) Partner organizations that receive grants under this subdivision shall use up to ten percent of their award to provide specialized technical and legal assistance, either directly or through a partnership with organizations with expertise in shared ownership structures, to community businesses and businesses in the process of transitioning to community ownership.

(d) Grants under this subdivision are available for five years. The commissioner shall review existing grant agreements every five years and may renew or terminate the agreement based on that review and consideration of the criteria under paragraph (a).

Subd. 4. **Loans to community businesses.** (a) A partner organization that receives a grant under subdivision 3 shall establish a plan for making low-interest loans to community businesses. The plan requires approval by the commissioner.

(b) Under the plan:

(1) the state contribution to each loan shall be no less than $50,000 and no more than $2,500,000;

(2) loans shall be made for projects that are unlikely to be undertaken unless a loan is received under the program;

(3) priority shall be given to loans to businesses in the lowest income areas;

(4) the interest rate on a loan shall not be higher than the Wall Street Journal prime rate;

(5) 50 percent of all repayments of principal on a loan under the program shall be repaid to the community wealth-building account created under subdivision 5. The partner organization may retain the remainder of loan repayments to service loans and provide further technical assistance;

(6) the partner organization may charge a loan origination fee of no more than one percent of the loan value and may retain that origination fee; and

(7) a partner organization may not make a loan to a project in which it has an ownership interest.

Subd. 5. **Community wealth-building account.** A community wealth-building account is created in the special revenue fund in the state treasury. Money in the account is appropriated to the commissioner for grants under this section.

Subd. 6. **Reports.** (a) Grant recipients shall submit an annual report to the commissioner by January 31 of each year they participate in the program. The report shall include:

(1) an account of all loans made through the program the preceding calendar year and the impact of those loans on community businesses and job creation for targeted groups;

(2) information on the source and amount of money collected and distributed under the program, its assets and liabilities, and an explanation of administrative expenses; and

(3) an independent audit of grant funds performed in accordance with generally accepted accounting practices and auditing standards.

(b) By February 15 of each year beginning in 2024, the commissioner shall submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over workforce and economic development on program outcomes, including copies of all reports received under paragraph (a).

Sec. 13. **[116J.9926] EMERGING DEVELOPER FUND PROGRAM.**

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

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

(c) "Disadvantaged community" means a community where the median household income is less than 80 percent of the area median income.

(d) "Eligible project" means a project that is based in Minnesota and meets one or more of the following criteria:

(1) it will stimulate community stabilization or revitalization;

(2) it will be located within a census tract identified as a disadvantaged community or low-income community;

(3) it will directly benefit residents of a low-income household;

(4) it will increase the supply and improve the condition of affordable housing and homeownership;

(5) it will support the growth needs of new and existing community-based enterprises that promote economic stability or improve the supply or quality of job opportunities; or

(6) it will promote wealth creation, including by being a project in a neighborhood traditionally not served by real estate developers.

(e) "Emerging developer" means a developer who:

(1) has limited access to loans from traditional financial institutions; or

(2) is a new or smaller developer who has engaged in educational training in real estate development; and

(3) is either a:

(i) minority as defined in section 116M.14, subdivision 6;

(ii) woman;

(iii) person with a disability, as defined in section 116M.14, subdivision 9; or

(iv) low-income person.

(f) "Low-income person" means a person who:

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

(2) has a family income that does not exceed 60 percent of the area median income as determined by the United States Department of Housing and Urban Development.

(g) "Partner organization" means a community development financial institution or a similarly qualified nonprofit corporation, as determined by the commissioner.

(h) "Program" means the emerging developer fund program created under this section.

Subd. 2. **Establishment.** The commissioner shall establish an emerging developer fund program to make grants to partner organizations to make grants and loans to emerging developers for eligible projects to transform neighborhoods statewide and promote economic development and the creation and retention of jobs in Minnesota. The program must also reduce racial and socioeconomic disparities by growing the financial capacity of emerging developers.

Subd. 3. **Grants to partner organizations.** (a) The commissioner shall design a competitive process to award grants to partner organizations to make grants and loans to emerging developers under subdivision 4.

(b) A partner organization may use up to ten percent of grant funds for the administrative costs of the program.

Subd. 4. **Grants and loans to emerging developers.** (a) Through the program, partner organizations shall offer emerging developers predevelopment grants and predevelopment, construction, and bridge loans for eligible projects according to a plan submitted to and approved by the commissioner.

(b) Predevelopment grants must be for no more than $100,000. All loans must be for no more than $1,000,000.

(c) Loans must be for a term set by the partner organization and approved by the commissioner of no less than six months and no more than eight years, depending on the use of loan proceeds.

(d) Loans must be for zero interest or an interest rate of no more than the Wall Street Journal prime rate, as determined by the partner organization and approved by the commissioner based on the individual project risk and type of loan sought.

(e) Loans must have flexible collateral requirements compared to traditional loans, but may require a personal guaranty from the emerging developer and may be largely unsecured when the appraised value of the real estate is low.

(f) Loans must have no prepayment penalties and are expected to be repaid from permanent financing or a conventional loan, once that is secured.

(g) Loans must have the ability to bridge many types of receivables, such as tax credits, grants, developer fees, and other forms of long-term financing.

(h) At the partner organization's request and the commissioner's discretion, an emerging developer may be required to work with an experienced developer or professional services consultant who can offer expertise and advice throughout the development of the project.

(i) All loan repayments must be paid into the emerging developer fund account created in this section to fund additional loans.

Subd. 5. **Eligible expenses.** (a) The following are eligible expenses for a predevelopment grant or loan under the program:

(1) earnest money or purchase deposit;

(2) building inspection fees and environmental reviews;

(3) appraisal and surveying;

(4) design and tax credit application fees;

(5) title and recording fees;

(6) site preparation, demolition, and stabilization;

(7) interim maintenance and project overhead;

(8) property taxes and insurance;

(9) construction bonds or letters of credit;

(10) market and feasibility studies; and

(11) professional fees.

(b) The following are eligible expenses for a construction or bridge loan under the program:

(1) land or building acquisition;

(2) construction-related expenses;

(3) developer and contractor fees;

(4) site preparation, environmental cleanup, and demolition;

(5) financing fees, including title and recording;

(6) professional fees;

(7) carrying costs;

(8) construction period interest;

(9) project reserves; and

(10) leasehold improvements and equipment purchase.

Subd. 6. **Emerging developer fund account.** An emerging developer fund account is created in the special revenue fund in the state treasury. Money in the account is appropriated to the commissioner for grants to partner organizations to make loans under this section.

Subd. 7. **Reports to the legislature.** (a) By January 15 of each year, beginning in 2025, each partner organization shall submit a report to the commissioner on the use of program funds and program outcomes.

(b) By February 15 of each year, beginning in 2025, the commissioner shall submit a report to the chairs of the house of representatives and senate committees with jurisdiction over economic development on the use of program funds and program outcomes.

Sec. 14. **EMPOWERING ENTERPRISE PROGRAM.**

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

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

(c) "Eligible organization" means:

(1) a federally certified community development financial institution;

(2) a nonprofit organization; or

(3) a city.

(d) "Entity" includes any registered business or nonprofit organization. This includes businesses, cooperatives, utilities, industrial, commercial, retail, and nonprofit organizations.

Subd. 2. **Establishment.** The commissioner shall establish a program to make grants to eligible organizations to develop and implement local economic relief programs designed with the primary goal of assisting communities adversely affected by civil unrest during the peacetime emergency declared in governor's Executive Order No. 20-64 by preserving incumbent entities and encouraging new entities to locate in those areas. To this end, local programs should include outreach to cultural communities and support for microenterprises.

Subd. 3. **Available relief.** (a) The local programs established by eligible organizations under this section may include grants or loans as provided in this section, as well as subgrants to local nonprofits to further the goals of the program. Prior to awarding a grant to an eligible organization for a local program under this section:

(1) the eligible organization must develop criteria, procedures, and requirements for:

(i) determining eligibility for assistance;

(ii) the duration, terms, underwriting and security requirements, and repayment requirements for loans;

(iii) evaluating applications for assistance;

(iv) awarding assistance; and

(v) administering the grant and loan programs authorized under this section, including any subgrants to local nonprofits;

(2) the eligible organization must submit its criteria, procedures, and requirements developed pursuant to clause (1) to the commissioner of employment and economic development for review; and

(3) the commissioner must approve the criteria, procedures, and requirements as developed pursuant to clause (1) to be used by an eligible organization in determining eligibility for assistance, evaluating, awarding, and administering a grant and loan program.

(b) Relief under this section includes grants to entities. These grants must not exceed $500,000 per entity, must specify that an entity receiving a grant must remain in the local community a minimum of three years after the date of the grant, and must require submission of a plan for continued operation. Grants may be awarded to applicants only when an eligible organization determines that a loan is not appropriate to address the needs of the applicant.

(c) Relief under this section includes loans to entities, with or without interest, and deferred or forgivable loans. The maximum loan amount under this subdivision is $500,000 per entity. The lending criteria adopted by an eligible organization for loans under this subdivision must:

(1) specify that an entity receiving a deferred or forgivable loan must remain in the local community a minimum of three years after the date of the loan. The maximum loan deferral period must not exceed three years from the date the loan is approved; and

(2) require submission of a plan for continued operation. The plan must document the probable success of the applicant's plan and probable success in repaying the loan according to the terms established for the loan program.

(d) All loan repayment funds under this subdivision must be paid to the commissioner of employment and economic development for deposit in the general fund.

Subd. 4. **Monitoring and reporting.** (a) Participating eligible organizations must establish performance measures that include but are not limited to the following components:

(1) the number of loans approved and the amounts and terms of the loans;

(2) the number of grants awarded, award amounts, and the reason that a grant award was made in lieu of a loan;

(3) the loan default rate;

(4) the number of jobs created or retained as a result of the assistance, including information on the wages and benefit levels, the status of the jobs as full-time or part-time, and the status of the jobs as temporary or permanent; and

(5) the amount of business activity and changes in gross revenues of the grant or loan recipient as a result of the assistance.

(b) The commissioner of employment and economic development must monitor the participating eligible organizations' compliance with this section and the performance measures developed under paragraph (a).

(c) Participating eligible organizations must comply with all requests made by the commissioner under this section and are responsible for the reporting and compliance of any subgrantees.

(d) By December 15 of each year the program is in existence, participating eligible organizations must report their performance measures to the commissioner. By January 15 of each year the program is in existence, after the first, the commissioner must submit a report of these performance measures to the chairs and ranking minority members of the committees of the house of representatives and the senate having jurisdiction over economic development that details the use of funds under this section.

Subd. 5. **Exemptions.** (a) Minnesota Statutes, sections 116J.993 to 116J.995, do not apply to assistance under this section. Entities in receipt of assistance under this section must provide for job creation and retention goals and wage and benefit goals.

(b) Minnesota Statutes, sections 16A.15, 16B.97, 16B.98, 16B.991, 16C.05, and 16C.053, do not apply to assistance under this section.

Subd. 6. **Administrative costs.** The commissioner of employment and economic development may use up to seven percent of the appropriation made for this section for administrative expenses of the department or for assisting participating eligible organizations with their administrative expenses.

EFFECTIVE DATE. This section is effective the day following final enactment and expires the day after the last loan is repaid or forgiven as provided under this section.

Sec. 15. **CANADIAN BORDER COUNTIES ECONOMIC RELIEF PROGRAM.**

Subdivision 1. **Relief program established.** The Northland Foundation must develop and implement a Canadian border counties economic relief program to assist businesses adversely affected by the 2021 closure of the Boundary Waters Canoe Area Wilderness or the closures of the Canadian border since 2020.

Subd. 2. **Available relief.** (a) The economic relief program established under this section may include grants provided in this section to the extent that funds are available. Before awarding a grant to the Northland Foundation for the relief program under this section:

(1) the Northland Foundation must develop criteria, procedures, and requirements for:

(i) determining eligibility for assistance;

(ii) evaluating applications for assistance;

(iii) awarding assistance; and

(iv) administering the grant program authorized under this section;

(2) the Northland Foundation must submit its criteria, procedures, and requirements developed under clause (1) to the commissioner of employment and economic development for review; and

(3) the commissioner must approve the criteria, procedures, and requirements submitted under clause (2).

(b) The maximum grant to a business under this section is $50,000 per business.

Subd. 3. **Qualification requirements.** To qualify for assistance under this section, a business must:

(1) be located within a county that shares a border with Canada;

(2) document a reduction of at least ten percent in gross receipts in 2021 compared to 2019; and

(3) provide a written explanation for how the 2021 closure of the Boundary Waters Canoe Area Wilderness or the closures of the Canadian border since 2020 resulted in the reduction in gross receipts documented under clause (2).

Subd. 4. **Monitoring.** (a) The Northland Foundation must establish performance measures, including but not limited to the following components:

(1) the number of grants awarded and award amounts for each grant;

(2) the number of jobs created or retained as a result of the assistance, including information on the wages and benefit levels, the status of the jobs as full time or part time, and the status of the jobs as temporary or permanent;

(3) the amount of business activity and changes in gross revenues of the grant recipient as a result of the assistance; and

(4) the new tax revenue generated as a result of the assistance.

(b) The commissioner of employment and economic development must monitor the Northland Foundation's compliance with this section and the performance measures developed under paragraph (a).

(c) The Northland Foundation must comply with all requests made by the commissioner under this section.

Subd. 5. **Business subsidy requirements.** Minnesota Statutes, sections 116J.993 to 116J.995, do not apply to assistance under this section. Businesses in receipt of assistance under this section must provide for job creation and retention goals, and wage and benefit goals.

Subd. 6. **Administrative costs.** The commissioner of employment and economic development may use up to one percent of the appropriation made for this section for administrative expenses of the department.

EFFECTIVE DATE. This section is effective July 1, 2023, and expires June 30, 2024.

Sec. 16. **REPEALER.**

Minnesota Statutes 2022, section 116J.9924, subdivision 6, and Laws 2019, First Special Session chapter 7, article 2, section 8, as amended by Laws 2021, First Special Session chapter 10, article 2, section 19, is repealed.

ARTICLE 3
CAPITOL AREA

Section 1. **CAPITOL AREA COMMUNITY VITALITY TASK FORCE; APPROPRIATION.**

Subdivision 1. **Task force established; membership.** (a) A Capitol Area Community Vitality Task Force is established. The task force consists of the following members:

(1) the executive secretary of the Capitol Area Architectural and Planning Board;

(2) one member of the Capitol Area Architectural and Planning Board, appointed by the board;

(3) two members of the house of representatives appointed by the speaker of the house, of whom one must be a member of the majority caucus of the house, and one must be a member of the minority caucus of the house;

(4) two members of the senate appointed by the majority leader of the senate, of whom one must be a member of the majority caucus of the senate, and one must be a member of the minority caucus of the senate;

(5) four members who are residents, businesspeople, or members of local organizations in the Capitol Area, appointed by the mayor of St. Paul; and

(6) one member of the public appointed by the governor.

(b) The task force must elect a chair and other officers from among its members. Appointments to the task force must be made no later than July 15, 2023. The executive secretary of the Capitol Area Architectural and Planning Board must convene the first meeting of the task force no later than August 15, 2023.

(c) As used in this section, "Capitol Area" includes that part of the city of St. Paul within the boundaries described in Minnesota Statutes, section 15B.02.

Subd. 2. **Terms; compensation.** The terms and compensation of members of the task force are governed by Minnesota Statutes, section 15.059, subdivision 6.

Subd. 3. **Administrative support.** The Capitol Area Architectural and Planning Board must provide administrative support to assist the task force in its work.

Subd. 4. **Duties; report.** The task force must consider and develop recommendations for the administration, program plan, and oversight of the Capitol Area community vitality account established by this act. The task force must submit its recommendations to the Capitol Area Architectural and Planning Board for approval. A report including the approved recommendations must be submitted by the Capitol Area Architectural and Planning Board to the chairs and ranking minority members of the committees of the legislature with jurisdiction over the board no later than February 1, 2024.

Subd. 5. **Expiration.** Notwithstanding Minnesota Statutes, section 15.059, subdivision 6, the task force expires upon submission of the report required by subdivision 4.

Subd. 6. **Appropriation.** $150,000 in fiscal year 2024 is appropriated from the general fund to the Capitol Area Architectural and Planning Board to support the work of the task force, including but not limited to payment of fees and other expenses necessary to retain appropriate professional consultants, conduct public meetings, and facilitate other activities as requested by the task force.

Sec. 2. **CAPITOL AREA COMMUNITY VITALITY ACCOUNT.**

Subdivision 1. **Account established; appropriation.** (a) A Capitol Area community vitality account is established in the special revenue fund. Money in the account is appropriated to the commissioner of administration to improve the livability, economic health, and safety of communities within the Capitol Area, provided that no funds may be expended until a detailed program and oversight plan to govern their use, in accordance with the spending recommendations of the Capitol Area Community Vitality Task Force as approved by the Capitol Area Architectural and Planning Board, has been further approved by law.

(b) As used in this section, "Capitol Area" includes that part of the city of St. Paul within the boundaries described in Minnesota Statutes, section 15B.02.

Subd. 2. **Appropriation.** $5,000,000 in fiscal year 2024 is transferred from the general fund to the Capitol Area community vitality account.

Sec. 3. **APPROPRIATION; CAPITOL AREA TRANSPORTATION CORRIDORS.**

(a) $5,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of administration for one or more grants to the city of St. Paul, Ramsey County, or both, for road projects that improve the livability, economic health, and safety of communities within the Capitol Area. Funded projects must be consistent with the recommendations of the Capitol Area Community Vitality Task Force, as approved by the Capitol Area Architectural and Planning Board. This is a onetime appropriation and is available until June 30, 2027.

(b) Funds under this section are available:

(1) for planning, predesign, design, engineering, environmental analysis and mitigation, land acquisition, and reconstruction of streets and highways; and

(2) only upon approval of the expenditure by the Capitol Area Architectural and Planning Board.

(c) For purposes of this section, "Capitol Area" means that part of the city of St. Paul within the boundaries described in Minnesota Statutes, section 15B.02."

Delete the title and insert:

"A bill for an act relating to state government; establishing a biennial budget for the Department of Employment and Economic Development and Explore Minnesota; appropriating money for Capitol area improvements; modifying various policy provisions; requiring reports; appropriating money; amending Minnesota Statutes 2022, sections 116J.871, subdivisions 1, 2; 116J.8748, subdivisions 3, 4, 6, by adding a subdivision; 116J.9924, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 116J; repealing Minnesota Statutes 2022, section 116J.9924, subdivision 6; Laws 2019, First Special Session chapter 7, article 2, section 8, as amended."

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

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 2105, 2310 and 2324 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Hudson, Engen, Niska, Torkelson, Nash and Harder introduced:

H. F. No. 3209, A bill for an act relating to family law; providing rights for blind parents; amending Minnesota Statutes 2022, sections 259.53, by adding a subdivision; 260C.201, by adding a subdivision; 518.1751, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Judiciary Finance and Civil Law.

Pursell, Norris, Howard, Myers and Burkel introduced:

H. F. No. 3210, A bill for an act relating to capital investment; appropriating money for a cooperative manufactured housing infrastructure grant program; authorizing the sale and issuance of state bonds; proposing coding for new law in Minnesota Statutes, chapter 462A.

The bill was read for the first time and referred to the Committee on Housing Finance and Policy.

Myers introduced:

H. F. No. 3211, A bill for an act relating to capital investment; appropriating money for water infrastructure improvements in the city of Minnetrista; authorizing the sale and issuance of state bonds.

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

Nelson, M., introduced:

H. F. No. 3212, A bill for an act relating to retirement; State Patrol retirement plan and public employees police and fire retirement plan; reducing employee contribution rates; increasing postretirement adjustments; modifying vesting and return to work requirements, decreasing the employer contribution rate, and adding a supplemental employer contribution for the public employees police and fire retirement plan; reducing the investment rate of return actuarial assumption; reducing interest rates; increasing and adding direct state aids; amending Minnesota Statutes 2022, sections 352B.02, subdivision 1a; 353.01, subdivision 47; 353.65, subdivisions 2, 3, 3b, by adding a subdivision; 356.215, subdivision 8; 356.415, subdivisions 1c, 1e; 356.59, subdivisions 2, 3; proposing coding for new law in Minnesota Statutes, chapters 352B; 353.

The bill was read for the first time and referred to the Committee on State and Local Government Finance and Policy.

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

RECESS

RECONVENED

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

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

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 1656, A bill for an act relating to energy; establishing grant programs to enhance the competitiveness of Minnesota entities in obtaining federal money for energy projects; creating an account; requiring a report; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 216C.

THOMAS S. BOTTERN, Secretary of the Senate

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 1581, A bill for an act relating to legislative enactments; making miscellaneous technical corrections to laws and statutes; correcting erroneous, obsolete, and omitted text and references; removing redundant, conflicting, and superseded provisions; amending Minnesota Statutes 2022, sections 3.8854; 13.46, subdivision 7; 16A.151, subdivision 2; 17.81, subdivision 3; 62A.307, subdivision 2; 62A.3091, subdivision 2; 62J.581, subdivision 1; 62M.02, subdivision 4; 62U.03, subdivisions 2, 3; 84.83, subdivision 3; 85.34, subdivision 3; 86A.05, subdivisions 2, 4, 9, 11, 12; 86A.21; 92.70, subdivision 3; 93.52; 103A.43; 103B.211, subdivision 1; 103F.405, subdivision 1; 103F.511, subdivision 10; 103F.705; 103F.711, subdivision 6; 103F.715; 103G.005, subdivision 19; 115.55, subdivision 1; 115A.192, subdivision 1; 115A.33; 115A.38, subdivision 1; 115A.39; 115A.54, subdivision 2a; 115A.918, subdivision 2; 116.07, subdivision 4a; 116D.04, subdivision 5a; 119B.011, subdivision 20; 119B.03, subdivision 3; 119B.13, subdivisions 3a, 6; 122A.20, subdivision 2; 124D.19, subdivision 3; 124D.68, subdivision 3; 125A.02, subdivision 1; 144.55, subdivision 2; 144.608, subdivision 1; 144A.471, subdivision 7; 147A.09, subdivision 2; 147D.27, subdivision 6; 148.211, subdivision 1a; 148.724, subdivision 1; 148B.06, subdivision 2; 148B.5301, subdivision 1; 148E.130, subdivision 1a; 160.10, subdivision 8; 161.14, subdivision 89; 167.60; 168.013, subdivisions 1a, 1e, 3, 18, 23; 168.04, subdivision 2; 168.1253, subdivision 2; 168.1256, subdivision 1; 168.1296, subdivision 1; 168.187, subdivisions 2, 7, 9, 10, 11, 12, 27; 168.61, subdivision 2; 168A.09, subdivision 1; 168A.24, subdivision 2; 168B.09, subdivision 2; 169.09, subdivision 13; 169.223, subdivision 4; 169.4581; 169.64, subdivision 9; 169.751; 169A.25, subdivision 1; 169A.26, subdivision 1; 169A.27, subdivision 1; 169A.28, subdivision 2; 169A.46, subdivision 1; 171.0701, subdivisions 1, 1a; 171.0705, subdivisions 2, 3, 4, 5, 7, 8; 171.26, subdivision 1; 173.02, subdivision 6; 173.13, subdivision 6; 174.03, subdivision 3; 174.30, subdivision 3; 174.75, subdivision 3; 174.84, subdivision 1; 176.101, subdivision 4; 214.40, subdivision 1; 219.073; 219.165; 219.18; 219.501, subdivision 1; 219.551, subdivision 6; 219.561, subdivision 1; 221.031, subdivision 9; 221.0314, subdivision 3a; 221.221, subdivision 2; 221.81, subdivision 3e; 245.4661, subdivisions 2, 6; 245.4885, subdivision 1a; 245.814, subdivision 1; 245.91, subdivision 5; 245A.02, subdivision 5a; 245A.04, subdivision 7; 245A.14, subdivision 4; 245A.16, subdivision 1; 245A.52, subdivision 1; 245C.04, subdivision 10; 245D.03, subdivision 1; 245I.02, subdivision 5; 245I.04, subdivision 5; 246.18, subdivision 2a; 254A.19, subdivision 4; 254B.04, subdivision 1; 254B.09, subdivision 2; 256.0112, subdivision 7; 256.975, subdivision 10; 256B.04, subdivision 1b; 256B.0575, subdivision 2; 256B.0625, subdivisions 17, 57; 256B.0671; 256B.0943, subdivision 1; 256B.0947, subdivision 3a; 256B.4912, subdivision 4; 256B.50, subdivision 1; 256B.76, subdivision 1; 256G.08, subdivision 1; 256J.54, subdivision 1; 256L.07, subdivision 4; 268.136, subdivision 3; 272.02, subdivisions 49, 102, 103; 273.1387, subdivision 2; 273.165, subdivision 1; 290.067, subdivision 1; 290.0671, subdivision 1; 290.0677, subdivisions 1, 2; 290.068, subdivision 3; 290.9705, subdivision 3; 297A.70, subdivision 2; 297A.71, subdivision 44; 297B.10; 297B.12; 297E.021, subdivision 3; 297F.01, subdivision 22b; 297I.20, subdivision 1; 327C.015, subdivision 11; 349.12, subdivision 25; 352.91, subdivision 3f; 360.013, subdivision 50; 360.0161, subdivision 2; 360.061, subdivision 1; 360.067, subdivision 4; 360.511, subdivision 24; 383B.058; 402.02, subdivision 2; 403.03, subdivision 2; 403.11, subdivisions 1, 6; 403.15, subdivision 3; 403.161, subdivision 7; 473H.02, subdivision 4; 477C.03, subdivision 3; 504B.371, subdivision 7; 507.24, subdivision 2; 609.035, subdivision 2; 626.892, subdivision 7; repealing Minnesota Statutes 2022, sections 13.461, subdivision 4; 13.7191, subdivision 16; 147D.27, subdivision 5; 160.165, subdivision 3; 165.14; 168.013, subdivision 16; 168.271, subdivision 2; 174.285, subdivision 7; 219.662, subdivision 2; 256B.051, subdivision 7; 256B.439, subdivision 3b; 290.068, subdivisions 6a, 7; 295.50, subdivision 10b; 297B.04; 297B.05; 299F.851, subdivision 7; Laws 2021, chapter 30, article 17, section 16; Minnesota Rules, parts 5530.1000; 7805.0300; 8810.4100.

THOMAS S. BOTTERN, Secretary of the Senate

CALENDAR FOR THE DAY

H. F. No. 1999 was reported to the House.

Pfarr moved to amend H. F. No. 1999, the second engrossment, as follows:

Page 85, line 17, after the period, insert "No grants awarded under this subdivision may be used for travel outside the state of Minnesota."

A roll call was requested and properly seconded.

The question was taken on the Pfarr amendment and the roll was called. There were 59 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Altendorf	Davis	Heintzeman	Mekeland	O'Driscoll	Skraba
Anderson, P. H.	Demuth	Hudella	Mueller	O'Neill	Swedzinski
Backer	Dotseth	Igo	Murphy	Perryman	Torkelson
Bakeberg	Engen	Jacob	Myers	Petersburg	Urdahl
Baker	Fogelman	Johnson	Nadeau	Pfarr	West
Bennett	Franson	Joy	Nash	Quam	Wiener
Bliss	Garofalo	Knudsen	Nelson, N.	Robbins	Wiens
Burkel	Gillman	Koznick	Neu Brindley	Schomacker	Witte
Daniels	Grossell	Kresha	Niska	Schultz	Zeleznikar
Davids	Harder	McDonald	Novotny	Scott	

Those who voted in the negative were:

Acomb	Edelson	Hemmingsen-Jaeger	Kotyza-Witthuhn	Norris	Stephenson
Agbaje	Elkins	Her	Kraft	Olson, L.	Tabke
Bahner	Feist	Hicks	Lee, F.	Pelowski	Vang
Becker-Finn	Finke	Hill	Lee, K.	Pérez-Vega	Wolgamott
Berg	Fischer	Hollins	Liebling	Pinto	Xiong
Bierman	Frazier	Howard	Lillie	Pryor	Youakim
Brand	Frederick	Huot	Lislegard	Pursell	Spk. Hortman
Carroll	Freiberg	Hussein	Long	Rehm	
Cha	Gomez	Jordan	Moller	Reyer	
Clardy	Hansen, R.	Keeler	Nelson, M.	Richardson	
Coulter	Hanson, J.	Klevorn	Newton	Sencer-Mura	
Curran	Hassan	Koegel	Noor	Smith	

The motion did not prevail and the amendment was not adopted.

Backer moved to amend H. F. No. 1999, the second engrossment, as follows:

Page 86, delete lines 6 to 11

Page 86, line 12, delete everything before "Priority"

Page 86, line 18, delete the semicolon and insert a period and delete "and"

Page 86, delete lines 19 to 29

A roll call was requested and properly seconded.

The question was taken on the Backer amendment and the roll was called. There were 59 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Altendorf	Davis	Heintzeman	Mekeland	O'Driscoll	Skraba
Anderson, P. H.	Demuth	Hudella	Mueller	O'Neill	Swedzinski
Backer	Dotseth	Igo	Murphy	Perryman	Torkelson
Bakeberg	Engen	Jacob	Myers	Petersburg	Urdahl
Baker	Fogelman	Johnson	Nadeau	Pfarr	West
Bennett	Franson	Joy	Nash	Quam	Wiener
Bliss	Garofalo	Knudsen	Nelson, N.	Robbins	Wiens
Burkel	Gillman	Koznick	Neu Brindley	Schomacker	Witte
Daniels	Grossell	Kresha	Niska	Schultz	Zeleznikar
Davids	Harder	McDonald	Novotny	Scott	

Those who voted in the negative were:

Acomb	Edelson	Hassan	Klevorn	Newton	Sencer-Mura
Agbaje	Elkins	Hemmingsen-Jaeger	Koegel	Noor	Smith
Bahner	Feist	Her	Kotyza-Witthuhn	Norris	Stephenson
Becker-Finn	Finke	Hicks	Kraft	Olson, L.	Tabke
Berg	Fischer	Hill	Lee, F.	Pelowski	Vang
Bierman	Frazier	Hollins	Lee, K.	Pérez-Vega	Wolgamott
Brand	Frederick	Hornstein	Liebling	Pinto	Xiong
Carroll	Freiberg	Howard	Lillie	Pryor	Youakim
Cha	Gomez	Huot	Lislegard	Pursell	Spk. Hortman
Clardy	Greenman	Hussein	Long	Rehm	
Coulter	Hansen, R.	Jordan	Moller	Reyer	
Curran	Hanson, J.	Keeler	Nelson, M.	Richardson	

The motion did not prevail and the amendment was not adopted.

Baker moved to amend H. F. No. 1999, the second engrossment, as follows:

Page 88, after line 30, insert:

"Of the amount in clause (3), $1,000,000 in each year is for a grant to Ka Joog statewide Somali-based collaborative programs for arts and cultural heritage. The funding must be used for Fanka programs to provide arts education and workshops, mentor programs, and community presentations and community engagement events throughout Minnesota."

A roll call was requested and properly seconded.

The question was taken on the Baker amendment and the roll was called. There were 53 yeas and 73 nays as follows:

Those who voted in the affirmative were:

Altendorf	Davids	Harder	Mekeland	Novotny	Scott
Anderson, P. H.	Davis	Heintzeman	Mueller	O'Driscoll	Skraba
Backer	Demuth	Hudella	Murphy	O'Neill	Torkelson
Bakeberg	Dotseth	Igo	Myers	Perryman	Urdahl
Baker	Engen	Jacob	Nadeau	Petersburg	Wiener
Bennett	Franson	Johnson	Nash	Pfarr	Wiens
Bliss	Garofalo	Knudsen	Nelson, N.	Quam	Witte
Burkel	Gillman	Koznick	Neu Brindley	Robbins	Zeleznikar
Daniels	Grossell	McDonald	Niska	Schultz	

Those who voted in the negative were:

Acomb	Elkins	Hemmingsen-Jaeger	Koegel	Noor	Stephenson
Agbaje	Feist	Her	Kotyza-Witthuhn	Norris	Tabke
Bahner	Finke	Hicks	Kraft	Olson, L.	Vang
Becker-Finn	Fischer	Hill	Kresha	Pelowski	West
Berg	Fogelman	Hollins	Lee, F.	Pérez-Vega	Wolgamott
Bierman	Frazier	Hornstein	Lee, K.	Pinto	Xiong
Brand	Frederick	Howard	Liebling	Pryor	Youakim
Carroll	Freiberg	Huot	Lillie	Pursell	Spk. Hortman
Cha	Gomez	Hussein	Lislegard	Rehm	
Clardy	Greenman	Jordan	Long	Reyer	
Coulter	Hansen, R.	Joy	Moller	Richardson	
Curran	Hanson, J.	Keeler	Nelson, M.	Sencer-Mura	
Edelson	Hassan	Klevorn	Newton	Smith	

The motion did not prevail and the amendment was not adopted.

Heintzeman moved to amend H. F. No. 1999, the second engrossment, as follows:

Page 92, after line 2, insert:

"Sec. 4. Minnesota Statutes 2022, section 129D.17, is amended by adding a subdivision to read:

Subd. 7. **Prohibited activities.** Funding from the arts and cultural heritage fund must not be used for projects that promote domestic terrorism or criminal activities."

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Heintzeman amendment and the roll was called. There were 80 yeas and 11 nays as follows:

Those who voted in the affirmative were:

Altendorf	Bahner	Bennett	Brand	Cha	Davis
Anderson, P. H.	Bakeberg	Bierman	Burkel	Daniels	Demuth
Backer	Baker	Bliss	Carroll	Davids	Dotseth

Engen	Huot	McDonald	Norris	Robbins	Wiener
Fogelman	Igo	Mekeland	Novotny	Schomacker	Wiens
Franson	Jacob	Moller	O'Driscoll	Schultz	Witte
Frederick	Johnson	Mueller	O'Neill	Scott	Wolgamott
Garofalo	Joy	Murphy	Perryman	Skraba	Youakim
Gillman	Knudsen	Myers	Petersburg	Stephenson	Zeleznikar
Grossell	Kotyza-Witthuhn	Nadeau	Pfarr	Swedzinski	Spk. Hortman
Hansen, R.	Koznick	Nash	Pinto	Tabke	
Harder	Kraft	Nelson, N.	Pryor	Torkelson	
Heintzeman	Kresha	Neu Brindley	Quam	Urdahl	
Hudella	Long	Niska	Reyer	West	

Those who voted in the negative were:

Acomb	Elkins	Hussein	Liebling	Nelson, M.	Rehm
Coulter	Howard	Jordan	Lillie	Newton	

The motion prevailed and the amendment was adopted.

Heintzeman moved to amend H. F. No. 1999, the second engrossment, as amended, as follows:

Page 74, line 16, after the period, insert "No funding under this section may be awarded to an organization or corporation who has had a civil or criminal sexual assault or sexual harassment judgment against the organization or corporation within the last 24 months, or any organization or corporation where the principal, president, executive director, or CEO or CFO has held a similar position, including an executive board member, in an organization that has had a sexual harassment or sexual assault judgment against them within the last 24 months."

A roll call was requested and properly seconded.

The question was taken on the Heintzeman amendment and the roll was called. There were 77 yeas and 13 nays as follows:

Those who voted in the affirmative were:

Altendorf	Davids	Heintzeman	McDonald	O'Driscoll	Stephenson
Anderson, P. H.	Davis	Hudella	Mekeland	O'Neill	Swedzinski
Backer	Demuth	Huot	Moller	Pelowski	Tabke
Bahner	Dotseth	Igo	Mueller	Perryman	Torkelson
Bakeberg	Engen	Jacob	Murphy	Petersburg	Urdahl
Baker	Fogelman	Johnson	Myers	Pfarr	West
Bennett	Franson	Joy	Nadeau	Quam	Wiener
Bliss	Frederick	Knudsen	Nash	Reyer	Wiens
Brand	Garofalo	Kotyza-Witthuhn	Nelson, N.	Robbins	Witte
Burkel	Gillman	Koznick	Neu Brindley	Schomacker	Wolgamott
Cha	Grossell	Kraft	Niska	Schultz	Zeleznikar
Coulter	Hansen, R.	Kresha	Norris	Scott	Spk. Hortman
Daniels	Harder	Lislegard	Novotny	Skraba	

Those who voted in the negative were:

Acomb	Hussein	Liebling	Nelson, M.	Smith
Elkins	Jordan	Lillie	Newton	
Howard	Lee, K.	Long	Rehm	

The motion prevailed and the amendment was adopted.

CALL OF THE HOUSE

On the motion of Demuth and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

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

All members answered to the call and it was so ordered.

H. F. No. 1999, A bill for an act relating to state government; appropriating money from outdoor heritage, clean water, parks and trails, and arts and cultural heritage funds; modifying prior appropriations; modifying provisions related to outdoor heritage fund and parks and trails fund; modifying Clean Water Legacy Act; requiring financial review of certain grant recipients; requiring reports; amending Minnesota Statutes 2022, sections 85.53, subdivision 2, by adding a subdivision; 85.536, subdivisions 1, 2; 97A.056, subdivisions 2, 11, 22; 114D.20, subdivision 2; 114D.30, subdivisions 4, 6, 7; 114D.50, subdivision 4; 129D.17, by adding subdivisions; Laws 2020, chapter 104, article 1, section 2, subdivision 5, as amended.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 69 yeas and 59 nays as follows:

Those who voted in the affirmative were:

Acomb	Clardy	Frederick	Hicks	Klevorn	Long
Agbaje	Coulter	Freiberg	Hill	Koegel	Moller
Bahner	Curran	Gomez	Hollins	Kotyza-Witthuhn	Nelson, M.
Becker-Finn	Edelson	Greenman	Hornstein	Kraft	Newton
Berg	Elkins	Hansen, R.	Howard	Lee, F.	Noor
Bierman	Feist	Hanson, J.	Huot	Lee, K.	Norris
Brand	Finke	Hassan	Hussein	Liebling	Olson, L.
Carroll	Fischer	Hemmingsen-Jaeger	Jordan	Lillie	Pelowski
Cha	Frazier	Her	Keeler	Lislegard	Pérez-Vega

Pinto	Rehm	Sencer-Mura	Tabke	Xiong
Pryor	Reyer	Smith	Vang	Youakim
Pursell	Richardson	Stephenson	Wolgamott	Spk. Hortman

Those who voted in the negative were:

Altendorf	Davis	Heintzeman	Mekeland	O'Driscoll	Skraba
Anderson, P. H.	Demuth	Hudella	Mueller	O'Neill	Swedzinski
Backer	Dotseth	Igo	Murphy	Perryman	Torkelson
Bakeberg	Engen	Jacob	Myers	Petersburg	Urdahl
Baker	Fogelman	Johnson	Nadeau	Pfarr	West
Bennett	Franson	Joy	Nash	Quam	Wiener
Bliss	Garofalo	Knudsen	Nelson, N.	Robbins	Wiens
Burkel	Gillman	Koznick	Neu Brindley	Schomacker	Witte
Daniels	Grossell	Kresha	Niska	Schultz	Zeleznikar
Davids	Harder	McDonald	Novotny	Scott	

The bill was passed, as amended, and its title agreed to.

CALL OF THE HOUSE LIFTED

Long moved that the call of the House be lifted. The motion prevailed and it was so ordered.

ANNOUNCEMENT BY THE SPEAKER
Pursuant to Rule 1.15(c)

A message from the Senate has been received requesting concurrence by the House to amendments adopted by the Senate to the following House File:

H. F. No. 42.

CALENDAR FOR THE DAY, Continued

H. F. No. 2073 was reported to the House.

O'Neill moved to amend H. F. No. 2073, the second engrossment, as follows:

Page 22, line 27, delete "$2,000,000" and insert "$5,000,000"

The motion prevailed and the amendment was adopted.

Robbins moved to amend H. F. No. 2073, the second engrossment, as amended, as follows:

Page 15, line 21, before "The" insert "(a)"

Page 15, after line 22, insert:

"(b) Of this appropriation, up to $100,000 in fiscal year 2024 is for a study on short-term and long-term enrollment projections for postsecondary education in Minnesota. The study must address how those enrollment changes will affect both state financial aid and the state's public postsecondary systems, and include recommendations for how the state, the Office of Higher Education, and public postsecondary systems should adjust to coming enrollment changes. The study should be performed in consultation with the state demographer, and the commissioner is authorized to contract with independent economists, actuaries, and finance and business experts as needed to complete the study. The Board of Trustees of the Minnesota State Colleges and Universities shall and the Board of Regents of the University of Minnesota is requested to cooperate with the study and promptly respond to the commissioner's requests for information needed to perform the study. The commissioner must submit a report on the results and conclusions of the study to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education finance and policy by December 31, 2023."

A roll call was requested and properly seconded.

The question was taken on the Robbins amendment and the roll was called. There were 58 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Altendorf	Davis	Heintzeman	Mekeland	O'Driscoll	Skraba
Anderson, P. H.	Demuth	Hudella	Mueller	O'Neill	Torkelson
Backer	Dotseth	Igo	Murphy	Perryman	Urdahl
Bakeberg	Engen	Jacob	Myers	Petersburg	West
Baker	Fogelman	Johnson	Nadeau	Pfarr	Wiener
Bennett	Franson	Joy	Nash	Quam	Wiens
Bliss	Garofalo	Knudsen	Nelson, N.	Robbins	Witte
Burkel	Gillman	Koznick	Neu Brindley	Schomacker	Zeleznikar
Daniels	Grossell	Kresha	Niska	Schultz	
Davids	Harder	McDonald	Novotny	Scott	

Those who voted in the negative were:

Acomb	Edelson	Hassan	Klevorn	Newton	Sencer-Mura
Agbaje	Elkins	Hemmingsen-Jaeger	Koegel	Noor	Smith
Bahner	Feist	Her	Kotyza-Witthuhn	Norris	Stephenson
Becker-Finn	Finke	Hicks	Kraft	Olson, L.	Tabke
Berg	Fischer	Hill	Lee, F.	Pelowski	Vang
Bierman	Frazier	Hollins	Lee, K.	Pérez-Vega	Wolgamott
Brand	Frederick	Hornstein	Liebling	Pinto	Xiong
Carroll	Freiberg	Howard	Lillie	Pryor	Youakim
Cha	Gomez	Huot	Lislegard	Pursell	Spk. Hortman
Clardy	Greenman	Hussein	Long	Rehm	
Coulter	Hansen, R.	Jordan	Moller	Reyer	
Curran	Hanson, J.	Keeler	Nelson, M.	Richardson	

The motion did not prevail and the amendment was not adopted.

Nash moved to amend H. F. No. 2073, the second engrossment, as amended, as follows:

Page 47, after line 22, insert:

"Sec. 24. Minnesota Statutes 2022, section 137.02, subdivision 4, is amended to read:

Subd. 4. **Employee salaries.** (a) All nonacademic employees of the University of Minnesota shall be paid salaries comparable to salaries paid to state employees in the classified civil service.

(b) The compensation of the president of the University of Minnesota, including salary and the value of all other forms of compensation, shall not exceed 350 percent of the salary of the governor as set under section 15A.082."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Nash amendment and the roll was called. There were 58 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Altendorf	Davis	Heintzeman	Mekeland	O'Driscoll	Swedzinski
Anderson, P. H.	Demuth	Hudella	Mueller	O'Neill	Torkelson
Backer	Dotseth	Igo	Murphy	Perryman	Urdahl
Bakeberg	Engen	Jacob	Myers	Petersburg	West
Baker	Fogelman	Johnson	Nadeau	Pfarr	Wiener
Bennett	Franson	Joy	Nash	Quam	Wiens
Bliss	Garofalo	Knudsen	Nelson, N.	Robbins	Witte
Burkel	Gillman	Koznick	Neu Brindley	Schomacker	Zeleznikar
Daniels	Grossell	Kresha	Niska	Scott	
Davids	Harder	McDonald	Novotny	Skraba	

Those who voted in the negative were:

Acomb	Edelson	Hassan	Klevorn	Newton	Sencer-Mura
Agbaje	Elkins	Hemmingsen-Jaeger	Koegel	Noor	Smith
Bahner	Feist	Her	Kotyza-Witthuhn	Norris	Stephenson
Becker-Finn	Finke	Hicks	Kraft	Olson, L.	Tabke
Berg	Fischer	Hill	Lee, F.	Pelowski	Vang
Bierman	Frazier	Hollins	Lee, K.	Pérez-Vega	Wolgamott
Brand	Frederick	Hornstein	Liebling	Pinto	Xiong
Carroll	Freiberg	Howard	Lillie	Pryor	Youakim
Cha	Gomez	Huot	Lislegard	Pursell	Spk. Hortman
Clardy	Greenman	Hussein	Long	Rehm	
Coulter	Hansen, R.	Jordan	Moller	Reyer	
Curran	Hanson, J.	Keeler	Nelson, M.	Richardson	

The motion did not prevail and the amendment was not adopted.

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

McDonald moved to amend H. F. No. 2073, the second engrossment, as amended, as follows:

Page 14, delete subdivision 49 and insert:

"Subd. 49. **Aspiring Teachers of Color Scholarship**	713,000	713,000

For transfer to the aspiring Minnesota teachers of color scholarship program account in the special revenue fund under Laws 2021, First Special Session chapter 2, article 2, section 45, as amended by this act. The commissioner of the Office of Higher Education and the commissioner of the Department of Management and Budget shall transfer to the program's special revenue fund account any remaining balance of the amount appropriated for the program in Laws 2021, First Special Session chapter 2, article 1, section 2, subdivision 38.

The Office of Higher Education may use no more than three percent of the appropriation to administer the program."

Page 15, after line 19, insert:

"Subd. 51. **Tuition Relief Grant Program for Students Pursuing a Degree in Law Enforcement**	957,000	957,000

For the tuition relief grant program for students pursuing a degree in law enforcement under article 2, section 29. The base for this appropriation is $957,000 in fiscal years 2026 through 2031. The base for this appropriation in fiscal year 2032 and later is $0."

Renumber the subdivisions in sequence

Page 17, line 3, delete "929,265,000" and insert "928,456,000" and delete "904,276,000" and insert "903,467,000"

Page 21, delete lines 3 to 7

Page 21, line 8, delete "(o)" and insert "(n)"

Page 21, line 9, delete "$852,787,000" and insert "$851,978,000"

Page 21, line 10, delete "$852,798,000" and insert "$851,989,000"

Page 21, line 22, delete "717,684,000" and insert "717,318,000" and delete "717,684,000" and insert "717,318,000"

Page 22, delete lines 29 to 32

Page 22, line 33, delete "(g)" and insert "(f)"

Page 22, line 34, delete "$695,684,000" and insert "$695,318,000"

Page 48, delete section 25

Page 48, after line 23, insert:

"Sec. 26. Laws 2021, First Special Session chapter 2, article 2, section 45, is amended to read:

Sec. 45. **ASPIRING MINNESOTA TEACHERS OF COLOR SCHOLARSHIP ~~PILOT~~ PROGRAM.**

Subdivision 1. **Scholarship ~~pilot~~ program established.** The commissioner must establish a scholarship ~~pilot~~ program to support undergraduate and graduate students who are preparing to become teachers, have demonstrated financial need, and belong to racial or ethnic groups underrepresented in the state's teacher workforce.

Subd. 2. **Eligibility.** (a) To be eligible for a scholarship under this section, an applicant must:

(1) either be admitted and enrolled in a teacher preparation program approved by the Professional Educator Licensing and Standards Board and be seeking initial licensure~~,~~; or be enrolled in an eligible institution under section 136A.103 and be completing ~~a two-year program specifically designed to prepare early childhood educators~~ an associate's degree in early childhood education, education, or special education;

(2) affirm to the teacher preparation program or the Office of Higher Education that the applicant is a person of color or American Indian;

(3) be meeting satisfactory academic progress as defined under section 136A.101, subdivision 10; and

(4) demonstrate financial need based on criteria developed by the commissioner.

(b) An eligible applicant may receive a scholarship award more than once, but may receive a total of no more than ~~$25,000~~ $30,000 in scholarship awards from the program.

(c) An applicant may apply for both a scholarship under this section and an underrepresented student teacher grant under section 136A.1274, but may not receive an award from both programs during the same academic semester or term unless there are sufficient funds appropriated to support all eligible applicants.

Subd. 3. **Scholarship award amount.** (a) The commissioner must establish a priority application deadline and must give equal consideration to all eligible applicants regardless of the applicant's attended institution or the order the application was received before the priority application deadline. If the funds available for the program are insufficient to make full awards to all eligible applicants who apply on or before the deadline, the commissioner must make awards based on the ~~expected family contribution~~ Student Aid Index of an applicant, prioritizing applicants with the lowest ~~expected family contributions~~ Student Aid Indexes. If there are multiple complete applications with identical ~~expected family contributions~~ Student Aid Indexes, those applications may be prioritized by application completion date.

(b) For eligible applicants enrolled in a teacher preparation program as part of a baccalaureate or postbaccalaureate degree program, the maximum award amount is $10,000 per year for full-time study. For eligible applicants enrolled in an associate's degree program, the maximum award amount is $6,000 per year for full-time study. For undergraduate students, full-time study means enrollment in a minimum of 15 or more credits per term. For graduate students, full-time study means enrollment in a minimum of six graduate credits or the equivalent.

(c) If an eligible applicant is enrolled full time in a program for only one term during the academic year, the applicant may receive no more than half the applicable maximum award amount ~~is $5,000~~. If an eligible applicant is enrolled part time, the award amount must be prorated on a per-credit basis.

(d) Subject to the funds available for the program, and subject to the limitation in paragraph (e), the minimum award amount established under this section for full-time study must be no less than $1,000 per year.

(e) An eligible applicant's individual award amount must not exceed the applicant's cost of attendance after deducting: (1) the student's ~~expected family contribution~~ Student Aid Index; (2) the sum of all state or federal grants and gift aid received, including a Pell Grant and state grant; (3) the sum of all institutional grants, scholarships, tuition waivers, and tuition remission amounts; and (4) the amount of any private grants or scholarships.

(f) Awards are made until available funds are expended. Eligible applicants who completed their applications on or before the priority application deadline but who did not receive an award due to insufficient funds, and eligible applicants who completed their applications after the priority application deadline, shall be placed on an award waiting list by order of application completion date.

Subd. 4. **Administration.** (a) The commissioner must establish an application process for individual students and institutions on behalf of all eligible students at the institution and other guidelines for implementing the scholarship program.

(b) A scholarship award must be paid to the eligible applicant's teacher preparation institution on behalf of the eligible applicant. Awards may be paid only when the institution has confirmed to the commissioner the applicant's name, racial or ethnic identity, gender, licensure area sought, and enrollment status.

Subd. 4a. **Account established.** An aspiring Minnesota teachers of color scholarship program account is created in the special revenue fund for depositing money appropriated to or received by the commissioner for the program. Money deposited in the account is appropriated to the commissioner, does not cancel, and is continuously available for scholarship awards under this section.

Subd. 5. **Service expectation.** An applicant who receives a scholarship under this section is expected to serve as a full-time teacher in Minnesota after completing the program for which the scholarship was awarded.

Subd. 6. **Report.** By December 15 of each year, the commissioner must submit a full report on the details of the scholarship program for the previous fiscal year to the legislative committees with jurisdiction over E-12 and higher education finance and policy. The reports must also be made available on the Office of Higher Education's website. The reports must include the following information:

(1) the number of applicants and the number of award recipients, each broken down by postsecondary institution with ten or more recipients;

(2) the total number of awards, the total dollar amount of all awards, and the average award amount;

(3) summary data on the racial or ethnic identity, gender, licensure area sought, and enrollment status of all applicants and award recipients; and

(4) other summary data identified by the commissioner as outcome indicators."

Page 51, delete section 29 and insert:

"Sec. 29. **TUITION RELIEF GRANT PROGRAM FOR STUDENTS PURSUING A DEGREE IN LAW ENFORCEMENT.**

Subdivision 1. **Establishment.** The commissioner of the Office of Higher Education shall establish and implement a time-limited tuition relief grant program for students pursuing an associate degree in law enforcement to incentivize individuals to become peace officers.

Subd. 2. **Eligibility.** A student is eligible for a grant under this program if the student:

(1) is a resident student under Minnesota Statutes, section 136A.101, subdivision 8;

(2) is enrolled on or before September 1, 2028, in a professional police officer education program as defined in Minnesota Statutes, section 626.84, subdivision 1, paragraph (g). For purposes of this definition, postsecondary degree means an associate degree;

(3) completes and submits the Free Application for Federal Student Aid (FAFSA);

(4) applies for state and federal grants and scholarships for which the applicant may be eligible; and

(5) is making satisfactory academic progress as defined under Minnesota Statutes, section 136A.101, subdivision 10.

Subd. 3. **Application.** To receive a grant, the student must apply in the form and manner established by the commissioner.

Subd. 4. **Grant amount and duration.** (a) The commissioner shall award annual grants in the amount of the actual cost of tuition and fees at the student's institution of attendance, less any federal Pell Grant received, any state grant for which the student is eligible, and any other scholarships or grants awarded to the student. For purposes of this section, the term fees is defined in Minnesota Statutes, section 136A.121, subdivision 6, paragraph (d).

(b) The annual grant may be awarded for no more than four semesters, or its equivalent, for not more than three years. The grant must be awarded at the beginning of each academic term and distributed evenly between the terms of the academic year.

Subd. 5. **Penalty.** (a) The commissioner shall collect from the individual the total grant amount paid to the individual under this section and deposit the money collected into the general fund if the individual:

(1) does not complete an associate degree or nondegree program for licensure as a peace officer by June 30, 2031; or

(2) completes the necessary associate degree or nondegree program for licensure as a peace officer but does not become a peace officer as defined in Minnesota Statutes, section 626.84, subdivision 1, paragraph (c), within six months after completion.

(b) The commissioner must allow waivers of all or part of the money owed to the commissioner if emergency circumstances exist that prevented compliance with paragraph (a).

Subd. 6. **Expiration.** This section expires June 30, 2031."

Page 52, after line 4, insert:

"Sec. 31. **REVISOR INSTRUCTION.**

The revisor of statutes shall codify Laws 2021, First Special Session chapter 2, article 2, section 45, as amended by this act, as a new section in Minnesota Statutes numbered 136A.1273."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Adjust amounts accordingly

A roll call was requested and properly seconded.

The question was taken on the McDonald amendment and the roll was called. There were 58 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Altendorf	Davis	Heintzeman	Mekeland	O'Driscoll	Swedzinski
Anderson, P. H.	Demuth	Hudella	Mueller	O'Neill	Torkelson
Backer	Dotseth	Igo	Murphy	Perryman	Urdahl
Bakeberg	Engen	Jacob	Myers	Petersburg	West
Baker	Fogelman	Johnson	Nadeau	Pfarr	Wiener
Bennett	Franson	Joy	Nash	Quam	Wiens
Bliss	Garofalo	Knudsen	Nelson, N.	Robbins	Witte
Burkel	Gillman	Koznick	Neu Brindley	Schultz	Zeleznikar
Daniels	Grossell	Kresha	Niska	Scott	
Davids	Harder	McDonald	Novotny	Skraba	

Those who voted in the negative were:

Acomb	Edelson	Hassan	Klevorn	Newton	Sencer-Mura
Agbaje	Elkins	Hemmingsen-Jaeger	Koegel	Noor	Smith
Bahner	Feist	Her	Kotyza-Witthuhn	Norris	Stephenson
Becker-Finn	Finke	Hicks	Kraft	Olson, L.	Tabke
Berg	Fischer	Hill	Lee, F.	Pelowski	Vang
Bierman	Frazier	Hollins	Lee, K.	Pérez-Vega	Wolgamott
Brand	Frederick	Hornstein	Liebling	Pinto	Xiong
Carroll	Freiberg	Howard	Lillie	Pryor	Youakim
Cha	Gomez	Huot	Lislegard	Pursell	Spk. Hortman
Clardy	Greenman	Hussein	Long	Rehm	
Coulter	Hansen, R.	Jordan	Moller	Reyer	
Curran	Hanson, J.	Keeler	Nelson, M.	Richardson	

The motion did not prevail and the amendment was not adopted.

H. F. No. 2073, A bill for an act relating to higher education; providing funding and policy related changes for the Office of Higher Education, Minnesota State Colleges and Universities, the University of Minnesota, and the Mayo Clinic; creating and modifying certain scholarships and student aid programs; creating and modifying grant programs to higher education institutions; establishing the Inclusive Higher Education Technical Assistance Center; creating a direct admissions program; providing aid to postsecondary institutions for unemployment insurance; establishing higher education bonding policy; requiring financial review of nonprofit grant recipients; requiring reports; appropriating money; amending Minnesota Statutes 2022, sections 136A.101, subdivisions 5a, 7; 136A.121, subdivisions 6, 9, 13; 136A.1241, subdivision 5; 136A.125, subdivision 4; 136A.126, subdivision 4; 136A.1312; 136A.1791, subdivision 3a; 136A.246, subdivisions 4, 5, 6, 8; 136F.04, subdivision 1; 136F.38, subdivisions 3, 4, 5; 175.45, subdivision 1; 354B.23, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 135A; 136A; 268; repealing Minnesota Statutes 2022, sections 136F.03; 136F.38, subdivision 2.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 69 yeas and 58 nays as follows:

Those who voted in the affirmative were:

Acomb	Bahner	Berg	Brand	Cha	Coulter
Agbaje	Becker-Finn	Bierman	Carroll	Clardy	Curran

Edelson	Hansen, R.	Huot	Liebling	Pelowski	Stephenson
Elkins	Hanson, J.	Hussein	Lillie	Pérez-Vega	Tabke
Feist	Hassan	Jordan	Lislegard	Pinto	Vang
Finke	Hemmingsen-Jaeger	Keeler	Long	Pryor	Wolgamott
Fischer	Her	Klevorn	Moller	Pursell	Xiong
Frazier	Hicks	Koegel	Nelson, M.	Rehm	Youakim
Frederick	Hill	Kotyza-Witthuhn	Newton	Reyer	Spk. Hortman
Freiberg	Hollins	Kraft	Noor	Richardson	
Gomez	Hornstein	Lee, F.	Norris	Sencer-Mura	
Greenman	Howard	Lee, K.	Olson, L.	Smith	

Those who voted in the negative were:

Altendorf	Davis	Heintzeman	Mekeland	O'Driscoll	Swedzinski
Anderson, P. H.	Demuth	Hudella	Mueller	O'Neill	Torkelson
Backer	Dotseth	Igo	Murphy	Perryman	Urdahl
Bakeberg	Engen	Jacob	Myers	Petersburg	West
Baker	Fogelman	Johnson	Nadeau	Pfarr	Wiener
Bennett	Franson	Joy	Nash	Quam	Wiens
Bliss	Garofalo	Knudsen	Nelson, N.	Robbins	Witte
Burkel	Gillman	Koznick	Neu Brindley	Schultz	Zeleznikar
Daniels	Grossell	Kresha	Niska	Scott	
Davids	Harder	McDonald	Novotny	Skraba	

The bill was passed, as amended, and its title agreed to.

H. F. No. 1126, A bill for an act relating to higher education; providing for certain policy changes to postsecondary attainment goals, student financial aid, institutional licensure provisions, and institutional grant programs; amending Minnesota Statutes 2022, sections 135A.012; 136A.121, subdivisions 2, 18; 136A.1241, subdivision 5; 136A.1701, subdivision 11; 136A.62, subdivision 3, by adding a subdivision; 136A.653, by adding a subdivision; 136A.833; 136A.91, subdivision 1; repealing Minnesota Rules, parts 4830.0400, subpart 1; 4880.2500.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Acomb	Cha	Franson	Hicks	Koegel	Myers
Agbaje	Clardy	Frazier	Hill	Kotyza-Witthuhn	Nadeau
Altendorf	Coulter	Frederick	Hollins	Koznick	Nash
Anderson, P. H.	Curran	Freiberg	Hornstein	Kraft	Nelson, M.
Backer	Daniels	Garofalo	Howard	Kresha	Nelson, N.
Bahner	Davids	Gillman	Hudella	Lee, F.	Neu Brindley
Bakeberg	Davis	Gomez	Huot	Lee, K.	Newton
Baker	Demuth	Greenman	Hussein	Liebling	Niska
Becker-Finn	Dotseth	Grossell	Igo	Lillie	Noor
Bennett	Edelson	Hansen, R.	Jacob	Lislegard	Norris
Berg	Elkins	Hanson, J.	Johnson	Long	Novotny
Bierman	Engen	Harder	Jordan	McDonald	O'Driscoll
Bliss	Feist	Hassan	Joy	Mekeland	Olson, L.
Brand	Finke	Heintzeman	Keeler	Moller	O'Neill
Burkel	Fischer	Hemmingsen-Jaeger	Klevorn	Mueller	Pelowski
Carroll	Fogelman	Her	Knudsen	Murphy	Pérez-Vega

Perryman	Quam	Scott	Tabke	Wiens	Spk. Hortman
Petersburg	Rehm	Sencer-Mura	Torkelson	Witte	
Pfarr	Reyer	Skraba	Urdahl	Wolgamott	
Pinto	Richardson	Smith	Vang	Xiong	
Pryor	Robbins	Stephenson	West	Youakim	
Pursell	Schultz	Swedzinski	Wiener	Zeleznikar	

The bill was passed and its title agreed to.

There being no objection, the order of business reverted to Reports of Standing Committees and Divisions.

REPORTS OF STANDING COMMITTEES AND DIVISIONS

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

H. F. No. 2, A bill for an act relating to employment; creating a family and medical benefit insurance program; requiring leave from employment under certain circumstances; allowing substitution of a private plan; prohibiting retaliation; classifying data; authorizing expedited rulemaking; appropriating money; amending Minnesota Statutes 2022, sections 13.719, by adding a subdivision; 62A.01, subdivision 1; 177.27, subdivision 4; 181.032; 256B.0659, subdivision 18; 256B.85, subdivisions 13, 13a; 256J.561, by adding a subdivision; 256J.95, subdivisions 3, 11; 256P.01, subdivision 3; 268.19, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 268B.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Workforce Development Finance and Policy.

The report was adopted.

Joint Rule 2.03 has been waived for any subsequent committee action on this bill.

MOTIONS AND RESOLUTIONS

Feist moved that the name of Stephenson be added as an author on H. F. No. 1019. The motion prevailed.

Fischer moved that the name of Pursell be added as an author on H. F. No. 1337. The motion prevailed.

Kotyza-Witthuhn moved that the name of Koznick be added as an author on H. F. No. 1369. The motion prevailed.

Wolgamott moved that the name of Pursell be added as an author on H. F. No. 2222. The motion prevailed.

Fischer moved that the name of Hussein be added as an author on H. F. No. 2225. The motion prevailed.

Hassan moved that the name of Reyer be added as an author on H. F. No. 2369. The motion prevailed.

Hornstein moved that the name of Olson, L., be added as an author on H. F. No. 2883. The motion prevailed.

Howard moved that the name of Mueller be added as an author on H. F. No. 2917. The motion prevailed.

ADJOURNMENT

Long moved that when the House adjourns today it adjourn until 12:30 p.m., Thursday, April 13, 2023. The motion prevailed.

Long moved that the House adjourn. The motion prevailed, and Speaker pro tempore Wolgamott declared the House stands adjourned until 12:30 p.m., Thursday, April 13, 2023.

PATRICK D. MURPHY, Chief Clerk, House of Representatives